VOLUME 4 - SECTION 2

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Section 2:

CROWN ORGANIZATIONS (CONTINUED):

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 REPORT

Management's Responsibility for the Financial Statements

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 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 Meyers Norris Penny 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.

Chairperson Secretary-Treasurer

October 21, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Beautiful Plains School Division

We have audited the consolidated statement of financial position of the Beautiful Plains School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2008 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 2, 2009

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.

October 20, 2009
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	10,677	80,792
	Short Term Investments	-	-
	Due from - Provincial Government	1,472,995	705,866
	- Federal Government	28,853	131,420
	- Municipal Government	2,545,500	2,328,202
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	4,074	7,099
	Accrued Investment Income	-	-
	Other Investments	-	-
		4,062,099	3,253,379
	Liabilities		
	Overdraft	-	-
	Accounts Payable	1,855,144	1,237,837
	Accrued Liabilities	102,833	89,226
	Employee Future Benefits	-	-
	Accrued Interest Payable	588,681	569,998
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	722,641	738,101
7	Debenture Debt	20,351,010	19,477,733
	Other Borrowings	-	-
	School Generated Funds Liability	26,987	43,953
		23,647,296	22,156,848
	Net Debt	(19,585,197)	(18,903,469)
	Non-Financial Assets		
2e	Net Tangible Capital Assets (TCA Schedule)	21,899,535	21,146,285
	Inventories	-	-
	Prepaid Expenses	23,040	9,127
		21,922,575	21,155,412
8	**Accumulated Surplus**	2,337,378	2,251,943

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	10,647,845	10,028,565
	Federal Government	-	-
	Municipal Government - Property Tax	4,951,170	4,549,443
	- Other	-	-
	Other School Divisions	46,800	55,250
	First Nations	-	-
	Private Organizations and Individuals	62,024	66,357
	Other Sources	(899)	(86,901)
	School Generated Funds	264,138	313,581
	Other Special Purpose Funds	18,601	13,831
		15,989,679	14,940,126
	Expenses		
	Regular Instruction	7,955,238	7,514,897
	Student Support Services	1,831,843	1,751,119
	Adult Learning Centres	-	-
	Community Education and Services	15,075	14,996
	Divisional Administration	521,043	473,493
	Instructional and Other Support Services	302,081	285,107
	Transportation of Pupils	998,587	1,007,557
	Operations and Maintenance	1,489,711	1,433,370
*	Fiscal - Interest	1,211,175	1,026,770
	- Other	217,236	205,910
	Amortization	1,020,539	926,519
	Other Capital Items	91,289	3,309
	School Generated Funds	231,826	329,307
	Other Special Purpose Funds	18,601	13,831
		15,904,244	14,986,185
	Current Year Surplus (Deficit)	85,435	(46,059)
	Opening Accumulated Surplus	2,251,943	2,298,002
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	2,251,943	2,298,002
	Closing Accumulated Surplus	2,337,378	2,251,943

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	85,435	(46,059)
Amortization of Tangible Capital Assets	1,020,539	926,519
Acquisition of Tangible Capital Assets	(2,012,292)	(5,591,980)
(Gain) / Loss on Disposal of Tangible Capital Assets	232,978	165,829
Proceeds on Disposal of Tangible Capital Assets	5,525	1,800
	(753,250)	(4,497,832)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(13,913)	4,283
	(13,913)	4,283
(Increase)/Decrease in Net Debt	(681,728)	(4,539,608)
Net Debt at Beginning of Year	(18,903,469)	(14,363,861)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(18,903,469)	(14,363,861)
Net Debt at End of Year	(19,585,197)	(18,903,469)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	85,435	(46,059)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,020,539	926,519
(Gain)/Loss on Disposal of Tangible Capital Assets	232,978	165,829
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(881,860)	285,387
Accounts Receivable & Accrued Income (Increase)/Decrease	3,025	18,871
Inventories and Prepaid Expenses - (Increase)/Decrease	(13,913)	4,283
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	649,597	14,471
Deferred Revenue Increase/(Decrease)	(15,460)	148,850
School Generated Funds Liability Increase/(Decrease)	(16,966)	25,492
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	1,063,375	1,543,643
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,012,292)	(5,591,980)
Proceeds on Disposal of Tangible Capital Assets	5,525	1,800
Cash (Applied to)/Provided by Capital Transactions	(2,006,767)	(5,590,180)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	873,277	5,230,999
Other Borrowings Increase/(Decrease)	-	(100,994)
Cash Provided by (Applied to) Financing Transactions	873,277	5,130,005
Cash and Bank / Overdraft (Increase)/Decrease	(70,115)	1,083,468
Cash and Bank (Overdraft) at Beginning of Year	80,792	(1,002,676)
Cash and Bank (Overdraft) at End of Year	10,677	80,792

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	21,644,421	841,511	2,243,941	72,561	255,790	85,218	221,168	-	5,787,105	31,151,715	26,421,072
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	21,644,421	841,511	2,243,941	72,561	255,790	85,218	221,168	-	5,787,105	31,151,715	26,421,072
Add: Additions during the year	7,602,376	-	87,059	29,341	61,240	-	-	-	(5,767,724)	2,012,292	5,591,980
Less: Disposals and write downs	405,244	-	41,106	25,112	-	-	-	-	-	471,462	861,337
Closing Cost	28,841,553	841,511	2,289,894	76,790	317,030	85,218	221,168	-	19,381	32,692,545	31,151,715
Accumulated Amortization											
Opening, as previously reported	8,184,961	182,140	1,403,317	72,561	110,648	51,803	-	-		10,005,430	9,772,619
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	8,184,961	182,140	1,403,317	72,561	110,648	51,803	-	-		10,005,430	9,772,619
Add: Current period Amortization	755,160	25,368	175,274	5,868	40,345	18,524	-	-		1,020,539	926,519
Less: Accumulated Amortization on Disposals and Writedowns	166,741	-	41,106	25,112	-	-	-	-		232,959	693,708
Closing Accumulated Amortization	8,773,380	207,508	1,537,485	53,317	150,993	70,327	-	-		10,793,010	10,005,430
Net Tangible Capital Asset	20,068,173	634,003	752,409	23,473	166,037	14,891	221,168	-	19,381	21,899,535	21,146,285
Proceeds from Disposal of Capital As	-	-	5,525	-	-	-	-			5,525	1,800

* Includes network infrastructure.

BEAUTIFUL PLAINS SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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 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. 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 funds 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 operations held 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, 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	5,000	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 MAST (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 representatives. The Division participates in the plan by virtue of a trust agreement. Participating employees in the plan generally contribute from 4.7% to 6.7% (dependant on age) of earnings to the plan. The Division matches this contribution and remits both contributions monthly.

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 $ 191,430 and a reserve for the renovation and upgrade of a Neepawa Collegiate science room in the amount of $ 160,000.

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 fair 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 donation funds held 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 operating $ 3,200,000 line of credit with the Beautiful Plains Credit Union by way of overdraft. (By-Law # 248) The operating fund is in an overdraft position due to the timing of property taxation. The Division does not receive any property taxation until November each 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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Community Foundation Donations	$ 500	$ 2,538	$ 500	$ 2,538
Payment for Future Copier Lease	6,658	-	6,658	-
Education Property Tax Credits (Fall)	586,890	642,868	586,890	642,868
Manitoba Schools Green Initiative	-	4,695	-	4,695
Carb. Child Care Coop – Capital Pymts.	70,249	-	70,249	-
Charitable Scholarship Fund	73,804	18,571	19,835	72,540
	$ 738,101	$ 668,672	$ 684,132	$ 722,641

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 $26,987.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2009 covers a period of twelve months from April 1, 2008 to March 31, 2009.

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 2010 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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
2009/10	$ 1,079,312	$ 1,200,369	$ 2,279,681
2010/11	1,138,744	1,124,913	2,263,657
2011/12	1,037,307	1,045,363	2,082,670
2012/13	1,102,127	980,543	2,082,670
2013/14	1,163,435	911,541	2,074,976
	$ 5,520,925	$ 5,262,729	$ 10,783,654

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2008/09
Operating Fund	
Designated Surplus	-
Undesignated Surplus	301,939
	301,939
Capital Fund	
Reserve Accounts	351,430
Equity in Tangible Capital Assets	1,511,110
	1,862,540
Special Purpose Fund	
School Generated Funds	172,899
Other Special Purpose Funds	-
	172,899
Total Accumulated Surplus	$ 2,337,378

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.

	2008/09
School bus reserve	191,430
Science Room - Neepawa Collegaite	160,000
Total Capital Reserves	$ 351,430

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 2008 tax year and 52% from 2009 tax year. Below are the related revenue and receivable amounts:

	2008/09	2007/08
Revenue-Municipal Government-Property Tax	$ 4,951,170	$ 4,549,443
Receivable-Due from Municipal-Property Tax	$ 2,545,500	$ 2,328,202

10. Interest Received and Paid

The Division received interest during the year of $ 8,231 (previous year $ 26,844). Interest expense is included in Fiscal and is comprised of the following:

	2008/09
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 19,147
Capital Fund	
Debenture debt interest	1,191,274
Other interest	754
	$ 1,211,175

The accrual portion of debenture debt interest expense of $ 588,681 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 2008/09	Budget 2008/09	Actual 2007/08
Salaries	$ 10,072,347	$ 10,169,455	$ 9,562,325
Employees benefits & allowances	681,536	689,451	654,144
Services	1,255,046	1,238,772	1,159,458
Supplies, materials & minor equipment	1,056,385	1,047,112	1,066,360
Interest	1,211,175	1,196,315	1,026,770
Transfers (Other than Capital)	48,264	43,000	38,252
Payroll tax	217,236	210,000	205,910
Amortization	1,020,539	-	926,519
Other capital items	91,289	-	3,309
School generated funds	231,826	-	329,307
Other special purpose funds	18,601	-	13,831
	$ 15,904,244	$ 14,594,105	$ 14,986,185

BORDER LAND SCHOOL DIVISION

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Border Land School Division are the responsibility of the Division 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.

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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 Dunwoody 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.

Chairperson

Secretary-Treasurer

November 19, 2009

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Auditors' Report

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

We have audited the consolidated statement of financial position of **Border Land School Division** as at June 30, 2009 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
November 19, 2009

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.

December 9, 2009
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,341,868	1,010,143
	- Federal Government	108,230	76,647
	- Municipal Government	4,609,542	4,608,529
	- Other School Divisions	341,067	318,819
	- First Nations	146,296	324,551
	Accounts Receivable	183,673	150,634
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,730,676	6,489,323
	Liabilities		
3	Overdraft	1,306,714	386,366
	Accounts Payable	797,708	944,188
	Accrued Liabilities	752,487	288,131
	Employee Future Benefits	-	-
	Accrued Interest Payable	255,364	274,116
	Due to - Provincial Government	10,180	82,394
	- Federal Government	43,006	834,367
	- Municipal Government	21,968	9,000
	- Other School Divisions	167,479	165,198
	- First Nations	-	-
5	Deferred Revenue	928,767	820,445
7	Debenture Debt	8,918,723	8,615,943
8	Other Borrowings	-	428,398
	School Generated Funds Liability	-	-
		13,202,396	12,848,546
	Net Debt	(6,471,720)	(6,359,223)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	12,911,395	12,687,129
	Inventories	103,360	112,631
	Prepaid Expenses	269,320	90,920
		13,284,075	12,890,680
10	**Accumulated Surplus**	6,812,355	6,531,457

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		18,053,773	16,808,696
	Federal Government		335,156	749
	Municipal Government	- Property Tax	7,728,860	7,763,505
		- Other	200	-
	Other School Divisions		383,676	351,491
	First Nations		130,451	564,327
	Private Organizations and Individuals		102,937	119,932
	Other Sources		(62,013)	543,754
	School Generated Funds		475,850	587,252
	Other Special Purpose Funds		-	-
			27,148,890	26,739,706
	Expenses			
	Regular Instruction		13,995,952	13,237,596
	Student Support Services		3,717,092	3,496,131
	Adult Learning Centres		500,519	471,117
	Community Education and Services		26,173	24,200
	Divisional Administration		803,823	766,906
	Instructional and Other Support Services		573,945	524,317
	Transportation of Pupils		1,867,961	1,739,135
	Operations and Maintenance		2,835,054	2,558,692
12	Fiscal	- Interest	582,448	612,031
		- Other	377,355	368,207
	Amortization		1,181,003	1,074,847
	Other Capital Items		25,661	29,833
	School Generated Funds		381,006	565,719
	Other Special Purpose Funds		-	-
			26,867,992	25,468,731
	Current Year Surplus (Deficit)		280,898	1,270,975
	Opening Accumulated Surplus		6,531,457	5,260,482
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		6,531,457	5,260,482
	Closing Accumulated Surplus		6,812,355	6,531,457

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	280,898	1,270,975
Amortization of Tangible Capital Assets	1,181,003	1,074,847
Acquisition of Tangible Capital Assets	(1,866,914)	(2,175,644)
(Gain) / Loss on Disposal of Tangible Capital Assets	433,538	(84,334)
Proceeds on Disposal of Tangible Capital Assets	28,107	189,124
	(224,266)	(996,007)
Inventories (Increase)/Decrease	9,271	(44,721)
Prepaid Expenses (Increase)/Decrease	(178,400)	(12,551)
	(169,129)	(57,272)
(Increase)/Decrease in Net Debt	(112,497)	217,696
Net Debt at Beginning of Year	(6,359,223)	(6,576,920)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(6,359,223)	(6,576,920)
Net Debt at End of Year	(6,471,720)	(6,359,223)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	280,898	1,270,975
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,181,003	1,074,847
(Gain)/Loss on Disposal of Tangible Capital Assets	433,538	(84,334)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(208,314)	(436,001)
Accounts Receivable & Accrued Income (Increase)/Decrease	(33,039)	74,279
Inventories and Prepaid Expenses - (Increase)/Decrease	(169,129)	(57,272)
Due to Other Organizations Increase/(Decrease)	(848,326)	838,029
Accounts Payable & Accrued Liabilities Increase/(Decrease)	299,124	233,892
Deferred Revenue Increase/(Decrease)	108,322	132,365
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	1,044,077	3,046,780
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,866,914)	(2,175,644)
Proceeds on Disposal of Tangible Capital Assets	28,107	189,124
Cash (Applied to)/Provided by Capital Transactions	(1,838,807)	(1,986,520)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	302,780	378,761
Other Borrowings Increase/(Decrease)	(428,398)	(14,069)
Cash Provided by (Applied to) Financing Transactions	(125,618)	364,692
Cash and Bank / Overdraft (Increase)/Decrease	(920,348)	1,424,952
Cash and Bank (Overdraft) at Beginning of Year	(386,366)	(1,811,318)
Cash and Bank (Overdraft) at End of Year	(1,306,714)	(386,366)

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements										
	School	Non-School	School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2009 Totals	2008 Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,833,340	571,772	3,841,279	56,273	1,341,574	156,725	196,268	-	211,157	26,208,388	24,697,963
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	19,833,340	571,772	3,841,279	56,273	1,341,574	156,725	196,268	-	211,157	26,208,388	24,697,963
Add: Additions during the year	983,956	80,110	-	24,435	362,925	135,049	-	-	280,439	1,866,914	2,175,644
Less: Disposals and write downs	1,034,396	-	102,243	-	56,807	-	1,550	-	-	1,194,996	665,219
Closing Cost	19,782,900	651,882	3,739,036	80,708	1,647,692	291,774	194,718	-	491,596	26,880,306	26,208,388
Accumulated Amortization											
Opening, as previously reported	10,701,315	219,553	2,084,026	28,555	420,468	67,342	-	-		13,521,259	13,006,841
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	10,701,315	219,553	2,084,026	28,555	420,468	67,342	-	-		13,521,259	13,006,841
Add: Current period Amortization	610,789	23,177	267,753	11,098	239,893	28,293	-	-		1,181,003	1,074,847
Less: Accumulated Amortization on Disposals and Writedowns	575,720	-	102,243	-	55,388	-	-	-		733,351	560,429
Closing Accumulated Amortization	10,736,384	242,730	2,249,536	39,653	604,973	95,635	-	-		13,968,911	13,521,259
Net Tangible Capital Asset	9,046,516	409,152	1,489,500	41,055	1,042,719	196,139	194,718	-	491,596	12,911,395	12,687,129
Proceeds from Disposal of Capital As	24,607	-	3,500	-	-	-	-			28,107	189,124

* 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 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 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 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 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:

<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 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.

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 Altona Credit Union of $7,000,000 by way of overdrafts and is repayable on demand at prime minus .50%; 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 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 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 2008 year was $308,036 ($297,337 in 2008).

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Donations & Special Purpose Funds	$ 24,114	$ 96,155	$ 93,152	$ 27,117
Education Property Tax Credit (EPTC)	740,847	1,954,900	1,944,304	751,443
First Nations Grant	-	85,000	1,366	83,634
Professional Development	38,415	16,628	22,532	32,511
Rhineland Child Care	17,069	5,972	-	23,041
Tuition Fees	-	2,391	-	2,391
Work Transition Pilot Project	-	20,000	11,370	8,630
	$ 820,445	$ 2,181,046	$ 2,072,724	$ 928,767

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 nil (nil in 2008).

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 2011 to 2029. 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 4.875% to 11.375%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 1,085,784
2011	1,086,787
2012	1,008,735
2013	975,376
2014	952,230
	$ 5,108,912

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans payable for administrative facilities.

	2009	2008
Altona Credit Union, Prime less .50% secured by demand promissory note, financing by-law and banking documents, repayable at $38,650 per year, due September 2022.	$ -	$ 428,398

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 (nil in 2008).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ 725,514	$ 1,331,654
Undesignated Surplus	254,034	1,096,735
	979,548	2,428,389
Capital Fund		
Reserve Accounts	1,959,266	338,960
Equity in Tangible Capital Assets	3,569,390	3,554,801
	5,528,656	3,893,761
Special Purpose Fund		
School Generated Funds	304,151	209,307
Other	-	-
	304,151	209,307
Total Accumulated Surplus	$ 6,812,355	$ 6,531,456

10. Accumulated Surplus (continued)

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:

	2009	2008
School budget carryovers by board policy	$ 311,082	$ 234,897
Applied to Budget and Special Levy	270,354	674,446
Projects and allowances	144,078	422,311
Designated surplus	$ 725,514	$ 1,331,654

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.

	2009	2008
Building Additions or Renovations	$ 972,549	$ 390,695
Software Conversion Projects	235,641	-
Wide Area Network	168,187	-
Equipment and Vehicles	280,000	-
Bus Reserve	302,889	(51,735)
Capital Reserve	$ 1,959,266	$ 338,960

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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 7,728,860	$ 7,763,505
Receivable – Due from Municipal – Property Tax	$ 4,609,542	$ 4,608,529

12. Interest Received and Paid

The Division received interest during the year of $18,909 ($35,013 in 2008); interest paid during the year was $582,448 ($612,031 in 2008).

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

	2008	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 26,106	$ 47,646
Capital Fund		
Debenture interest	543,240	542,181
Other interest	13,102	22,204
	$ 582,448	$ 612,031

The accrual portion of debenture debt interest expense of $255,364 ($258,293 in 2008) 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 2009	Budget 2009	Actual 2008
Salaries	$ 18,014,192	$ 18,144,071	$ 17,098,268
Employees benefits and allowances	1,391,055	1,439,538	1,350,048
Services	2,433,184	2,521,397	2,263,801
Supplies, materials & minor equipment	2,203,545	2,568,007	1,875,724
Interest	582,448	60,000	612,031
Bad debts	-	-	-
Payroll tax	377,355	390,096	368,207
Amortization	1,181,003	-	1,074,847
Transfers	278,543	182,600	230,253
Other capital items	25,661	-	29,833
Loss on Disposal of Capital Assets	-	-	-
School generated funds	381,006	-	565,719
Other special purpose funds	-	-	-
-	$ 26,867,992	$ 25,305,709	$ 25,468,731

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, 2009, the amount of this special levy was $94,962 ($117,069 in 2008). These amounts are not included in the Division's consolidated financial statements.

15. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $725,514 at June 30, 2009 ($1,331,654 at June 30, 2008). The details of the Designated Surplus are disclosed at note 10 and page 5 of the audited financial statements.

Future annual minimum operating lease commitments for equipment leases as at June 30, 2009 are nil ($7,094 at June 30, 2008).

The school division incurs annual rental costs in the amount of $10,000 for four colony school buildings.

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.

Auditors' Report

To the Chairperson and Board of Trustees of
Brandon School Division

We have audited the consolidated statement of financial position of **Brandon School Division** as at June 30, 2009 and the consolidated statements of revenue, expenditures and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Brandon, Manitoba
October 6, 2009

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.

January 25, 2010

Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	4,882,610	3,313,583
*	Short Term Investments	11,300	1,700
	Due from - Provincial Government	1,064,524	1,400,735
	- Federal Government	89,431	65,371
	- Municipal Government	12,030,519	10,736,236
	- Other School Divisions	13,230	29,275
	- First Nations	78,422	173,724
	Accounts Receivable	54,794	17,390
	Accrued Investment Income	-	-
	Other Investments	-	-
		18,224,830	15,738,014
	Liabilities		
	Overdraft	-	-
	Accounts Payable	6,395,571	6,558,241
	Accrued Liabilities	4,157,845	1,405,724
*	Employee Future Benefits	677,708	725,066
	Accrued Interest Payable	385,985	428,279
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	3,080,388	2,741,452
*	Debenture Debt	11,370,601	12,272,728
	Other Borrowings	-	-
	School Generated Funds Liability	158,013	118,843
		26,226,111	24,250,333
	Net Debt	(8,001,281)	(8,512,319)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	20,969,377	21,366,947
	Inventories	63,446	60,707
	Prepaid Expenses	77,424	66,226
		21,110,247	21,493,880
*	**Accumulated Surplus**	13,108,966	12,981,561

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		39,799,078	38,942,784
	Federal Government		24,953	20,832
	Municipal Government	- Property Tax	21,364,238	19,146,125
		- Other	-	-
	Other School Divisions		198,252	204,698
	First Nations		272,048	342,374
	Private Organizations and Individuals		772,215	779,715
	Other Sources		155,516	253,723
	School Generated Funds		2,116,949	1,781,989
	Other Special Purpose Funds		184,693	277,554
			64,887,942	61,749,794
	Expenses			
	Regular Instruction		34,674,900	33,101,216
	Student Support Services		13,144,295	11,563,523
	Adult Learning Centres		-	-
	Community Education and Services		196,831	175,965
	Divisional Administration		1,974,891	1,771,413
	Instructional and Other Support Services		1,713,696	1,684,714
	Transportation of Pupils		1,538,589	1,531,081
	Operations and Maintenance		5,881,063	5,708,498
*	Fiscal	- Interest	929,527	994,901
		- Other	915,497	971,695
	Amortization		1,613,229	1,678,531
	Other Capital Items		-	-
	School Generated Funds		2,078,709	1,770,685
	Other Special Purpose Funds		96,327	93,615
			64,757,554	61,045,837
	Current Year Surplus (Deficit)		130,388	703,957
	Opening Accumulated Surplus		12,981,561	12,314,845
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
*		Other than Tangible Cap. Assets	(2,983)	(37,241)
	Opening Accumulated Surplus, as adjusted		12,978,578	12,277,604
	Closing Accumulated Surplus		13,108,966	12,981,561

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	130,388	703,957
Amortization of Tangible Capital Assets	1,613,229	1,678,531
Acquisition of Tangible Capital Assets	(1,215,659)	(121,104)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	397,570	1,557,427
Inventories (Increase)/Decrease	(2,739)	(6,742)
Prepaid Expenses (Increase)/Decrease	(11,198)	5,130
	(13,937)	(1,611)
(Increase)/Decrease in Net Debt	514,021	2,259,773
Net Debt at Beginning of Year	(8,512,319)	(10,734,851)
Adjustments Other than Tangible Cap. Assets	(2,983)	(37,241)
Net Debt at Beginning of Year as Adjusted	(8,515,302)	(10,772,092)
Net Debt at End of Year	(8,001,281)	(8,512,319)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	130,388	703,957
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,613,229	1,678,531
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	(47,358)	11,389
Short Term Investments (Increase)/Decrease	(9,600)	9,600
Due from Other Organizations (Increase)/Decrease	(870,785)	(658,501)
Accounts Receivable & Accrued Income (Increase)/Decrease	(37,404)	28,351
Inventories and Prepaid Expenses - (Increase)/Decrease	(13,937)	(1,611)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	2,547,157	1,352,922
Deferred Revenue Increase/(Decrease)	338,936	278,373
School Generated Funds Liability Increase/(Decrease)	39,170	114,997
Adjustments Other than Tangible Cap. Assets	(2,983)	(37,241)
Cash Provided by Operating Transactions	3,686,813	3,480,767
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,215,659)	(121,104)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(1,215,659)	(121,104)
Investing Transactions		
Other Investments (Increase)/Decrease	-	441
Cash Provided by (Applied to) Investing Transactions	0	441
Financing Transactions		
Debenture Debt Increase/(Decrease)	(902,127)	(1,633,260)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(902,127)	(1,633,260)
Cash and Bank / Overdraft (Increase)/Decrease	1,569,027	1,726,844
Cash and Bank (Overdraft) at Beginning of Year	3,313,583	1,586,739
Cash and Bank (Overdraft) at End of Year	4,882,610	3,313,583

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	49,839,816	1,937,773	3,172,011	225,371	2,283,281	116,510	1,183,954	-	67,490	58,826,206	58,705,102
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	49,839,816	1,937,773	3,172,011	225,371	2,283,281	116,510	1,183,954	-	67,490	58,826,206	58,705,102
Add: Additions during the year	831,454	-	270,514	28,129	-	-	-	-	85,562	1,215,659	121,104
Less: Disposals and write downs	-	-	138,044	14,554	-	-	-	-	-	152,598	-
Closing Cost	50,671,270	1,937,773	3,304,481	238,946	2,283,281	116,510	1,183,954	-	153,052	59,889,267	58,826,206
Accumulated Amortization											
Opening, as previously reported	32,128,234	1,064,229	1,812,280	184,104	2,154,665	115,747	-	-		37,459,259	35,780,728
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	32,128,234	1,064,229	1,812,280	184,104	2,154,665	115,747	-	-		37,459,259	35,780,728
Add: Current period Amortization	1,262,208	39,938	254,613	19,994	35,713	763	-	-		1,613,229	1,678,531
Less: Accumulated Amortization on Disposals and Writedowns	-	-	138,044	14,554	-	-	-	-		152,598	-
Closing Accumulated Amortization	33,390,442	1,104,167	1,928,849	189,544	2,190,378	116,510	-	-		38,919,890	37,459,259
Net Tangible Capital Asset	17,280,828	833,606	1,375,632	49,402	92,903	-	1,183,954	-	153,052	20,969,377	21,366,947
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

Brandon School Division
Notes to Financial Statements

1. ENTITY DEFINITION AND ECONOMIC DEPENDENCE

The Brandon 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 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).

The following is a summary of significant accounting polices of the Division:

a) Income Recognition

The financial statements are prepared in accordance with Financial Reporting and Accounting in Manitoba Education (FRAME) and have incorporated the Public Service Accounting Board (PSAB) standards. These standards are generally accepted accounting principles for all Manitoba school divisions that became effective July 1, 2006.

Significant accounting polices of FRAME are:

\- 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.

\- 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.

\- 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.

- Unearned Revenue

Grants received for specific purposes are deferred and recorded as revenue at the time the applicable expenditures are made.

- Debenture Payments

Debenture debt payments are reflected in the accounts when due and interest accruals are recorded in the accounts as of the statement date.

- Employee Future Benefits

Benefits plans that provide for future benefits to employees are costed in the period in which the future benefit was earned.

- Tangible Capital Assets

Individual Tangible Capital Assets that meet or exceed the capitalization threshold guidelines provided by PSAB are now recorded at cost as assets in the capital fund.

- Amortization

Amortization is now provided for on Tangible Capital Assets in the Capital Fund in accordance with PSAB. Land is not amortized and all other tangible capital assets are amortized on a straight line basis, with no residual value, based on the useful life of the asset. One half year of amortization is recorded in the year of acquisition and in the year of disposal.

3. 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.

4. 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 Life	Capitalization Threshold ($)	Estimated Useful
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. 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.

5. 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.

6. 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.

7. 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.

8. SHORT TERM INVESTMENTS

Short term investments consist of guaranteed investment certificates that mature within one year. The cost of the short term investments is equal to the market. As at June 30, 2009, the cost of short term investment was $11,300 (last year $1,700); investment income earned during the year was $271 (last year $72).

9. BANK OVERDRAFT

The Division has an authorized line of credit with the Bank of Montreal of $4,500,000 by way of overdrafts and is repayable on demand at the bank's prime rate less 1.75%; interest is paid monthly.

10. 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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Education property tax credit	$2,593,323	$6,373,933	$6,054,935	$2,912,321
Other special purpose funds	$ 148,129	$ 35,731	$ 15,793	$ 168,067
	$2,741,452	$6,409,664	$6,070,728	$3,080,388

11. 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 $158,012.

Parent and student council funds	$158,012

12. 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 2010 to 2029. 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 5.0% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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:

2009/2010	$1,925,213
2010/2011	1,776,006
2011/2012	1,356,630
2012/2013	1,310,977
2013/2014	1,310,977
Thereafter	7,952,404
	$15,632,207

Brandon School Division
Notes to Financial Statements

13. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	$ 285,487
Undesignated Surplus	1,777,108
	2,062,595
Capital Fund	
Reserve Accounts	891,925
Equity in Tangible Capital Assets	9,151,293
	10,043,218
Special Purpose Fund	
School Generated Funds	424,588
Other Special Purpose Funds	578,333
	1,002,921
Total Accumulated Surplus	$13,108,734

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.

	2009
Prior year designated balances	$ 200,698
School budget carryovers by board policy	141,400
Designated surplus	$ 342,098

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.

	2009
Bus reserves	$ 377,470
Computer reserves	225,380
Other reserves	289,075
Capital Reserve	$ 891,925

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

	2009
Other Special Purpose Funds	$ 578,333

14. 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; 56.5% from 2008 tax year and 43.5% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$21,364,238	$19,146,125
Receivable – Due from Municipal – Property Tax	$12,030,519	$10,736,236

15. INTEREST RECEIVED AND PAID

The Division received interest during the year of $153,970 (previous year $256,132); interest paid during the year was $910,005 (previous year $1,072,284).

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

	2009
Capital Fund Debenture Interest	$910,005

The accrual portion of debenture debt interest expense of $354,699 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

[Translation]

BDO **BDO Dunwoody L.L.P.**
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AUDITORS' REPORT

To the Chair and School Trustees
Division scolaire franco-manitobaine

We have audited the consolidated financial statements of the **Division scolaire franco-manitobaine** (the "Division") as at June 30, 2009, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt, and cash flow for the period then ended. The financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion respecting these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and other information contained in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the Division's financial position as at June 30, 2009 and the results of its operations and cash flow for the year then ended, in accordance with Canadian generally accepted accounting principles.

Furthermore, in our opinion, the other statements and schedules present fairly the supplementary information contained therein, in so far as they relate to the above-mentioned financial statements.

"BDO Dunwoody L.L.P."
Chartered Accountants

Winnipeg, Manitoba
September 18, 2009

I hereby certify that this report as well as the audited financial statements and the supplementary information have been presented to the trustees of the Division scolaire franco-manitobaine.

[Translator's note: The original document was cut off here. Other similar documents in our records contain a signature, a date, and a footer stating that BDO Dunwoody L.L.P. is a Limited Liability Partnership registered in Ontario.]

ÉTAT CONSOLIDÉ DE LA SITUATION FINANCIÈRE

au 30 juin

Notes		2009	2008
	Actif		
	Encaisse et fonds en banque	-	-
*	Placements à court terme	90,131	94,124
	Sommes - Provincial Government	5,152,786	4,594,477
	- Federal Government	428,268	575,325
	- Municipal Government	8,054,660	7,732,666
	- Other School Divisions	29,444	22,743
	- First Nations	-	-
	Comptes clients	157,524	167,266
	Revenu de placements à recevoir	-	-
	Autres placements	-	-
		13,912,813	13,186,601
	Passif		
*	Découverts	9,702,527	6,833,199
	Comptes fournisseurs	2,645,555	2,044,656
	Charges à payer	396,132	986,288
*	Avantages sociaux à venir	270,194	219,260
	Intérêts courus à payer	932,730	967,317
	Sommes - au gouv. du Manitoba	278,550	200,659
	- au gouv. fédéral	1,832,002	2,174,066
	- à l'admin. municipale	9,275	6,565
	- à d'autres divisions scol.	49,845	210,836
	- aux Premières nations	-	-
*	Revenus reportés	274,333	271,527
*	Dette obligataire	29,698,352	28,959,388
*	Autres emprunts	1,470,772	1,580,426
	Passif des fonds générés par les écoles	239,682	198,701
		47,799,949	44,652,888
	Dette nette	(33,887,136)	(31,466,287)
	Actif non financier		
*	Immobilisations corporelles nettes (État des IC)	47,038,358	40,408,788
	Inventaires	-	-
	Dépenses payées d'avance	54,655	56,991
		47,093,013	40,465,779
*	**Excédent accumulé**	13,205,877	8,999,492

Voir les notes afférentes aux états financiers.

ÉTAT CONSOLIDÉ
DES RECETTES, DES DÉPENSES
ET DE L'EXCÉDENT ACCUMULÉ

pour l'exercice se terminant le 30 juin

Notes		2009	2008
	Recettes		
	Gouvernement du Manitoba	47,306,795	44,462,861
	Gouvernement fédéral	485,854	1,590,018
	Administration municipale - Taxe foncière	13,208,449	12,790,320
	- Autres	-	-
	Autres divisions scolaires	831,548	731,325
	Premières nations	-	-
	Organismes privés et particuliers	100,991	57,307
	Autres sources	109,699	87,668
	Fonds générés par les écoles	1,072,802	1,190,755
	Autres fonds à fins spéciales	48,027	68,111
		63,164,165	60,978,365
	Dépenses		
	Enseignement ordinaire	30,180,353	29,128,257
	Services de soutien aux élèves	7,264,194	7,252,470
	Centres d'apprentissage pour adultes	115,446	-
	Éducation et services communautaires	814,792	697,834
	Administration de la division	2,137,409	1,948,179
	Services pédagogiques et autres serv. de soutien	1,680,827	1,528,900
	Transport des élèves	5,356,537	5,562,665
	Fonctionnement et entretien	6,045,418	5,564,776
*	Frais et taxes - Intérêts	1,987,997	2,136,282
	- Autres	811,311	778,754
	Amortissement	1,481,691	1,536,686
	Autres dépenses de capital	23,591	90,980
	Fonds générés par les écoles	1,016,755	1,177,429
	Autres fonds à fins spéciales	41,459	59,186
		58,957,780	57,462,398
	Excédent (Déficit) de l'exercice en cours	4,206,385	3,515,967
	Excédent accumulé d'ouverture	8,999,492	5,483,525
	Redressements : Imm. corp. et amortissements acc.	-	0
	Autres que immobilisations corporelles	-	0
	Excédent accumulé d'ouverture, réévalué	8,999,492	5,483,525
	Excédent accumulé de clôture	13,205,877	8,999,492

Voir les notes afférentes aux états financiers.

ÉTAT CONSOLIDÉ DU CHANGEMENT DE LA DETTE NETTE

pour l'exercice se terminant le 30 juin 2009

	2009	2008
Excédent (Déficit) de l'exercice en cours	4,206,385	3,515,967
Amortissement des immobilisations corporelles	1,481,691	1,536,686
Acquisition d'immobilisations corporelles	(8,116,434)	(1,404,782)
(Gain) Perte à la liquidation d'immobilisations corporelles	(477)	1,322
Produit de la liquidation d'immobilisations corporelles	5,650	-
	(6,629,570)	133,226
Inventaires – (Augmentation) Diminution	-	-
Dépenses payées d'avance – (Augmentation) Diminution	2,336	6,144
	2,336	6,144
(Augmentation) Diminution de la dette nette	(2,420,849)	3,655,337
Dette nette au début de l'exercice	(31,466,287)	(35,121,624)
Redressements : Autres que les immobilisations corporelles	-	-
Dete nette réévaluée, au début de l'exercice	(31,466,287)	(35,121,624)
Dette nette à la fin de l'exercice	(33,887,136)	(31,466,287)

ÉTAT CONSOLIDÉ DE L'ÉVOLUTION DES LIQUIDITÉS

pour l'exercice se terminant le 30 juin 2009

	2009	2008
Fonctionnement		
Excédent (Déficit) de l'exercice en cours	4,206,385	3,515,967
Éléments sans effet sur les liquidités inclus dans l'excédent (le déficit) de l'exercice en cours :		
Amortissement des immobilisations corporelles	1,481,691	1,536,686
(Gain) Perte à la liquidation des immobilisations corporelles	(477)	1,322
Augmentation (Diminution) des avantages sociaux à venir	50,934	32,611
Placements à court terme – (Augmentation) Diminution	3,993	21,023
Sommes recevables d'autres organismes – (Augmentation) Diminution	(739,947)	(691,929)
Comptes clients et recettes accumulées – (Augmentation) Diminution	9,742	(23,500)
Inventaires et dépenses payées d'avance – (Augmentation) Diminution	2,336	6,144
Sommes payables à d'autres organismes – Augmentation (Diminution)	(422,454)	496,531
Comptes fournisseurs et passif accumulé – Augmentation (Diminution)	(23,844)	321,292
Recettes reportées – Augmentation (Diminution)	2,806	63,052
Passif des fonds générés par les écoles – Augmentation (Diminution)	40,981	(17,840)
Redressements autres que celle des immobilisations corporelles	-	-
Liquidités issues des opérations du fonds d'adm. générale	4,612,146	5,261,359
Immobilisations		
Acquisition d'immobilisations corporelles	(8,116,434)	(1,404,782)
Produit de la liquidation d'immobilisations corporelles	5,650	-
Liquidités (appliquées aux) fournies par les opér. portant sur les imm.	(8,110,784)	(1,404,782)
Placements		
Autres placements – (Augmentation) Diminution	-	-
Liquidités fournies par (appliquées aux) opérations de placement	0	0
Financement		
Dette obligataire – Augmentation (Diminution)	738,964	(1,145,136)
Autres emprunts – Augmentation (Diminution)	(109,654)	(126,339)
Liquidités fournies par (appliquées aux) opérations de financement	629,310	(1,271,475)
Encaisse et fonds en banque (Découverts) – (Augmentation) Diminution	(2,869,328)	2,585,102
Encaisse et fonds en banque (Découverts) au début de l'exercice	(6,833,199)	(9,418,301)
Encaisse et fonds en banque (Découverts) à la fin de l'exercice	(9,702,527)	(6,833,199)

la Division scolaire franco-manitobaine

ÉTAT DES IMMOBILISATIONS CORPORELLES

au 30 juin 2009

	Immeubles et améliorations locatives		Autobus	Autres	Mobilier / Accessoires et	Matériel informatique et		Améliorations	Immeubles en	2009	2008
	Écoles	Autres	scolaires	véhicules	équipement	logiciels*	Terrains	foncières	construction	Totaux	Totaux
Coût des immobilisations corp.											
Coût d'ouv., signalé antérieurement	51,527,406	285,413	-	59,095	940,526	128,217	8,455,344	394,850	789,213	62,580,064	61,219,066
Redressements :	-	-	-	-	-	-	-	-	-	-	-
Coût d'ouverture, réévalué	51,527,406	285,413	-	59,095	940,526	128,217	8,455,344	394,850	789,213	62,580,064	61,219,066
Plus : Ajouts faits durant l'exercice	315,237	-	-	54,109	229,130	-	3,506,216	-	4,011,742	8,116,434	1,404,782
Moins : Liquidations et radiations	-	-	-	24,079	196,774	-	-	-		220,853	43,784
Coût de clôture	51,842,643	285,413	-	89,125	972,882	128,217	11,961,560	394,850	4,800,955	70,475,645	62,580,064
Amortissements cumulés											
Valeur d'ouv., signalée antérieurement	21,064,606	285,413	-	59,096	615,806	87,127	-	59,228		22,171,276	20,677,052
Redressements :	-	-	-	-	-	-	-	-		-	-
Valeur d'ouverture, réévaluée	21,064,606	285,413	-	59,096	615,806	87,127	-	59,228		22,171,276	20,677,052
Plus : Amortissements : pér. courante	1,316,840	-	-	5,411	109,538	10,417	-	39,485		1,481,691	1,536,686
Moins : Amortissements cumulés sur les liquidations et les radiations	-	-	-	24,079	191,601	-	-	-		215,680	42,462
Amortissements cumulés de clôture	22,381,446	285,413	-	40,428	533,743	97,544	-	98,713		23,437,287	22,171,276
Immobilisations corporelles nettes	29,461,197	-	-	48,697	439,139	30,673	11,961,560	296,137	4,800,955	47,038,358	40,408,788
Produit de la liquidation des immobil	-	-	-	-	5,650	-	-			5,650	-

*Comprend l'infrastructure du réseau.

1. Nature de l'organisation et dépendance économique

La Division scolaire franco-manitobaine (la « Division scolaire ») est un organisme public qui fournit des services d'éducation à sa population estudiantine francophone du Manitoba. La Division scolaire est financée principalement par des subventions de la Province du Manitoba (la « Province »), et des prélèvements spéciaux. La Division scolaire et les divisions scolaires cédantes se partagent les taxes prélevées en proportion de leur nombre respectif d'élèves par rapport au total de tous les élèves résidant à l'intérieur des frontières des divisions cédantes.

La Division scolaire dépend du financement de la Province pour son fonctionnement ainsi que pour le financement de projets d'immobilisations. Sans ce financement, la Division scolaire ne pourrait pas continuer son fonctionnement.

2. Principales politiques comptables

Les états financiers consolidés ont été préparés par la direction en conformité avec les principes comptables généralement reconnus du Canada établis par le Conseil sur la comptabilité dans le secteur public (« CCSP ») de l'Institut canadien des comptables agréés (l'« ICCA»).

Entité comptable et consolidation

Les états financiers consolidés comprennent les actifs, passifs, recettes et dépenses des fonds d'administration générale, de capital et d'emprunt et à fins spéciales de la Division scolaire. L'entité comptable de la Division scolaire comprend les fonds générés par les écoles et contrôlés par la Division scolaire.

Tous les soldes et opérations interfonds ont été éliminés à la consolidation.

Fonds en fiducie

Les fonds en fiducie et leurs opérations ne sont pas compris dans les états financiers consolidés puisqu'ils ne sont pas contrôlés par la Division scolaire et ne lui appartiennent pas. Un tableau des fonds en fiducie est annexé aux notes accompagnant les états financiers consolidés.

Selon les normes du CCSP, les fonds en fiducie sont les avoirs confiés à un fiduciaire (la Division scolaire) selon un contrat de fiducie ou la loi. Le fiduciaire administre les modalités de l'accord, et n'à aucun pouvoir unilatéral de changer les modalités du contrat de fiducie.

Méthode de comptabilité

Les recettes et les dépenses sont constatées selon la méthode de comptabilité d'exercice sauf lorsque les comptes de régularisation ne peuvent pas être établis avec un degré de certitude raisonnable ou lorsque leur estimation est irréalisable. Selon la comptabilité d'exercice, les recettes sont constatées à mesure qu'elles sont gagnées et qu'elles peuvent être mesurées, et les dépenses sont constatées à mesure qu'elles sont engagées et qu'elles peuvent être mesurées par suite de la réception des biens ou des services et de l'établissement d'une obligation légale de paiement. Les dépenses incluent l'amortissement des immobilisations corporelles.

Comptabilité par fonds

La méthode de comptabilité par fonds est utilisée par la Division scolaire pour inscrire les opérations financières dans des fonds séparés conformément au manuel Financial Reporting and Accounting in Manitoba Education (FRAME) et selon le but visé au moment de la création du fonds.

Le fonds d'administration générale sert à l'enregistrement de toutes les recettes et dépenses de fonctionnement courantes. Le fonds de capital est utilisé pour comptabiliser l'acquisition, l'amortissement, l'aliénation et le financement des immobilisations. Le fonds à fins spéciales est utilisé pour rendre compte des fonds générés par les écoles et des fondations de bienfaisance contrôlées par la Division scolaire.

Fonds générés par les écoles

Les fonds générés par les écoles sont des sommes recueillies par des écoles, ou sous leurs auspices, dans le cadre d'activités parascolaires pour leur usage exclusif et que les directions peuvent amasser, détenir, administrer et utiliser pour leurs écoles respectives, conformément aux règlements de la Commission scolaire.

Seules les recettes et les dépenses des fonds générés par les écoles et contrôlés par la Division scolaire sont incluses dans l'état consolidé des recettes, des dépenses et de l'excédent accumulé. Pour que ces fonds soient considérés comme étant contrôlés, une école doit avoir le pouvoir unilatéral de décider quand, comment et à quelles fins les fonds sont dépensés.

Le solde de l'encaisse et des placements à court terme de tous les fonds générés par les écoles sont inclus dans l'état consolidé de la situation financière. Le solde des fonds générés par les écoles et non contrôlés par la Division scolaire est présenté comme passif des fonds générés par les écoles dans l'état de la situation financière. Les exemples de fonds générés par les écoles et non contrôlés par la Division scolaire incluent les sommes recueillies par les comités de parents, associations d'étudiants et comités de voyage. Les recettes et les dépenses des fonds générés par les écoles et non contrôlés par la Division scolaire ne sont pas incluses dans les états financiers consolidés.

Immobilisations corporelles

Les immobilisations corporelles sont des actifs non financiers qui sont utilisés par la Division scolaire pour fournir des services à la population et qui ont une durée économique de plus d'un exercice. Les immobilisations corporelles comprennent les terrains, immeubles, améliorations foncières, autobus scolaires, autres véhicules, mobiliers, accessoires, équipements, matériels informatique, logiciels, améliorations locatives, contrats de location-acquisition et immeubles en construction.

Pour être classé comme immobilisation corporelle, chaque actif autre que les terrains doit individuellement respecter le seuil de capitalisation de sa catégorie conformément au manuel FRAME.

Description des biens	Seuil de capitalisation ($)	Durée de vie utile
Améliorations foncières	25 000	10 ans
Immeubles – briques, mortier, acier	25 000	40 ans
Immeubles – charpente en bois	25 000	25 ans
Autobus scolaires	20 000	10 ans
Véhicules	10 000	5 ans
Équipement	5 000	5 ans
Infrastructure du réseau	25 000	10 ans
Matériel informatique	5 000	4 ans
Logiciels	10 000	4 ans
Mobilier et accessoires	5 000	10 ans
Améliorations locatives	25 000	Selon la durée du bail

Le regroupement des actifs n'est pas permis, sauf pour les postes de travail informatisés.

Les terrains sont inscrits au coût d'origine, qui comprend le prix d'achat, les frais d'installation et les autres frais encourus pour mettre l'immobilisation en service. Tous les terrains acquis avant le 30 juin 2006 ont été évalués par la Crown Lands and Property Agency.

Les bâtiments sont inscrits au coût d'origine lorsque celui-ci est connu. Pour les bâtiments acquis avant le 30 juin 2005 alors que le coût réel n'était pas connu, la valeur de remplacement aux fins des assurances en date du 30 juin 2005 a été établie par régression selon la date d'acquisition d'après un index fondé sur des indices des coûts de construction de Southam et CanaData.

À l'exception des immobilisations obtenues à titre gratuit et des contrats de location-acquisition, toutes les immobilisations corporelles sont inscrites au coût d'origine, qui comprend le prix d'achat, les frais d'installation et les autres frais encourus pour mettre l'immobilisation en service.

Les immobilisations corporelles obtenues à titre gratuit sont inscrites selon la juste valeur marchande à la date du don. Les recettes reportées sont inscrites selon un montant équivalent pour tous les dons, à l'exception des terrains. Les recettes reportées seront comptabilisées comme recettes durant la vie utile de l'actif visé, comme dans le cas d'un amortissement.

Les contrats de location-acquisition sont inscrits selon la valeur actualisée des paiements minimaux exigibles à l'exclusion des frais accessoires (p. ex., assurances, entretien, etc.). Le taux d'escompte utilisé pour déterminer la valeur actuelle des paiements de location est le taux le plus bas entre le taux de la Division scolaire pour les emprunts additionnels et le taux d'intérêt implicite dans le bail.

Toutes les immobilisations corporelles, à l'exception des terrains, des contrats de location-acquisition et des immobilisations en cours, sont amorties selon la méthode linéaire durant leur durée de vie utile estimative conformément aux règles du manuel FRAME. Les terrains ne sont pas amortis. Les contrats de location-acquisition avec des modalités comprenant une option d'achat à prix préférentiel ou permettant le transfert de la propriété à la Division scolaire sont amortis selon la durée de vie utile de la catégorie d'immobilisations. Toutes les autres locations-acquisitions sont amorties selon la durée moindre entre la durée du contrat de location et la durée de vie utile de la catégorie d'immobilisations.

La moitié de l'amortissement annuel est imputée à l'année d'acquisition et à l'année de l'aliénation si l'amortissement n'est pas terminé.

Les immobilisations en cours ne sont pas amorties avant la date de l'achèvement substantiel des travaux. Les intérêts découlant des fonds utilisés pour financer les bâtiments scolaires en construction sont capitalisés pour les périodes précédant la date de l'achèvement substantiel des travaux.

Avantages sociaux futurs

La Province paie les prestations de l'employeur au Teachers' Retirement Allowances Fund (TRAF) qui est le régime de retraite de tous les enseignants certifiés de la Division scolaire. La Division scolaire ne contribue pas au TRAF, et aucuns frais se rapportant à ce régime ne sont inclus dans les états financiers consolidés de la Division scolaire.

La Division scolaire fournit un régime de retraite et d'autres avantages sociaux à son personnel de soutien. Ces avantages sociaux incluent un régime de retraite à cotisations déterminées, un congé parental et une pension de retraite anticipée. La Division scolaire a adopté les politiques comptables suivantes pour les avantages sociaux futurs :

Régime de retraite à cotisations déterminées

La Division scolaire verse la cotisation de l'employeur au régime de retraite à cotisations déterminées administré par l'Association des commissaires d'écoles du Manitoba - Manitoba School Boards Association (MSBA) - pour son personnel de soutien. Selon ce régime, des contributions spécifiques et déterminées sont versées par la Division scolaire à chaque période pour les services rendus par les employés à la hauteur des contributions des employés. Aucune responsabilité n'est assumée par la Division scolaire à l'égard de contributions futures.

Régimes à prestations déterminées/et régimes autogérés d'avantages sociaux futurs des employés

En ce qui concerne les obligations liées aux régimes à prestations déterminées/régimes autogérés de prestations en fonction des événements de la vie, comme le congé parental non acquis, le coût des prestations n'est comptabilisé et inscrit que pour la période de l'événement. Pour ce qui est des obligations de bonification liées à la possibilité de prendre une retraite anticipée qui sont aussi liées aux événements de la vie, le coût des prestations est comptabilisé pour la période durant laquelle l'engagement de verser les prestations est approuvé par la Commission scolaire.

Utilisations des prévisions

Pour la préparation des états financiers conformément aux principes comptables généralement reconnus du Canada, la direction doit s'appuyer sur des prévisions et des hypothèses qui influent sur les montants inscrits d'actif et de passif à la date des états financiers, ainsi que sur les montants déclarés de recettes et de dépenses pendant la période visée. Les résultats réels peuvent différer des meilleures prévisions possibles de la direction au fur et à mesure qu'elle dispose de renseignements supplémentaires.

Instruments financiers

Les instruments financiers de la Division scolaire comprennent l'encaisse et fonds en banque, les placements à court terme, les sommes recevables et payables (gouvernement du Manitoba, gouvernement fédéral, administration municipale, autres divisions scolaires et Premières nations), les comptes clients, les revenus de placements à recevoir, les découverts, les comptes fournisseurs, les charges à payer, les avantages sociaux futurs, les intérêts courus à payer, la dette obligatoire et les autres emprunts.

À moins d'indication contraire, la direction est d'avis que la Division scolaire n'est pas exposée d'une façon significative au risque d'intérêt, d'échange ou de crédit découlant de ces instruments financiers.

3. Découverts

La Division a autorisé des marges de crédit sous forme de découverts bancaires auprès de la Banque de Montréal pour des sommes de 13 450 000 $ pour le financement d'activités et de 12 500 000 $ pour le financement de projets d'immobilisations, sommes qui sont remboursables sur demande au taux préférentiel de la banque moins 0,5 % et dont l'intérêt est payé mensuellement. Les découverts comprennent des sommes pour projets d'immobilisations totalisant environ 6 444 420 $ qui seront présentés à la Commission des finances des écoles publiques aux fins du financement d'obligations. Les garanties sont un contrat de sûreté en plus d'une résolution d'emprunt.

4. Avantages sociaux futurs

La Division scolaire participe à un régime de retraite à cotisations déterminées administré par MSBA. Le régime à cotisations déterminées est offert aux membres du personnel de soutien selon leur âge au début de l'année et leur rémunération. Dans le cadre du régime de retraite du MSBA, les contributions des employés sont établies en fonction d'un pourcentage spécifique selon leur groupe d'âge. La Division scolaire verse des contributions équivalentes à celles des employés. Le passif découlant du régime de retraite est présenté dans les comptes fournisseurs des états financiers consolidés.

Les dépenses liées aux avantages sociaux futurs sont incluses aux postes avantages sociaux et indemnités des employés. Le total des contributions au régime de retraite à cotisations déterminées pour l'exercice terminé le 30 juin 2009 se chiffre à 457 062 $ (423 181 $ en 2008).

5. Recettes reportées

On se sert de la méthode du report pour comptabiliser les recettes qui, en vertu de lois, de règlements ou d'ententes, ne peuvent être utilisées qu'à des fins spécifiques. Ces montants sont constatés comme recettes dans l'exercice au cours duquel les dépenses connexes sont engagées ou les services sont fournis. Voici les détails des soldes :

	Solde au 30 juin 2008	Montants reçus au cours de l'exercice	Constatés au cours de l'exercice	Solde au 30 juin 2009
	$	$	$	$
Administration – École en santé	11 150	11 350	4 930	17 570
Autres	547	500	1 047	-
Bébé en santé	21 338	61 800	79 656	3 482
C.T.I. Central	34 688	35 413	17 700	52 401
C.T.I. Urbain	-	14 952	14 952	-
Coalition petite enfance	92 234	427 250	458 409	61 075
Green Schools Initiative	-	20 700	11 729	8 971
Parlons petite enfance	39 326	-	5	39 321
Structures de jeux	72 244	27 244	7 975	91 513
	271 527	599 209	596 403	274 333

6. Passif des fonds générés par les écoles

Le passif des fonds générés par les écoles et non contrôlés par la Division scolaire comprend l'encaisse de 239 682 $ au 30 juin 2009 (198 701 $ au 30 juin 2008) présenté au poste de passif des fonds générés par les écoles dans l'état consolidé de la situation financière.

7. Dette obligatoire

La dette obligatoire de la Division scolaire se présente sous la forme d'obligations de 20 ans acquittables, capital et intérêts, en 20 versements annuels égaux et arrivant à échéance à diverses dates de 2009 à 2029. Le remboursement du capital et des intérêts est entièrement financé par des subventions de la Province du Manitoba. Les obligations portent des taux d'intérêt variant de 4,875 %

à 12,25 %. La dépense liée aux intérêts courus sur la dette obligatoire au 30 juin 2009 est comptabilisée au poste des intérêts courus à payer, et une subvention équivalente aux intérêts courus sur la dette obligatoire est comptabilisée et présentée au poste des sommes recevables du gouvernement du Manitoba. Voici les versements du principal et de l'intérêt pour les cinq prochaines années :

	Principal	Intérêts	Total
	$	$	$
2010	1 898 490	1 886 976	3 785 466
2011	1 798 124	1 739 298	3 537 422
2012	1 722 347	1 607 199	3 329 546
2013	1 643 741	1 488 738	3 132 480
2014	1 730 202	1 382 978	3 113 180
	8 792 904	8 105 189	16 898 093

8. Autres emprunts

Les autres emprunts incluent les dettes autres que les découverts et la dette obligatoire. Ils comprennent les emprunts pour l'amélioration du rendement énergétique, l'emprunt pour amélioration de garderie et des contrats de location-acquisition pour des photocopieuses.

	2009	2008
	$	$
Amélioration du rendement énergétique	710 524	803 553
Amélioration de garderies	568 501	581 864
Contrats de location-acquisition	191 747	195 009
	1 470 772	1 580 426

Les emprunts pour l'amélioration du rendement énergétique et l'amélioration de garderies portent des intérêts au taux préférentiel de la banque moins 0,5 % arrivant à échéance sur demande, et les versements mensuels sont de 10 845 $ et 3 452 $, respectivement, principal et intérêts. Les garanties sont un contrat de sûreté en plus d'une résolution d'emprunt.

Les contrats de location-acquisition pour les photocopieuses et voitures portent des intérêts à des taux allant de 4,08 % à 9,85 % par année, assortis d'échéances qui vont de 2009 à 2012 et d'un paiement mensuel global d'environ 8 271 $, principal et intérêts. Ces emprunts sont garantis par un contrat de location-acquisition.

Voici les versements de principal et d'intérêts des autres emprunts pour les cinq prochaines années :

	Principal	Intérêts	Total
	$	$	$
2010	177 716	72 209	249 925
2011	168 946	62 044	230 991
2012	170 308	52 466	222 775
2013	153 437	43 321	196 758
2014	137 999	35 955	173 954
	670 407	230 040	900 448

9. Immobilisations corporelles nettes

L'état des immobilisations corporelles, qui est inclus à la page 23 des états financiers vérifiés, donne la ventilation des coûts, amortissements cumulés et valeurs comptables nettes par catégorie. Le montant des intérêts capitalisés au cours de l'exercice terminé le 30 juin 2009 et inclus au poste immeubles en construction s'élève à néant $ (néant $ en 2008).

10. Excédents accumulés

Les excédents accumulés consolidés comprennent les éléments suivants au 30 juin 2009 :

	2009	2008
	$	$
Fonds d'administration générale		
Excédent désigné	657 946	-
Excédent non désigné	1 643 486	827 037
	2 301 432	827 037
Fonds de capital		
Comptes de réserve de capital	-	-
Avoir propre dans les immobilisations corporelles	10 526 196	7 856 821
	10 526 196	7 856 821
Fonds à fins spéciales		
Fonds générés par les écoles	352 274	296 227
Autres fonds à fins spéciales	25 975	19 407
	378 249	315 634
Excédents accumulés consolidés	13 205 877	8 999 492

11. Administration municipale – Impôt foncier et sommes recevables connexes auprès de l'administration municipale

Des impôts fonciers scolaires ou un prélèvement spécial sont recueillis à titre de la contribution de la Division au financement des coûts de la prestation des services d'éducation publique auprès des élèves qui résident au sein de la division. Le montant inclus au poste Recettes - Administration municipale - Impôt foncier qui figure dans l'état consolidé des recettes, des dépenses et de l'excédent accumulé est prélevé sur une période de deux années civiles (d'imposition); dont 40 % provient de l'année d'imposition 2008 et 60 % de l'année d'imposition 2009. Voici ci-dessous les recettes et les créances connexes à percevoir :

	2009	2008
	$	$
Recettes – Administration municipale – Impôt foncier	13 208 449	12 790 320
Sommes recevables auprès de l'administration municipale – Impôt foncier	8 054 660	7 732 666

12. Intérêts reçus et versés

La Division a reçu au cours de l'exercice terminé le 30 juin 2009 des intérêts de 22 719 $ (18 054 $ en 2008); et a versé des intérêts de 1 987 997 $ (2 136 282 $ en 2008).

Voici les dépenses d'intérêts incluses aux postes frais et impôts pour l'exercice terminé le 30 juin 2009 :

	2009	2008
	$	$
Fonds d'administration générale		
Frais et impôts – prêt à court terme, intérêts et frais bancaires	43 174	85 313
Fonds de capital		
Intérêts sur la dette obligatoire	1 862 523	1 962 647
Autres intérêts	82 300	88 322
	1 944 823	2 050 969
	1 987 997	2 136 282

La part cumulative des dépenses d'intérêts sur la dette obligatoire de 932 730 $ au 30 juin 2009 (967 317 $ au 30 juin 2008) qui est incluse au poste Fonds de capital et d'emprunt - Intérêts sur la dette obligatoire, est contrebalancée par le montant cumulatif de la subvention pour le remboursement de la dette de la Province du Manitoba.

13. Provision pour créances douteuses

Toutes les créances à percevoir présentées dans l'état consolidé de la situation financière sont inscrites après déduction de la provision pour les créances douteuses spécifiques. Voici la provision totale pour créances douteuses en date du 30 juin 2009 :

	2009	2008
	$	$
Provision pour créances douteuses (recouvrement) déduites des créances	4 904	(52)
Créances douteuses (recouvrement) (incluses au poste frais et impôts)	4 904	(52)

14. Dépenses selon l'objet

Les dépenses incluses dans l'état consolidé des recettes, des dépenses et de l'excédent accumulé sont présentées par fonction conformément au manuel FRAME. Voici les détails des dépenses par objet :

	Chiffres réels 2009	Budget 2009	Chiffres réels 2008
	$	$	$
Salaires	37 561 197	38 038 647	36 014 254
Avantages sociaux et indemnités des employés	2 479 025	2 780 975	2 458 322
Services	10 722 625	12 034 808	10 516 015
Fournitures, matériel et petit équipement	2 677 006	3 069 133	2 497 528
Intérêts et frais bancaires	1 987 997	-	2 136 282
Créances douteuses (recouvrements)	4 904	-	(52)
Impôt sur la paie	806 407	816 517	778 806
Transferts	155 123	220 100	196 962
Amortissements	1 481 691	-	1 536 686
Autres éléments de capital	23 591	-	90 980
Fonds générés par les écoles	1 016 755	-	1 177 429
Autres fonds à fins spéciales	41 459	-	59 186
	58 957 780	56 960 180	57 462 398

15. Éventualités

La Division scolaire a inscrit dans son fonds de capital et d'emprunt les coûts liés à l'actif immobilisé de l'École Taché. La DSFM est en voie d'effectuer l'expropriation d'un terrain adjacent à l'École Taché. Les coûts engagés jusqu'à maintenant pour l'expropriation sont inscrits dans le fonds de capital et d'emprunt. Les coûts supplémentaires seront enregistrés au fonds de capital et d'emprunt dans l'année où ces coûts seront déterminés.

En mai 2009, la commission a décidé que la Division scolaire serait responsable pour payer les coûts de déménagement de l'entreprise liés à l'expropriation. En raison de la décision, 3 310 385 $ a été payé par la division en juin 2009. L'entreprise continue à demandé les fonds additionnels au-delà des coûts de déménagement soit payés. En ce moment, il est impossible de déterminer si la Division scolaire sera responsable de payer les coûts additionnels ou le montant de ces coûts. Si des pertes sont déclarées, les charges seront inscrites au cours de l'exercice dès qu'elles seront connues.

16. Engagements contractuels

Des ententes pour le transport des élèves ont été conclues jusqu'à juin 2014. Les frais pour ces services se chiffrent à environ 4 500 000 $ par année.

Des ententes de location des écoles ont été conclues avec diverses divisions scolaires et organismes. Un montant estimé a été inscrit comme créance et comme dépense pour l'année courante car les montants pour la location n'ont pas été finalisés. Tous les ajustements rétroactifs seront enregistrés dans l'année où ils auront été déterminés

17. Fonds en fiducie

Pendant l'année, la Division scolaire a fait 270 436 $ en paiements de retenue concernant des projets de construction. Les paiements de retenue sont actuellement tenus dans un compte bancaire sous le nom de la Division scolaire; cependant, les fonds doivent être transférés à l'entrepreneur quand les projets sont complets. L'argent tenu dans ce compte bancaire et la charge à payer concernant la retenue n'ont pas été inclus dans les états financiers consolidés.

18. Société contrôlée

La Division scolaire contrôle un organisme de bienfaisance. Les actifs, passifs et excédent accumulé de l'organisme de bienfaisance sont présentés dans l'état de la situation financière du fonds à fins spéciales. Les recettes, dépenses et retraitement de l'excédent accumulé d'ouverture de l'organisme de bienfaisance sont présentés dans l'état des recettes, des dépenses et de l'excédent accumulé du fonds à fins spéciales.

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 Collins Barrow 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.

Chairperson

Secretary-Treasurer

October 5, 2009

Collins Barrow
Chartered Accountants

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Winnipeg, Manitoba
R3C 4C6

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Auditor's Report

To the Chairperson and Trustees
Evergreen School Division

We have audited the Consolidated Statement of Financial Position for the Evergreen School Division as at June 30, 2009, and the Consolidated Statement of Revenue, Expenses, Consolidated Statement of change in Net Debt and Consolidated Statement of Cash Flow for the year ended June 30, 2009. These financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded in the Division and we were not able to determine whether any adjustments might be necessary to revenue, current year surplus (deficit) and accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the school division as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplementary information shown.

Winnipeg, Canada
October 5, 2009

Collins Barrow

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.

Oct 21/09
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	463,312	615,888
4	Short Term Investments	100,475	100,386
	Due from - Provincial Government	1,004,013	773,687
	- Federal Government	88,060	115,971
	- Municipal Government	3,122,088	2,955,994
	- Other School Divisions	-	-
	- First Nations	58,133	39,347
	Accounts Receivable	78,321	74,605
	Accrued Investment Income	545	1,830
	Other Investments	-	-
		4,914,947	4,677,708
	Liabilities		
	Overdraft	-	-
	Accounts Payable	562,756	237,897
	Accrued Liabilities	1,453,004	1,644,976
	Employee Future Benefits	-	-
	Accrued Interest Payable	383,301	387,201
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	989,804	839,433
7	Debenture Debt	14,300,998	13,792,720
	Other Borrowings	-	83,318
	School Generated Funds Liability	21,269	4,487
		17,711,132	16,990,032
	Net Debt	(12,796,185)	(12,312,324)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	16,902,297	16,062,125
	Inventories	-	-
	Prepaid Expenses	182,811	62,936
		17,085,108	16,125,061
9	**Accumulated Surplus**	4,288,923	3,812,737

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		12,371,672	11,407,666
	Federal Government		-	-
	Municipal Government	- Property Tax	5,609,206	5,543,992
		- Other	-	-
	Other School Divisions		54,755	52,436
	First Nations		171,700	124,465
	Private Organizations and Individuals		162,558	146,895
	Other Sources		91,373	75,171
	School Generated Funds		322,060	338,890
	Other Special Purpose Funds		22,646	16,766
			18,805,970	17,706,281
	Expenses			
	Regular Instruction		8,636,523	8,215,778
	Student Support Services		2,722,490	2,359,930
	Adult Learning Centres		-	-
	Community Education and Services		227,001	207,237
	Divisional Administration		661,781	618,914
	Instructional and Other Support Services		492,095	501,926
	Transportation of Pupils		1,130,686	1,042,901
	Operations and Maintenance		2,081,328	1,806,327
11	Fiscal	- Interest	849,565	847,874
		- Other	257,244	239,735
	Amortization		905,721	858,355
	Other Capital Items		-	-
	School Generated Funds		340,937	296,027
	Other Special Purpose Funds		24,413	14,960
			18,329,784	17,009,964
	Current Year Surplus (Deficit)		476,186	696,317
	Opening Accumulated Surplus		3,812,737	3,116,420
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		3,812,737	3,116,420
	Closing Accumulated Surplus		4,288,923	3,812,737

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	476,186	696,317
Amortization of Tangible Capital Assets	905,721	858,355
Acquisition of Tangible Capital Assets	(1,745,893)	(2,478,400)
(Gain) / Loss on Disposal of Tangible Capital Assets	(1,227)	(6,996)
Proceeds on Disposal of Tangible Capital Assets	1,227	10,845
	(840,172)	(1,616,196)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(119,875)	(18,229)
	(119,875)	(18,229)
(Increase)/Decrease in Net Debt	(483,861)	(938,108)
Net Debt at Beginning of Year	(12,312,324)	(11,374,216)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(12,312,324)	(11,374,216)
Net Debt at End of Year	(12,796,185)	(12,312,324)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	476,186	696,317
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	905,721	858,355
(Gain)/Loss on Disposal of Tangible Capital Assets	(1,227)	(6,996)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	(89)	(717)
Due from Other Organizations (Increase)/Decrease	(387,295)	(350,454)
Accounts Receivable & Accrued Income (Increase)/Decrease	(2,431)	43,760
Inventories and Prepaid Expenses - (Increase)/Decrease	(119,875)	(18,229)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	128,987	178,128
Deferred Revenue Increase/(Decrease)	150,371	824,789
School Generated Funds Liability Increase/(Decrease)	16,782	(11,319)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	1,167,130	2,213,634
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,745,893)	(2,478,400)
Proceeds on Disposal of Tangible Capital Assets	1,227	10,845
Cash (Applied to)/Provided by Capital Transactions	(1,744,666)	(2,467,555)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	508,278	1,786,611
Other Borrowings Increase/(Decrease)	(83,318)	(97,614)
Cash Provided by (Applied to) Financing Transactions	424,960	1,688,997
Cash and Bank / Overdraft (Increase)/Decrease	(152,576)	1,435,076
Cash and Bank (Overdraft) at Beginning of Year	615,888	(819,188)
Cash and Bank (Overdraft) at End of Year	463,312	615,888

Evergreen School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	23,701,904	702,758	2,402,188	174,104	407,325	-	238,078	-	233,781	27,860,138	25,476,426
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	23,701,904	702,758	2,402,188	174,104	407,325	-	238,078	-	233,781	27,860,138	25,476,426
Add:											
Additions during the year	-	-	100,383	17,250	76,984	-	-	-	1,551,276	1,745,893	2,478,400
Less:											
Disposals and write downs	-	-	44,164	-	-	-	-	-	-	44,164	94,688
Closing Cost	23,701,904	702,758	2,458,407	191,354	484,309	-	238,078	-	1,785,057	29,561,867	27,860,138
Accumulated Amortization											
Opening, as previously reported	9,572,689	338,168	1,568,261	159,784	159,111	-	-	-		11,798,013	11,030,497
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	9,572,689	338,168	1,568,261	159,784	159,111	-	-	-		11,798,013	11,030,497
Add:											
Current period Amortization	689,321	18,634	130,446	8,350	58,970	-	-	-		905,721	858,355
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	44,164	-	-	-	-	-		44,164	90,839
Closing Accumulated Amortization	10,262,010	356,802	1,654,543	168,134	218,081	-	-	-		12,659,570	11,798,013
Net Tangible Capital Asset	13,439,894	345,956	803,864	23,220	266,228	-	238,078	-	1,785,057	16,902,297	16,062,125
Proceeds from Disposal of Capital As	-	-	1,227	-	-	-	-			1,227	10,845

* 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.

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) 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 & 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 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.

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.

(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. Overdraft

The Division has an authorized line of credit with The Gimli 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). In addition, the Division has a line of credit with The Gimli Credit Union Limited of $4,350,000 by way of overdraft for a capital project totaling approximately $4,284,000 which will be submitted to PSFB for debenture funding. Overdrafts are secured by a temporary borrowing by-law.

4. Short Term Investments

Short term investments consist of deposit certificates that mature within one year. Investment income earned during the year was $2,734.

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.

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 $21,267.

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 1987 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2009, 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
2010	$ 700,340	$ 871,138	$ 1,571,478
2011	793,793	913,623	1,707,416
2012	825,226	862,193	1,687,419
2013	877,816	809,611	1,687,427
2014	898,799	753,568	1,652,367
	$ 4,095,974	$ 4,210,133	$ 8,306,107

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	2009 Net Book Value	2008 Net Book Value
Owned-tangible capital assets	$ 29,561,867	$ 12,659,570	$ 16,902,297	$ 16,062,125
Capital lease	-	-	-	-
	$ 29,561,867	$ 12,659,570	$ 16,902,297	$ 16,062,125

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	367,874	188,266
Undesignated Surplus	261,867	300,124
	629,741	488,390
Capital Fund		
Reserve Accounts	1,455,609	1,135,710
Equity in Tangible Capital Assets	1,960,356	1,924,776
	3,415,965	3,060,486
Special Purpose Fund		
School Generated Funds	93,711	112,587
Other Special Purpose Funds	149,506	151,274
	243,217	263,861
Total Accumulated Surplus	$ 4,288,923	$ 3,812,737

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.

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; 43% from 2008 tax year and 57% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 5,609,206	$ 5,543,992
Receivable-Due from Municipal-Property Tax	$ 3,122,088	$ 2,955,994

10. Interest Received and Paid

The Division received interest during the year of $20,680 (previous year $42,997); interest paid during the year was $849,565 (previous year $847,874).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 2,568	$ 10,682
Capital Fund		
Debenture debt interest	845,542	829,401
Other interest	1,455	7,791
	$ 849,565	$ 847,874

The accrual portion of debenture debt interest expense of $383,301 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 2009	Budget 2009	Actual 2008
Salaries	$ 11,852,936	$ 11,870,825	$ 11,075,988
Employees benefits & allowances	984,776	965,680	903,427
Services	1,744,643	1,743,760	1,533,665
Supplies, materials & minor equipment	1,322,213	1,478,732	1,190,581
Interest	849,565	40,000	847,874
Bad debts	-	-	-
Payroll tax	257,244	230,000	239,735
Transfers	47,336	68,000	49,352
Amortization	905,721	-	858,355
Other capital items	-	-	-
School generated funds	340,937	-	296,027
Other special purpose funds	24,413	-	14,960
	$ 18,329,784	$ 16,396,997	$ 17,009,964

13. Subsequent Events

Subsequent to June 30, 2009, debentures listed below have been committed from the Province of Manitoba. These debentures cover the overdraft and account payable in the Capital Fund in addition to other project costs covered in the overdraft in the Operating Fund.

Debenture Date	By-law	Debenture Amount
Sept. 30, 2009	9/09	$ 1,641,500

KENDALL & PANDYA

Chartered Accountants

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Partners.... David Kendall, FCA *
Manisha Pandya, CA *

* Operating as professional corporations

AUDITOR'S REPORT

To the Board of Trustees
Flin Flon School Division
Flin Flon, Manitoba

We have audited the Consolidated statements of Financial Position, Revenue, Expenses, and Accumulated Surplus, Change in Net Debt and Cash Flow of the Flin Flon School Division as at June 30, 2009 and for the year then ended. The consolidated financial statements include the operating, capital and special purpose funds.

These financial statements are the responsibility of the School Division's administration. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluation the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and the changes in its financial position for the year then ended, in accordance with Canadian generally accepted accounting principles.

Our examination also included supplemental schedules of revenue and expenditure details for the year ended June 30, 2009. In our opinion, supplemental schedules when considered in relation to the basic financial statements, present 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 24, 2009

Kendall & Pandya
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.

Oct 13/09
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	154,336	113,715
	Short Term Investments	-	-
	Due from - Provincial Government	508,039	321,710
	- Federal Government	25,759	-
	- Municipal Government	1,288,602	1,210,551
	- Other School Divisions	21,966	125,347
	- First Nations	-	17,685
	Accounts Receivable	162,505	180,579
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,161,207	1,969,587
	Liabilities		
	Overdraft	-	-
	Accounts Payable	57,392	64,327
	Accrued Liabilities	955,201	1,101,308
*	Employee Future Benefits	69,110	-
	Accrued Interest Payable	22,851	18,055
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	434,040	412,941
*	Debenture Debt	1,718,001	1,508,374
*	Other Borrowings	11,774	22,246
	School Generated Funds Liability	145,580	145,580
		3,413,949	3,272,831
	Net Debt	(1,252,742)	(1,303,244)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	3,027,389	2,960,110
	Inventories	-	-
	Prepaid Expenses	102,126	34,565
		3,129,515	2,994,675
*	**Accumulated Surplus**	1,876,773	1,691,431

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		8,441,693	7,952,999
	Federal Government		37,510	48,629
	Municipal Government	- Property Tax	2,801,807	2,622,059
		- Other	-	-
	Other School Divisions		188,400	206,424
	First Nations		20,792	64,162
	Private Organizations and Individuals		256,819	298,140
	Other Sources		120,035	119,322
	School Generated Funds		359,717	335,191
	Other Special Purpose Funds		-	-
			12,226,773	11,646,926
	Expenses			
	Regular Instruction		6,289,311	6,091,611
	Student Support Services		1,921,611	1,996,325
	Adult Learning Centres		86,500	84,000
	Community Education and Services		11,413	7,308
	Divisional Administration		563,735	548,363
	Instructional and Other Support Services		315,710	300,192
	Transportation of Pupils		283,671	330,285
	Operations and Maintenance		1,712,537	1,696,362
*	Fiscal	- Interest	127,000	124,774
		- Other	170,513	177,769
	Amortization		223,359	238,057
	Other Capital Items		-	-
	School Generated Funds		336,071	383,183
	Other Special Purpose Funds		-	-
			12,041,431	11,978,229
	Current Year Surplus (Deficit)		185,342	(331,303)
	Opening Accumulated Surplus		1,691,431	1,974,742
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	47,992
	Opening Accumulated Surplus, as adjusted		1,691,431	2,022,734
	Closing Accumulated Surplus		1,876,773	1,691,431

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	185,342	(331,303)
Amortization of Tangible Capital Assets	223,359	238,057
Acquisition of Tangible Capital Assets	(290,638)	(58,765)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,518)	-
Proceeds on Disposal of Tangible Capital Assets	3,518	-
	(67,279)	179,292
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(67,561)	(10,770)
	(67,561)	(10,770)
(Increase)/Decrease in Net Debt	50,502	(162,781)
Net Debt at Beginning of Year	(1,303,244)	(1,188,455)
Adjustments Other than Tangible Cap. Assets	-	47,992
Net Debt at Beginning of Year as Adjusted	(1,303,244)	(1,140,463)
Net Debt at End of Year	(1,252,742)	(1,303,244)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	185,342	(331,303)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	223,359	238,057
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,518)	-
Employee Future Benefits Increase/(Decrease)	69,110	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(169,073)	(158,860)
Accounts Receivable & Accrued Income (Increase)/Decrease	18,074	5,225
Inventories and Prepaid Expenses - (Increase)/Decrease	(67,561)	(10,770)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(148,246)	5,050
Deferred Revenue Increase/(Decrease)	21,099	15,706
School Generated Funds Liability Increase/(Decrease)	-	4,511
Adjustments Other than Tangible Cap. Assets	-	47,992
Cash Provided by Operating Transactions	128,586	(184,392)
Capital Transactions		
Acquisition of Tangible Capital Assets	(290,638)	(58,765)
Proceeds on Disposal of Tangible Capital Assets	3,518	-
Cash (Applied to)/Provided by Capital Transactions	(287,120)	(58,765)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	209,627	(58,350)
Other Borrowings Increase/(Decrease)	(10,472)	22,246
Cash Provided by (Applied to) Financing Transactions	199,155	(36,104)
Cash and Bank / Overdraft (Increase)/Decrease	40,621	(279,261)
Cash and Bank (Overdraft) at Beginning of Year	113,715	392,976
Cash and Bank (Overdraft) at End of Year	154,336	113,715

Flin Flon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,323,829	373,249	-	84,642	267,246	-	379,113	-	-	10,428,079	10,369,314
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	9,323,829	373,249	-	84,642	267,246	-	379,113	-	-	10,428,079	10,369,314
Add: Additions during the year	271,746	-	-	18,892	-	-	-	-	-	290,638	58,765
Less: Disposals and write downs	-	-	-	23,789	-	-	-	-	-	23,789	-
Closing Cost	9,595,575	373,249	-	79,745	267,246	-	379,113	-	-	10,694,928	10,428,079
Accumulated Amortization											
Opening, as previously reported	6,990,652	330,749	-	54,547	92,021	-	-	-		7,467,969	7,229,912
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	6,990,652	330,749	-	54,547	92,021	-	-	-		7,467,969	7,229,912
Add: Current period Amortization	179,490	-	-	10,976	32,893	-	-	-		223,359	238,057
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	23,789	-	-	-	-		23,789	-
Closing Accumulated Amortization	7,170,142	330,749	-	41,734	124,914	-	-	-		7,667,539	7,467,969
Net Tangible Capital Asset	2,425,433	42,500	-	38,011	142,332	-	379,113	-	-	3,027,389	2,960,110
Proceeds from Disposal of Capital As	-	-	-	3,518	-	-	-			3,518	-

* Includes network infrastructure.

FLIN FLON SCHOOL DIVISION
NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2009

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 financials 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	$ 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 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 cost 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 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 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. 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 NO amounts 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 risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

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. 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 Employees Future Benefit Liability was not required at June 30, 2009.

(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.

The Division’s Operating Fund was in an overdraft position of $ 14,890 at June 30, 2009.

5. SHORT TERM INVESTMENTS

The Division does not invest in short term investments because it's cash flow is such that there are 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, 2009	Balance June 30, 2008
$ 62,000	8.375%	15/12/2013	25,666.77	29,673.67
$ 90,000	8.875%	30/09/2015	49,386.55	54,335.77
$ 74,000	6.125%	30/04/2019	47,684.95	51,073.95
$ 170,000	6.625%	31/01/2022	133,043.65	139,391.10
$ 563,500	5.375%	30/06/2025	492,516.99	511,679.70
$ 119,200	5.000%	28/02/2026	107,835.54	111,809.98
$ 257,100	4.875%	15/02/2027	240,958.62	249,221.35
$ 372,300	5.125%	15/05/2027	349,507.74	361,188.58
$ 271,400	5.875%	15/02/2029	271,400.00	0.00
			$**1,718,000.81**	$1,508,374.10

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

2010	$ 72,884
2011	$ 77,180
2012	$ 86,881
2013	$ 86,579
2014	$ 91,717

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

7. DEFERRED REVENUE

Deferred Revenue on Consolidation valued at $ 434,040 at June 30, 2009 consists of the following:

a) Education Property Tax Credit is valued at $ 747,281 for Calendar 2009. $ 373,640 or 50% was taken into Revenue in the 2008/2009 school year for the period from January to June 30, 2009, while the remaining $ 373,641 relating to July through December 2009 was setup as Deferred Revenue at June 30, 2009 and will be taken into Revenue in the 2009/2010 school year.

b) An amount of $ 7,616 relating to fees collected for staff parking is also included in Deferred Revenue. Prior to this year proceeds from parking fees were used to make bank loan payments for parking lot improvements. The Division will explore options for the use of these funds in the current school year.

c) A portion of revenue received in January 2009 valued at $ 9,965 from the Provincial Government – Sustainable Development Initiative Fund relating to expenditures to be made in the 2009/2010 school was setup in Deferred Revenue at June 30, 2009.

d) The above items sit on the Operating Fund.

e) Playground Equipment purchased by the McIsaac Playground Committee has been recognized as a donation in accordance with rules as per the Public Sector Accounting Board. The original value of the donation recorded as Deferred Revenue in 2006/2007 was $ 71,367. The equipment is considered to have a useful life of 5 years. An amount of $ 14,274 was recognized as revenue in 2008/2009, reducing the Deferred Revenue balance to $ 42,819 at June 30, 2009. This item sits on the Capital 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:

		2009	**2008**
Bank Balance at Beginning	**$ 131,302**	$ 146,518	
Add:			
Contributions		**0**	6,889
Interest/Change In Investments		**3,893**	6,176
		135,195	159,583
Deduct: Scholarships Paid/Transferred		**(2,036))**	(28,281)
Ending Bank Balance		**133,159**	131,302
Deduct: Scholarships Payable		**(11,200)**	(8,000)
Due to(from) Operating		**(1,500)**	(1,400)
Ending Fund Balance		**$ 120,459**	$ 121,902

9. FISCAL INTEREST

Fiscal interest is recorded at June 30, 2009 in the amount of $ 127,000. This is comprised of the following:

Interest on Short Term borrowing	$ 38,312
Interest on Debenture Debt	$ 88,220
Other Miscellaneous	$ 468

FLIN FLON SCHOOL DIVISION
NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2009

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 $ 48,196.

(c) The employees and officers of the Flin Flon School Division who received compensation $50,000 or more are as follows:

ABBOTT	Teacher	$66,422
ALEXANDER	Teacher	$63,607
ANDERSON	Teacher	$71,792
AUNE	Teacher	$73,033
BAKER	Teacher	$62,027
BALLANTYNE	Teacher	$72,857
BEDFORD	Vice Principal	$80,995
BEDFORD	Teacher	$53,653
BELFRY	Teacher	$86,662
BODNARUS	Teacher	$78,496
BONGFELDT	Secretary-Treasurer	$87,658
CHRUPALO	Teacher	$54,789
CLARK	Teacher	$93,437
CLARK	Teacher	$75,794
COLLINS	Teacher	$72,596
DANIELSON	Teacher	$72,751
DANKO	Teacher	$72,751
DAVEY	Teacher	$71,528
DUFOUR	Vice Principal	$81,416
DUMENKO	Teacher	$63,468
ENNS	Teacher	$56,859
FIDLER	Maintenance Super	$63,027
GARINGER	Teacher	$73,905
GARINGER	Teacher	$72,751
GAWIAK	Teacher	$76,202
GROVE	Asst Superintendent	$96,874
HALPIN	Teacher	$72,469
HYNDMAN	Teacher	$61,469
JEDELE	Teacher	$67,219
KORCHINSKI	Teacher	$52,011
KOWAL	Teacher	$72,826
LAROUCHE	Teacher	$62,676
LYTWYN	Teacher	$60,166
LYTWYN	Teacher	$50,810
MACK	Vice Principal	$75,026
MCINTOSH	Teacher	$74,462
MILLER	Plumber	$50,992
MINTER	Vice Principal	$89,889
MOORE	Teacher	$57,627
MYDEN	Teacher	$77,208
NAGY	Teacher	$72,550
NAWROCKI	Teacher	$59,567
NOWOSAD	Teacher	$72,441
NOWOSAD	Teacher	$52,736
PAULEY	Principal	$92,066
PAYNE	Teacher	$75,670
PERERA	Network Admin	$54,099
PETTERSEN	Teacher	$72,820
PHELAN	Teacher	$56,082
POWER	Teacher	$72,674
PRIDDLE	Principal	$89,394
REAGAN	Teacher	$73,143
REID	Teacher	$72,977
REID	Electrician	$50,876
REITLO	Teacher	$67,557
RIDEOUT	Teacher	$63,407
SMITH	Teacher	$63,779
TARDIFF	Teacher	$62,462
TREMBLAY	Teacher	$72,380
TUTTOSI	Teacher	$75,821
VEITCH	Superintendent	$119,957
WALKER	Teacher	$73,026
WILLETTS	Teacher	$66,299
WILLIAMS	Teacher	$70,876

Salary information is based on the 2008 calendar year payroll information.

FLIN FLON SCHOOL DIVISION
NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2009

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 2009 Net Book Value
Owned-tangible Capital Assets	$ 10,694,928	$ 7,667,539	$ 3,027,389

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

13. OTHER BORROWINGS

The Division purchased a new maintenance truck in August of 2007 for $ 30,012 with a borrowing cost of 2.99% over three years. The balance of the loan outstanding at June 30, 2009 was $ 11,774.

14. ACCUMULATED SURPLUS – JUNE 30, 2009

The operating surplus at June 30, 2009 was $ 597,826 or 5.2% of operating expenditures for the 2008/2009 school year.

Carryovers of professional development and bulk budgets in accordance with Policy 7:9 are valued at $ 85,114, 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	$ 136,728
Undesignated Surplus	$ 461,098
Total Operating Fund	$ 597,826
Capital Fund	
Reserve Accounts	$ 0
Equity in Tangible Capital Assets	$1,255,301
Total Capital Fund	$1,255,301
Special Purpose Fund	
School Generated Funds	$ 23,646
Other Special Purpose Funds	$ 0
Total Special Purpose Fund	$ 23,646
Total Accumulated Assets	$ 1,876,773

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 Meyers Norris Penny 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.

Chairperson　　　　　　　　Secretary-Treasurer

October 15, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Fort La Bosse School Division

We have audited the consolidated statement of financial position of the Fort La Bosse School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Brandon, Manitoba

Meyers Norris Penny LLP

October 19, 2009 AUDITOR

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.

Nov 2/09

DATE CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	878,313	1,539,219
	- Federal Government	50,887	54,164
	- Municipal Government	3,048,250	2,740,555
	- Other School Divisions	-	-
	- First Nations	239,471	236,148
	Accounts Receivable	8,557	10,060
	Accrued Investment Income	-	-
6	Other Investments	78,807	88,039
		4,304,285	4,668,185
	Liabilities		
5	Overdraft	1,976,884	2,564,244
	Accounts Payable	346,924	240,911
	Accrued Liabilities	96,254	82,527
	Employee Future Benefits	-	-
	Accrued Interest Payable	228,353	252,509
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	29,440	24,981
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	301,356	598,546
8	Debenture Debt	7,532,941	8,079,816
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		10,512,152	11,843,534
	Net Debt	(6,207,867)	(7,175,349)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	10,913,074	11,215,412
	Inventories	39,544	30,784
	Prepaid Expenses	112,713	45,892
		11,065,331	11,292,088
10	**Accumulated Surplus**	4,857,464	4,116,739

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		10,194,127	9,883,563
	Federal Government		-	-
11	Municipal Government	- Property Tax	5,581,254	4,863,835
		- Other	-	-
	Other School Divisions		14,650	16,700
	First Nations		793,330	764,344
	Private Organizations and Individuals		-	6,205
	Other Sources		60,668	63,011
	School Generated Funds		597,766	492,588
	Other Special Purpose Funds		41,137	21,657
			17,282,932	16,111,903
	Expenses			
	Regular Instruction		8,330,520	7,942,610
	Student Support Services		1,738,418	1,802,969
	Adult Learning Centres		-	-
	Community Education and Services		192,483	171,705
	Divisional Administration		576,083	576,012
	Instructional and Other Support Services		350,840	353,856
	Transportation of Pupils		1,182,533	1,241,911
	Operations and Maintenance		1,891,736	1,750,635
12	Fiscal	- Interest	597,660	667,031
		- Other	227,796	221,374
	Amortization		823,559	789,406
	Other Capital Items		12,673	-
	School Generated Funds		579,334	460,509
	Other Special Purpose Funds		38,572	21,216
			16,542,207	15,999,234
	Current Year Surplus (Deficit)		740,725	112,669
	Opening Accumulated Surplus		4,116,739	4,004,070
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		4,116,739	4,004,070
	Closing Accumulated Surplus		4,857,464	4,116,739

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	740,725	112,669
Amortization of Tangible Capital Assets	823,559	789,406
Acquisition of Tangible Capital Assets	(521,221)	(478,012)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(200)
Proceeds on Disposal of Tangible Capital Assets	-	200
	302,338	311,394
Inventories (Increase)/Decrease	(8,760)	3,812
Prepaid Expenses (Increase)/Decrease	(66,821)	7,772
	(75,581)	11,584
(Increase)/Decrease in Net Debt	967,482	435,647
Net Debt at Beginning of Year	(7,175,349)	(7,610,996)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(7,175,349)	(7,610,996)
Net Debt at End of Year	(6,207,867)	(7,175,349)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	740,725	112,669
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	823,559	789,406
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(200)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	353,165	(345,437)
Accounts Receivable & Accrued Income (Increase)/Decrease	1,503	10,588
Inventories and Prepaid Expenses - (Increase)/Decrease	(75,581)	11,584
Due to Other Organizations Increase/(Decrease)	4,459	4,774
Accounts Payable & Accrued Liabilities Increase/(Decrease)	95,584	1,128
Deferred Revenue Increase/(Decrease)	(297,190)	49,126
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	1,646,224	633,638
Capital Transactions		
Acquisition of Tangible Capital Assets	(521,221)	(478,012)
Proceeds on Disposal of Tangible Capital Assets	-	200
Cash (Applied to)/Provided by Capital Transactions	(521,221)	(477,812)
Investing Transactions		
Other Investments (Increase)/Decrease	9,232	1,268
Cash Provided by (Applied to) Investing Transactions	9,232	1,268
Financing Transactions		
Debenture Debt Increase/(Decrease)	(546,875)	(564,382)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(546,875)	(564,382)
Cash and Bank / Overdraft (Increase)/Decrease	587,360	(407,288)
Cash and Bank (Overdraft) at Beginning of Year	(2,564,244)	(2,156,956)
Cash and Bank (Overdraft) at End of Year	(1,976,884)	(2,564,244)

Fort La Bosse School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,338,629	528,602	2,113,293	73,153	268,942	99,449	230,881	-	226,548	22,879,497	22,401,485
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	19,338,629	528,602	2,113,293	73,153	268,942	99,449	230,881	-	226,548	22,879,497	22,401,485
Add: Additions during the year	6,157	25,000	282,510	15,214	106,546	19,711	10,000	-	56,083	521,221	478,012
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	19,344,786	553,602	2,395,803	88,367	375,488	119,160	240,881	-	282,631	23,400,718	22,879,497
Accumulated Amortization											
Opening, as previously reported	9,973,747	435,557	1,063,947	24,483	111,759	54,592	-	-		11,664,085	10,874,679
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	9,973,747	435,557	1,063,947	24,483	111,759	54,592	-	-		11,664,085	10,874,679
Add: Current period Amortization	513,005	16,139	204,468	16,152	58,658	15,137	-	-		823,559	789,406
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	10,486,752	451,696	1,268,415	40,635	170,417	69,729	-	-		12,487,644	11,664,085
Net Tangible Capital Asset	8,858,034	101,906	1,127,388	47,732	205,071	49,431	240,881	-	282,631	10,913,074	11,215,412
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	200

* 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. Comparative Figures

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. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

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 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 & 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.

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.

4. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

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 authorized line of credit with CIBC of $4,000,000 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 2009 and 2010. Other investments are recorded at the lower of cost or market. As at June 30, 2009, the cost of short term investments was $78,807; investment income earned during the year was $2,440.

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, 2008	Additions in the period	Revenue recognized In the period	Balance as at June 30, 2009
Local Government General Support Grant	84,840		84,840	
Education Property Tax Credit	476,220	269,058	476,220	269,057
Teacher PD Inservice	2,654	5,550		8,204
Donated Capital Assets	34,832		10,738	24,094
	598,546	274,608	571,798	301,356

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 2010 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.000% to 12.250%. Debenture interest expense payable as at June 30, 2009, 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
2010	560,693	504,456	1,065,149
2011	568,757	459,927	1,028,684
2012	603,015	415,654	1,018,669
2013	531,001	368,920	899,921
2014	472,742	330,424	803,166
	2,736,208	2,079,381	4,815,589

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	2008 Net Book Value
Owned-tangible capital assets	23,400,718	12,487,644	10,913,074
Capital Lease	0	0	0
	23,400,718	12,487,644	10,913,074

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	6,630
Undesignated Surplus	821,508
	828,138
Capital Fund	
Reserve Accounts	546,717
Equity in Tangible Capital Assets	3,108,564
	3,655,481
Special Purpose Fund	
School Generated Funds	270,933
Other Special Purpose Funds	103,112
	374,045
Total Accumulated Surplus	4,857,464

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.

	2009
Board approved appropriation by motion	0
School budget carryovers by board policy	6,630
Designated surplus	6,630

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.

	2009
Bus reserves	375,638
Other reserves	171,079
	546,717

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

	2009
Foundation Scholarship	103,112
Other	0
Other Special Purpose Funds	103,112

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 2008 tax year and 57% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	5,581,254	4,863,835
Receivable-Due from Municipal-Property Tax	3,048,250	2,740,555

12. Interest Received and Paid

The Division received interest during the year of $1,228 (previous year $5,045); interest paid during the year was $597,660 (previous year $667,031).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	65,638
Capital Fund	
Debenture debt interest	532,022
Other interest	
	597,660

The accrual portion of debenture debt interest expense of $228,353 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 2009	Budget 2009	Actual 2008
Salaries	10,619,298	10,731,126	10,243,225
Employee benefits & allowances	724,485	779,300	692,846
Services	1,579,618	1,634,477	1,482,627
Supplies, materials & minor equipment	1,134,695	1,206,072	1,263,384
Interest	597,660	101,000	667,031
Bad debts	0	0	0
Payroll tax	227,796	232,000	221,374
Tuition and transfers	204,517	185,500	157,616
Amortization	823,559		789,406
Other Capital Items	12,673		
School generated funds	579,334		460,509
Other special purpose funds	38,572		21,216
	16,542,707	14,869,475	15,999,234

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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 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 and Touché 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.

Chairperson | Secretary-Treasurer

November 19, 2009

AUDITORS' REPORT

TO THE BOARD OF TRUSTEES
FRONTIER SCHOOL DIVISION

We have audited the following financial statements of Frontier School Division (the "Division") as at June 30, 2009 and for the year then ended:

Consolidated – Statement of Financial Position
Consolidated – Statement of Revenues, 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 Revenues, Expenses and Accumulated Surplus
Capital Fund – Schedule of Financial Position
Capital Fund – Schedule of Revenues, 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 Revenues, Expenses and Accumulated Surplus
Calculation of Allowable Expenditures
Notes to the Financial Statements

These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the above mentioned financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2009 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.

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 the 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. Budgeted figures provided for information purposes are unaudited.

Our opinion on these financial statements does not extend to any budget information contained there-in.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
November 10, 2009

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	10,264,530	5,680,945
	Short Term Investments	-	-
	Due from - Provincial Government	2,508,210	2,657,778
	- Federal Government	633,187	407,141
	- Municipal Government	1,767,315	1,950,000
	- Other School Divisions	2,854	-
	- First Nations	14,574,507	877,875
	Accounts Receivable	286,980	10,298,429
	Accrued Investment Income	-	-
	Other Investments	-	-
		30,037,583	21,872,168
	Liabilities		
	Overdraft	-	-
	Accounts Payable	8,058,361	9,798,319
	Accrued Liabilities	7,668,917	6,973,772
*	Employee Future Benefits	952,306	1,033,090
	Accrued Interest Payable	694,492	721,605
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	120,170	288,349
	- First Nations	-	-
*	Deferred Revenue	7,221,589	529,729
*	Debenture Debt	28,653,353	27,710,304
*	Other Borrowings	1,607,787	1,508,866
	School Generated Funds Liability	334,310	272,960
		55,311,285	48,836,994
	Net Debt	(25,273,702)	(26,964,826)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	35,244,645	34,292,711
	Inventories	-	-
	Prepaid Expenses	240,668	219,404
		35,485,313	34,512,115
*	**Accumulated Surplus**	10,211,611	7,547,289

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		45,566,567	43,538,053
	Federal Government		5,692,601	-
	Municipal Government	- Property Tax	2,891,347	2,678,456
		- Other	170,094	166,187
	Other School Divisions		5,200	8,450
	First Nations		48,294,973	50,883,336
	Private Organizations and Individuals		3,627,865	3,491,756
	Other Sources		3,684,666	1,133,715
	School Generated Funds		786,158	695,998
	Other Special Purpose Funds		-	-
			110,719,471	102,595,951
	Expenses			
	Regular Instruction		45,614,463	41,976,303
	Student Support Services		14,970,427	14,350,349
	Adult Learning Centres		3,074,604	2,991,187
	Community Education and Services		1,973,323	1,993,080
	Divisional Administration		5,469,960	5,437,263
	Instructional and Other Support Services		5,379,256	5,164,823
	Transportation of Pupils		8,078,245	7,366,356
	Operations and Maintenance		16,838,542	16,414,917
*	Fiscal	- Interest	1,758,844	2,061,241
		- Other	1,457,158	1,580,284
	Amortization		2,650,740	1,967,080
	Other Capital Items		-	28,213
	School Generated Funds		789,587	698,018
	Other Special Purpose Funds		-	-
			108,055,149	102,029,114
	Current Year Surplus (Deficit)		2,664,322	566,837
	Opening Accumulated Surplus		7,547,289	6,980,452
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		7,547,289	6,980,452
	Closing Accumulated Surplus		10,211,611	7,547,289

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	2,664,322	566,837
Amortization of Tangible Capital Assets	2,650,740	1,967,080
Acquisition of Tangible Capital Assets	(3,602,674)	(2,754,438)
(Gain) / Loss on Disposal of Tangible Capital Assets	(14,754)	(2,250)
Proceeds on Disposal of Tangible Capital Assets	14,754	64,660
	(951,934)	(724,948)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(21,264)	50,825
	(21,264)	50,825
(Increase)/Decrease in Net Debt	1,691,124	(107,286)
Net Debt at Beginning of Year	(26,964,826)	(26,857,540)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(26,964,826)	(26,857,540)
Net Debt at End of Year	(25,273,702)	(26,964,826)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	2,664,322	566,837
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,650,740	1,967,080
(Gain)/Loss on Disposal of Tangible Capital Assets	(14,754)	(2,250)
Employee Future Benefits Increase/(Decrease)	(80,784)	376,108
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(13,593,279)	606,598
Accounts Receivable & Accrued Income (Increase)/Decrease	10,011,449	1,152,970
Inventories and Prepaid Expenses - (Increase)/Decrease	(21,264)	50,825
Due to Other Organizations Increase/(Decrease)	(168,179)	(130,703)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,071,926)	592,490
Deferred Revenue Increase/(Decrease)	6,691,860	101,442
School Generated Funds Liability Increase/(Decrease)	61,350	(51,657)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	7,129,535	5,229,740
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,602,674)	(2,754,438)
Proceeds on Disposal of Tangible Capital Assets	14,754	64,660
Cash (Applied to)/Provided by Capital Transactions	(3,587,920)	(2,689,778)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	943,049	1,018,761
Other Borrowings Increase/(Decrease)	98,921	258,995
Cash Provided by (Applied to) Financing Transactions	1,041,970	1,277,756
Cash and Bank / Overdraft (Increase)/Decrease	4,583,585	3,817,718
Cash and Bank (Overdraft) at Beginning of Year	5,680,945	1,863,227
Cash and Bank (Overdraft) at End of Year	10,264,530	5,680,945

OPERATING FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

	2009	2008
Financial Assets		
Cash and Bank	9,904,311	5,371,092
Short Term Investments	-	-
Due from - Provincial Government	1,813,718	1,936,173
- Federal Government	633,187	407,141
- Municipal Government	1,767,315	1,950,000
- Other School Divisions	2,854	-
- First Nations	14,574,507	877,875
- Other Funds	-	-
Accounts Receivable	286,980	10,294,946
Accrued Investment Income	-	-
	28,982,872	20,837,227
Liabilities		
Overdraft	7,555	-
Accounts Payable	8,058,361	6,587,990
Accrued Liabilities	7,668,917	6,973,772
Employee Future Benefits	952,306	1,033,090
Accrued Interest Payable	-	-
Due to - Provincial Government	-	-
- Federal Government	-	-
- Municipal Government	-	-
- Other School Divisions	120,170	288,349
- First Nations	-	-
- Capital Fund	9,329,427	3,061,163
Deferred Revenue	87,704	529,729
Other Borrowings	-	-
	26,224,440	18,474,093
Net Financial Assets (Net Debt)	2,758,432	2,363,134
Non-Financial Assets		
Inventories	-	-
Prepaid Expenses	240,668	219,404
	240,668	219,404
Accumulated Surplus (Deficit)	2,999,100	2,582,538

OPERATING FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

	2009 Actual	2009 Budget	2008 Actual
Revenue			
Provincial Government	42,623,925	41,236,686	40,663,059
Federal Government	5,692,601	-	-
Municipal Government - Property Tax	2,891,347	2,917,552	2,678,456
- Other	170,094	170,000	166,187
Other School Divisions	5,200	-	8,450
First Nations	48,294,973	55,098,394	50,883,336
Private Organizations and Individuals	3,627,865	4,025,934	3,491,756
Other Sources	583,600	505,403	741,305
	103,889,605	103,953,969	98,632,549
Expenses			
Regular Instruction	45,614,463	43,713,140	41,976,303
Student Support Services	14,970,427	18,803,521	14,350,349
Adult Learning Centres	3,074,604	1,794,915	2,991,187
Community Education and Services	1,973,323	1,819,716	1,993,080
Divisional Administration	5,469,960	5,796,737	5,437,263
Instructional and Other Support Services	5,379,256	5,561,407	5,164,823
Transportation of Pupils	8,078,245	7,903,392	7,366,356
Operations and Maintenance	16,838,542	16,721,141	16,414,917
Fiscal	1,534,953	1,640,000	1,974,816
	102,933,773	103,753,969	97,669,094
Current Year Surplus (Deficit)	955,832	200,000	963,455
Net Transfers from (to) Capital Fund	(539,270)	(200,000)	(610,596)
Transfers from Special Purpose Funds	-		
Net Current Year Surplus (Deficit)	416,562	0	352,859
Opening Accumulated Surplus (Deficit)	2,582,538		2,229,679
Adjustments:	-		-
	-		
Opening Accumulated Surplus (Deficit), as adjusted	2,582,538		2,229,679
Closing Accumulated Surplus (Deficit)	2,999,100		2,582,538

CAPITAL FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

		2009	2008
Financial Assets			
Cash and Bank		-	-
Short Term Investments		-	-
Due from	- Provincial Government	694,492	721,605
	- Federal Government	-	-
	- Municipal Government	-	-
	- First Nations		-
	- Other Funds	9,329,427	3,061,163
Accounts Receivable		-	3,483
Accrued Investment Income		-	-
		10,023,919	3,786,251
Liabilities			
Overdraft		-	-
Accounts Payable			3,210,329
Accrued Liabilities		-	-
Accrued Interest Payable		694,492	721,605
Due to	- Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- First Nations	-	-
	- Operating Fund	-	-
Deferred Revenue		7,133,885	-
Debenture Debt		28,653,353	27,710,304
Other Borrowings		1,607,787	1,508,866
		38,089,517	33,151,104
Net Debt		(28,065,598)	(29,364,853)
Non-Financial Assets			
Net Tangible Capital Assets		35,244,645	34,292,711
Accumulated Surplus / Equity *		7,179,047	4,927,858
* Comprised of:			
Reserve Accounts		569,904	260,715
Equity in Tangible Capital Assets		6,609,143	4,667,143
		7,179,047	4,927,858

CAPITAL FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2009	2008
Revenue			
Provincial Government			
Grants		92,254	789
Debt Servicing - Principal		1,247,551	1,276,939
- Interest		1,602,837	1,597,266
Federal Government		-	-
Municipal Government		-	-
Other Sources:			
Investment Income		-	-
Donations		-	-
Gain / (Loss) on Disposal of Capital Assets		14,754	2,250
Operational charges	886,748		
Insurance proceeds	2,199,564	3,086,312	390,160
		6,043,708	3,267,404
Expenses			
Amortization		2,650,740	1,967,080
Debenture Debt Interest		1,602,837	1,597,266
Other Interest		78,212	69,443
Other Capital Items		-	28,213
		4,331,789	3,662,002
Current Year Surplus / (Deficit)		1,711,919	(394,598)
Net Transfers from (to) Operating Fund		539,270	610,596
Transfers from Special Purpose Fund		-	-
Net Current Year Surplus (Deficit)		2,251,189	215,998
Opening Accumulated Surplus / Equity		4,927,858	4,711,860
Adjustments:		-	0
		-	-
Opening Accumulated Surplus / Equity as adjusted		4,927,858	4,711,860
Closing Accumulated Surplus / Equity		7,179,047	4,927,858

Frontier School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	82,920,951	13,025,122	4,994,710	18,238	1,265,062	-	1,462,248	-	110,776	103,797,107	101,131,827
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	82,920,951	13,025,122	4,994,710	18,238	1,265,062	-	1,462,248	-	110,776	103,797,107	101,131,827
Add: Additions during the year	433,724	-	820,934	128,975	144,281	-	-	-	2,074,760	3,602,674	2,754,438
Less: Disposals and write downs	-	-	110,712	-	-	-	-	-		110,712	89,158
Closing Cost	83,354,675	13,025,122	5,704,932	147,213	1,409,343	-	1,462,248	-	2,185,536	107,289,069	103,797,107
Accumulated Amortization											
Opening, as previously reported	55,667,978	11,103,793	2,312,436	1,824	418,365	-	-	-		69,504,396	67,564,064
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	55,667,978	11,103,793	2,312,436	1,824	418,365	-	-	-		69,504,396	67,564,064
Add: Current period Amortization	1,440,304	162,513	458,839	16,545	572,539	-	-	-		2,650,740	1,967,080
Less: Accumulated Amortization on Disposals and Writedowns	-	-	110,712	-	-	-	-	-		110,712	26,748
Closing Accumulated Amortization	57,108,282	11,266,306	2,660,563	18,369	990,904	-	-	-		72,044,424	69,504,396
Net Tangible Capital Asset	26,246,393	1,758,816	3,044,369	128,844	418,439	-	1,462,248	-	2,185,536	35,244,645	34,292,711
Proceeds from Disposal of Capital As	-	-	12,054	-	-	-	2,700			14,754	64,660

* Includes network infrastructure.

Frontier School Division

SCHEDULE OF CAPITAL RESERVE ACCOUNTS

For the Year Ended June 30, 2009

Fund Name >	Buses					Totals
Opening Balance, July 1, 2008	260,715	-	-	-	-	260,715
Additions: (Provide a description of each transaction)						
	-	-				-
Transfer from Operations	500,000					500,000
						-
						-
						-
						-
						-
						-
						-
Total Additions	500,000	-	-	-	-	500,000
Withdrawals: (Provide a description of each transaction)						
	-	-				-
	-					-
Purchase of School Buses	190,811					190,811
						-
						-
						-
						-
						-
						-
Total Withdrawals	190,811	-	-	-	-	190,811
Closing Balance, June 30, 2009	569,904	-	-	-	-	569,904

SPECIAL PURPOSE FUND
SCHEDULE OF FINANCIAL POSITION

as at June 30

	2009	2008
Financial Assets		
Cash and Bank	367,774	309,853
Short Term Investments		-
GST Receivable	-	
Accrued Investment Income	-	-
Other Investments	-	-
	367,774	309,853
Liabilities		
School Generated Funds Liability	334,310	272,960
Accounts Payable	-	-
Accrued Liabilities	-	-
Due to Other Funds	-	-
Deferred Revenue	-	-
	334,310	272,960
Accumulated Surplus *	33,464	36,893
* Comprised of:		
School Generated Funds Accumulated Surplus	33,464	36,893
Other Funds Accumulated Surplus	-	-
Accumulated Surplus *	33,464	36,893

SPECIAL PURPOSE FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2009	2008
Revenue			
School Generated Funds		786,158	695,998
Other Funds		-	-
		-	-
		786,158	695,998
Expenses			
School Generated Funds		789,587	698,018
Other Funds			-
		-	-
		789,587	698,018
Current Year Surplus (Deficit)		(3,429)	(2,020)
Transfers (to) Operating Fund		-	-
Transfers (to) Capital Fund		-	-
Net Current Year Surplus (Deficit)		(3,429)	(2,020)
Opening Accumulated Surplus		36,893	38,913
Adjustments:	School Generated Funds	-	-
	Other Funds	-	-
Opening Accumulated Surplus as adjusted		36,893	38,913
Closing Accumulated Surplus		33,464	36,893

CALCULATION OF ALLOWABLE EXPENSES

FUNCTION / PROGRAM	TOTAL EXPENSES	ADJUSTMENTS TO EXPENSES	CATEGORICAL AND BASE SUPPORT	OTHER PROGRAM SUPPORT	OTHER PROVINCIAL GOVERNMENT REVENUE	TUITION, TRANSFER AND RESIDUAL FEES	OTHER	ALLOWABLE EXPENSES	
		REDUCTIONS TO EXPENSES				NON-PROVINCIAL SOURCES			
		< < < (from Appendix A) > > >			< < < (from Appendix B) > > >				
100 Regular Instruction	45,614,463	0	1,240,537	95,265	3,079,638	23,265,360	672,157	17,261,506	
210 - 260 Student Support Services	13,710,983	0	1,945,329		92,920	6,212,408	2,523,616	2,936,710	(1)
270 Counselling and Guidance	1,259,444	0	0		0	441,217	9,946	808,281	
300 Adult Learning Centres	3,074,604	0			1,064,750	626,608	1,383,246	0	
400 Community Education and Services	1,973,323		0		162,600	1,052,673	24,196	733,854	
500 Administration	5,469,960	0	0		0	3,964,262	56,746	1,448,952	
605 Curriculum Consulting Administration	0	0	0		0	0	0	0	
610 Curriculum Consulting	1,663,573	0	0		0	937,849	20,917	704,807	
620 Library / Media Centre	1,706,214	0	0		0	916,331	19,422	770,461	
630 Professional and Staff Development	593,998	0	0		36,900	314,046	7,310	235,742	
680 Other	1,415,471	0	0		0	467,557	556,526	391,388	
700 Transportation of Pupils	8,078,245	0	0		0	341,180	4,248,556	3,488,509	
800 Operations and Maintenance	16,838,542	(89,381)		296,940	324,608	7,995,533	1,688,648	6,443,432	
900 Fiscal	1,534,953								
SUBTOTAL (ALLOCATED)				392,205	4,761,416	46,535,024	11,211,286		
UNALLOCATED REVENUE/FUNDING				8,685	6,255,353	0	3,519,370		
TOTAL	102,933,773	(89,381)	3,185,866	400,890	11,016,769	46,535,024	14,730,656		

(1) To determine Allowable Expenses for Student Support Services.

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 INAC/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 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 funds controlled by the Division.

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

b) *Trusts 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.

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 schools 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.

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 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.

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.

Frontier School Division has a Defined Benefit Pension Plan for non-teaching employees. Employees and Frontier School Division currently contribute equal amounts (2008-9, 7.6%, 2007-8, 7%, and 2006-7 6%). The plan is evaluated using both the "Going Concern Valuation" and the "Solvency Valuation". The last review was on December 2005 and there was a surplus in the plan using both methods.

The Employee contribution for 2005 was $1,088,800 (2006-2007 contribution was $ 1,138,439; 2007-8 contribution was $ 1,450,700. 2008-9 contribution was 1,654,000). 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; 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 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 may differ.

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 a potential risk any time credit is granted. The carrying amounts of the financial instruments approximate their fair value, unless otherwise noted.

3. OVERDRAFT

The Division has an authorized Line of Credit with the Royal Bank of $ 15,000,000 by way of overdrafts and is repayable on demand; interest is Prime -.75%, 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:

		2009		2008
Employee Future Benefit Liability (EFBL)				
Retirement Insurance Plan	**$**	**95,000**	$	80,000
Superintendent Retirement		**587,213**		511,538
Special Leave		**270,093**		441,551

The defined benefit plan provided to non-teaching staff is actuarially valuated every three years using a number of assumptions about future events, including, interest rates, wage and salary increases, and employee turnover and mortality to determine the accrued benefit obligation. The most recent actuarial report was prepared on December 31, 2005. 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 6.25%.

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 $334,310.

	2009	2008
Student Council funds	**$ 52,681**	$ 38,204
Travel clubs	**55,823**	52,681
Graduation	**19,128**	8,673
Music enhancement	**11,960**	33,853
Community development	**75,047**	29,854
Other	**119,671**	109,695
	$ 334,310	$ 272,960

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 2010 to 2029. 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 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2009, 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
2010	$ 1,380,155	$ 1,634,432	$ 3,014,587
2011	1,319,390	1,543,737	2,863,127
2012	1,379,980	1,462,390	2,842,370
2013	1,455,113	1,378,079	2,833,192
2014	1,464,768	1,289,346	2,754,114
	$ 6,999,406	$ 7,307,984	$ 14,307,390

The fair market value of the debenture debt is $ 23,159,938

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 3.60% to 7.27% per annum, due between 2010 and 2014. Payments are monthly, quarterly and annual and include principal and interest.

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

	Principal	Interest	Total
2010	$ 611,894	$ 64,028	$ 675,922
2011	429,753	35,738	465,491
2012	318,000	19,327	337,327
2013	210,448	7,052	217,500
2014	56,155	693	56,848

The fair value of Other Borrowing is approximately $.1,688,592

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.

	2009		2008
	Gross Amount	**Accumulated Amortization**	Net Book Value
Owned tangible capital assets	**$ 103,547,988**	**$ 70,396,377**	$ 33,151,611
Capital lease	**3,741,081**	**1,648,047**	2,093,034
	$ 107,289,069	**$ 72,044,424**	$ 35,244,645

7. ACCUMULATED SUPRLUS

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated		
Undesignated	**$ 2,999,100**	$ 2,582,538
Capital Fund		
Reserve Accounts	**569,904**	260,715
Equity in Tangible Assets	**6,609,143**	4,667,143
Special Purpose Funds	**$ 33,464**	$ 36,893
Total Accumulated Surplus	**$ 10,211,611**	$ 7,547,289

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.

	2009	2008
Bus Reserves	**$ 569,904**	$ 260,715

8. 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; 60% from 2008 tax year and 40% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	**$ 2,891,347**	$ 2,678,456
Receivable – Due from Municipal – Property Tax	**$ 1,767,315**	$ 1,950,000

9. INTEREST RECEIVED AND PAID

The Division received interest during the year of $ 457,929 (previous year $625,729); interest paid during the year was $ 1,758,844 (previous year $ 2,060,653).

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

	2009
Operating Fund	
Fiscal – short term loan, interest and bank charges	**$ 77,795**
Capital Fund	
Debenture debt interest	**1,602,837**
Other interest	**78,212**
	$ 1,758,844

The accrual portion of debenture debt interest expense of $ 694,492 (previous year 721,605) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

10. 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, 2009:

	2009
Allowance for doubtful accounts deducted from receivables below:	
Due from First Nations	$ 260,789
Accounts receivable	8,529
	$ 269,318
Bad debts expense (included in fiscal-other)	$ 39,318

11. EXPENSES BY OBJECT

PS 1200.085; PS 2500.014 (Reference)

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 2009	Budget 2009	Actual 2008
Salaries	$ 65,789,730	$ 67,207,134	$ 62,713,623
Employees benefits and allowances	6,476,508	7,406,519	6,662,923
Services	16,155,521	15,646,696	14,710,800
Supplies, materials and minor equipment	8,713,227	8,152,685	7,959,778
Interest	77,795	300,000	394,532
Bad debts	39,918	-	230,000
Payroll tax and transfers	5,681,074	1,340,000	4,997,438
Amortization	2,650,740	-	1,967,080
Other capital items	1,681,049	-	1,694,922
School generated funds	789,587	-	698,018
Other special purpose funds	-	-	-
	$108,055,149	$100,053,034	$102,029,114

12. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's method of presentation.

BDO

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Auditors' Report

To the Chairperson and Board of Trustees of
Garden Valley School Division

We have audited the consolidated statement of financial position of **The Garden Valley School Division** as at June 30, 2009 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 30, 2009

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 27/09

Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	483,593	-
	Short Term Investments	25,000	25,000
	Due from - Provincial Government	1,005,674	1,639,090
	- Federal Government	210,288	65,546
10	- Municipal Government	4,175,984	3,220,957
	- Other School Divisions	267,593	275,525
	- First Nations	-	-
	Accounts Receivable	44,122	70,021
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,212,254	5,296,139
	Liabilities		
3	Overdraft	-	2,138,679
	Accounts Payable	1,093,826	759,098
	Accrued Liabilities	1,742,231	518,567
4	Employee Future Benefits	83,921	51,160
	Accrued Interest Payable	494,335	506,557
	Due to - Provincial Government	175,195	9,703
	- Federal Government	1,511,795	(264)
	- Municipal Government	268,732	137,093
	- Other School Divisions	240,521	178,586
	- First Nations	-	-
5	Deferred Revenue	1,300,951	1,148,043
6	Debenture Debt	19,762,261	19,170,828
7	Other Borrowings	2,386,286	-
	School Generated Funds Liability	-	-
		29,060,054	24,618,050
	Net Debt	(22,847,800)	(19,321,911)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	34,224,494	31,095,182
	Inventories	-	-
	Prepaid Expenses	397,820	26,838
		34,622,314	31,122,020
9	**Accumulated Surplus**	11,774,514	11,800,109

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		24,169,605	21,687,259
	Federal Government		-	-
10	Municipal Government	- Property Tax	8,495,940	6,613,011
		- Other	-	-
	Other School Divisions		292,756	301,510
	First Nations		-	-
	Private Organizations and Individuals		20,181	-
	Other Sources		249,898	370,857
	School Generated Funds		258,164	259,048
	Other Special Purpose Funds		-	-
			33,486,544	29,231,685
12	**Expenses**			
	Regular Instruction		19,154,095	16,799,511
	Student Support Services		4,816,313	4,353,573
	Adult Learning Centres		-	-
	Community Education and Services		43,108	35,416
	Divisional Administration		982,272	922,312
	Instructional and Other Support Services		695,285	721,450
	Transportation of Pupils		1,380,015	1,200,034
	Operations and Maintenance		2,686,470	2,342,868
11	Fiscal	- Interest	1,253,482	1,263,605
		- Other	487,809	439,979
	Amortization		1,769,663	1,658,360
	Other Capital Items		-	-
	School Generated Funds		243,627	244,990
	Other Special Purpose Funds		-	-
			33,512,139	29,982,098
	Current Year Surplus (Deficit)		(25,595)	(750,413)
	Opening Accumulated Surplus		11,800,109	12,558,019
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	(7,497)
	Opening Accumulated Surplus, as adjusted		11,800,109	12,550,522
	Closing Accumulated Surplus		11,774,514	11,800,109

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(25,595)	(750,413)
Amortization of Tangible Capital Assets	1,769,663	1,658,360
Acquisition of Tangible Capital Assets	(4,898,975)	(1,523,095)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(3,129,312)	135,265
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(370,982)	45,736
	(370,982)	45,736
(Increase)/Decrease in Net Debt	(3,525,889)	(569,412)
Net Debt at Beginning of Year	(19,321,911)	(18,745,002)
Adjustments Other than Tangible Cap. Assets	-	(7,497)
Net Debt at Beginning of Year as Adjusted	(19,321,911)	(18,752,499)
Net Debt at End of Year	(22,847,800)	(19,321,911)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(25,595)	(750,413)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,769,663	1,658,360
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	32,761	(2,128)
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(458,421)	(138,126)
Accounts Receivable & Accrued Income (Increase)/Decrease	25,899	(35,310)
Inventories and Prepaid Expenses - (Increase)/Decrease	(370,982)	45,736
Due to Other Organizations Increase/(Decrease)	1,871,125	(1,359,728)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,546,170	278,019
Deferred Revenue Increase/(Decrease)	152,908	171,097
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	(7,497)
Cash Provided by Operating Transactions	4,543,528	(139,990)
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,898,975)	(1,523,095)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(4,898,975)	(1,523,095)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	591,433	(233,829)
Other Borrowings Increase/(Decrease)	2,386,286	-
Cash Provided by (Applied to) Financing Transactions	2,977,719	(233,829)
Cash and Bank / Overdraft (Increase)/Decrease	2,622,272	(1,896,914)
Cash and Bank (Overdraft) at Beginning of Year	(2,138,679)	(241,765)
Cash and Bank (Overdraft) at End of Year	483,593	(2,138,679)

Garden Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	47,978,812	1,010,902	1,709,110	32,200	1,109,544	73,002	1,611,975	-	1,389,767	54,915,312	53,392,217
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	47,978,812	1,010,902	1,709,110	32,200	1,109,544	73,002	1,611,975	-	1,389,767	54,915,312	53,392,217
Add: Additions during the year	837,536	1,851,590	383,423	-	198,975	44,981	431,800	-	1,150,670	4,898,975	1,523,095
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	48,816,348	2,862,492	2,092,533	32,200	1,308,519	117,983	2,043,775	-	2,540,437	59,814,287	54,915,312
Accumulated Amortization											
Opening, as previously reported	21,722,812	572,512	839,105	25,390	609,578	50,733	-	-		23,820,130	22,161,770
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	21,722,812	572,512	839,105	25,390	609,578	50,733	-	-		23,820,130	22,161,770
Add: Current period Amortization	1,345,208	44,469	156,383	4,540	201,149	17,914	-	-		1,769,663	1,658,360
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	23,068,020	616,981	995,488	29,930	810,727	68,647	-	-		25,589,793	23,820,130
Net Tangible Capital Asset	25,748,328	2,245,511	1,097,045	2,270	497,792	49,336	2,043,775	-	2,540,437	34,224,494	31,095,182
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

Garden Valley School Division
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2009

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 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 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	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 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:

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 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.

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. Bank Overdraft

The Division has an authorized line of credit with the Heartland Credit Union Ltd. of $12,900,000 by way of overdrafts and is repayable on demand. The various overdrafts bear interest at the bank's prime rate minus .50% and minus .625%; interest is paid monthly. Included in the overdraft are capital projects totalling approximately $2,630,437 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.

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 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 2009 year was $317,257 ($269,749 in 2008).

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, 2008	Additions in period	Revenue recognized in period	Balance as at June 30, 2009
Education Property Tax Credit (EPTC)	$ 1,148,043	2,576,968	2,440,060	1,284,951
Other	-	16,000	-	16,000
	$ 1,148,043	2,592,968	2,440,060	1,300,951

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 2009 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 2,419,136
2011	2,393,051
2012	2,155,683
2013	2,012,107
2014	1,887,593
	$ 10,867,570

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans payable for administrative offices.

	2009	2008
Heartland Credit Union, demand loan, prime less .50%; 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.	$ 2,386,286	-

7. Other Borrowings (continued)

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

	Principal	Interest	Total
2010	$ 164,497	46,223	210,720
2011	167,817	42,903	210,720
2012	171,204	39,516	210,720
2013	174,660	36,060	210,720
2014	178,185	32,535	210,720
	$ 856,363	197,237	1,053,600

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. The amount of interest capitalized in the period included in School Buildings was nil.

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ 352,552	144,513
Undesignated Surplus	47,574	386,980
	$ 400,126	531,493
Capital Fund		
Reserve Accounts	$ 49,483	(7,094)
Equity in Tangible Capital Assets	11,223,918	11,185,633
	$11,273,401	11,178,539
Special Purpose Fund		
School Generated Funds	$ 100,987	90,077
Other Special Purpose Funds	-	-
	$ 100,987	90,077
Total Accumulated Surplus	$11,774,514	11,800,109

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:

	2009	2008
School budget carryovers by board policy	$ 352,552	144,513
Board approved appropriation by motion	-	-
Designated surplus	$ 352,552	144,513

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.

	2009	2008
Bus reserves (deficit)	$ 49,483	(7,094)
Other reserves	-	-
Capital Reserve	$ 49,483	(7,094)

School Generated Funds and Other Special Purpose Funds are externally restricted moneys 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 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 2008 tax year and 50% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 8,495,940	6,613,011
Receivable – Due from Municipal – Property Tax	$ 4,175,984	3,220,957

11. Interest Received and Paid

The Division received interest during the year of $1,172,678 (previous year $1,242,008); interest paid during the year was $1,253,482 (prior year $1,263,605).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 30,513	76,779
Capital Fund		
Debenture interest	1,153,843	1,186,826
Other interest	69,126	-
	$1,253,482	1,263,605

The accrual portion of debenture debt interest expense of $494,335 at June 30, 2009 ($506,557 at June 30, 2008) 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 2009	Budget 2009	Actual 2008
Salaries	$ 23,440,420	23,045,500	20,776,700
Employees benefits and allowances	1,845,656	1,715,700	1,584,841
Services	2,408,168	2,116,435	2,170,724
Supplies, materials and minor equipment	1,794,281	1,592,400	1,630,989
Interest	1,253,482	75,000	1,263,605
Bad debt expense	724	-	-
Payroll tax	487,085	455,000	439,979
Transfers	269,033	147,000	211,910
Amortization	1,769,663	-	1,658,360
School generated funds	243,627	-	244,990
	$ 33,512,139	29,147,035	29,982,098

13. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $352,552 at June 30, 2009 ($144,513 at June 30, 2008). The details of the Designated Surplus as disclosed at note 9 and page 5 of the audited financial statements

The school division has a building lease agreement. Future annual minimum operating lease commitments as at June 30, 2009 are as follows:

2010	$ 12,185

The school division has signed an offer to purchase land in Schanzenfeld, Manitoba in the amount of $240,000 plus applicable taxes for the construction of a new Middle Years School. This Offer to Purchase has been approved by the Public Schools Finance Board. A deposit amount of $20,000 is presented as cash and bank on the consolidated statement of financial position at June 30, 2009. Final possession is anticipated by November 2009.

The school division has signed an offer to purchase 30 acres of land in Winkler, Manitoba in the amount of $902,880 plus applicable taxes for the construction of a new High School. This Offer to Purchase has been approved by the Public Schools Finance Board. A deposit amount of $20,000 is presented as cash and bank on the consolidated statement of financial position at June 30, 2009. Final possession is anticipated by December 2009.

The school division has signed an offer to purchase approximately 9 acres of land in Winkler, Manitoba in the amount of $675,000 plus applicable taxes for construction of a new Middle Years School. This Offer to Purchase has been approved by the Public Schools Finance Board. A deposit amount of $50,000 is presented as cash and bank on the consolidated statement of financial position at June 30, 2009. Final possession is anticipated by December 2011.

B' Dunwoody LLP/s.r.l.
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Auditors' Report

To the Chairperson and Board of Trustees of
Hanover School Division

We have audited the consolidated statement of financial position of **Hanover School Division** as at June 30, 2009 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned consolidated financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 17, 2009

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 20/09
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
*	Short Term Investments	10	10
	Due from - Provincial Government	1,849,546	1,715,029
	- Federal Government	94,818	191,836
	- Municipal Government	9,493,214	7,809,634
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	239,129	229,857
	Accrued Investment Income	-	-
	Other Investments	-	-
		11,676,717	9,946,366
	Liabilities		
*	Overdraft	3,728,632	1,578,662
	Accounts Payable	4,122,423	4,958,079
	Accrued Liabilities	1,043,370	1,279,907
*	Employee Future Benefits	159,000	118,401
	Accrued Interest Payable	761,647	753,381
	Due to - Provincial Government	64,196	1,895
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	1,904,697	1,676,322
*	Debenture Debt	25,996,782	24,683,394
*	Other Borrowings	2,160,000	2,430,000
	School Generated Funds Liability	115,031	111,478
		40,055,778	37,591,519
	Net Debt	(28,379,061)	(27,645,153)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	37,989,442	36,339,148
	Inventories	133,582	111,681
	Prepaid Expenses	536,533	374,442
		38,659,557	36,825,271
*	**Accumulated Surplus**	10,280,496	9,180,118

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		44,223,378	40,371,308
	Federal Government		-	-
	Municipal Government	- Property Tax	16,092,576	13,638,165
		- Other	-	-
	Other School Divisions		124,419	164,620
	First Nations		-	-
	Private Organizations and Individuals		345,520	395,225
	Other Sources		289,933	255,785
	School Generated Funds		1,643,101	1,636,389
	Other Special Purpose Funds		-	-
			62,718,927	56,461,492
	Expenses			
	Regular Instruction		34,593,315	31,538,403
	Student Support Services		7,519,220	6,851,513
	Adult Learning Centres		-	-
	Community Education and Services		73,437	156,891
	Divisional Administration		1,675,627	1,692,950
	Instructional and Other Support Services		1,780,591	1,566,588
	Transportation of Pupils		2,798,863	2,793,170
	Operations and Maintenance		6,173,169	5,804,175
*	Fiscal	- Interest	1,972,254	2,078,180
		- Other	909,216	795,016
	Amortization		2,176,871	2,073,708
	Other Capital Items		35,663	(4,898)
	School Generated Funds		1,583,022	1,632,832
	Other Special Purpose Funds		-	-
			61,291,248	56,978,528
	Current Year Surplus (Deficit)		1,427,679	(517,036)
	Opening Accumulated Surplus		9,180,118	9,740,896
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
*		Other than Tangible Cap. Assets	(327,301)	(43,742)
	Opening Accumulated Surplus, as adjusted		8,852,817	9,697,154
	Closing Accumulated Surplus		10,280,496	9,180,118

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	1,427,679	(517,036)
Amortization of Tangible Capital Assets	2,176,871	2,073,708
Acquisition of Tangible Capital Assets	(3,836,265)	(5,357,596)
(Gain) / Loss on Disposal of Tangible Capital Assets	(12,631)	(13,151)
Proceeds on Disposal of Tangible Capital Assets	21,731	13,151
	(1,650,294)	(3,283,888)
Inventories (Increase)/Decrease	(21,901)	65,390
Prepaid Expenses (Increase)/Decrease	(162,091)	32,493
	(183,992)	97,883
(Increase)/Decrease in Net Debt	(406,607)	(3,703,041)
Net Debt at Beginning of Year	(27,645,153)	(23,898,370)
Adjustments Other than Tangible Cap. Assets	(327,301)	(43,742)
Net Debt at Beginning of Year as Adjusted	(27,972,454)	(23,942,112)
Net Debt at End of Year	(28,379,061)	(27,645,153)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	1,427,679	(517,036)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,176,871	2,073,708
(Gain)/Loss on Disposal of Tangible Capital Assets	(12,631)	(13,151)
Employee Future Benefits Increase/(Decrease)	40,599	15,957
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(1,721,079)	43,889
Accounts Receivable & Accrued Income (Increase)/Decrease	(9,272)	(23,582)
Inventories and Prepaid Expenses - (Increase)/Decrease	(183,992)	97,883
Due to Other Organizations Increase/(Decrease)	62,301	(3,404)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,063,927)	1,604,945
Deferred Revenue Increase/(Decrease)	228,375	266,374
School Generated Funds Liability Increase/(Decrease)	3,553	40,050
Adjustments Other than Tangible Cap. Assets	(327,301)	(43,742)
Cash Provided by Operating Transactions	621,176	3,541,891
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,836,265)	(5,357,596)
Proceeds on Disposal of Tangible Capital Assets	21,731	13,151
Cash (Applied to)/Provided by Capital Transactions	(3,814,534)	(5,344,445)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	1,313,388	(877,044)
Other Borrowings Increase/(Decrease)	(270,000)	1,980,000
Cash Provided by (Applied to) Financing Transactions	1,043,388	1,102,956
Cash and Bank / Overdraft (Increase)/Decrease	(2,149,970)	(699,598)
Cash and Bank (Overdraft) at Beginning of Year	(1,578,662)	(879,064)
Cash and Bank (Overdraft) at End of Year	(3,728,632)	(1,578,662)

Hanover School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	52,733,901	4,462,802	6,590,234	178,214	1,424,238	122,088	928,030	-	1,488,036	67,927,543	62,833,674
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	52,733,901	4,462,802	6,590,234	178,214	1,424,238	122,088	928,030	-	1,488,036	67,927,543	62,833,674
Add: Additions during the year	3,527,598	-	553,773	-	97,947	16,766	590,440	-	(950,259)	3,836,265	5,357,596
Less: Disposals and write downs	-	-	218,513	-	48,211	-	-	-		266,724	263,727
Closing Cost	56,261,499	4,462,802	6,925,494	178,214	1,473,974	138,854	1,518,470	-	537,777	71,497,084	67,927,543
Accumulated Amortization											
Opening, as previously reported	25,419,864	801,089	3,979,780	148,679	1,151,366	87,617	-	-		31,588,395	29,778,414
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	25,419,864	801,089	3,979,780	148,679	1,151,366	87,617	-	-		31,588,395	29,778,414
Add: Current period Amortization	1,496,911	98,507	475,312	11,729	81,998	12,414	-	-		2,176,871	2,073,708
Less: Accumulated Amortization on Disposals and Writedowns	-	-	218,513	-	39,111	-	-	-		257,624	263,727
Closing Accumulated Amortization	26,916,775	899,596	4,236,579	160,408	1,194,253	100,031	-	-		33,507,642	31,588,395
Net Tangible Capital Asset	29,344,724	3,563,206	2,688,915	17,806	279,721	38,823	1,518,470	-	537,777	37,989,442	36,339,148
Proceeds from Disposal of Capital As	-	-	10,667	-	11,064	-	-			21,731	13,151

* Includes network infrastructure.

HANOVER SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

1. Nature of Organization and Economic Dependence

The Hanover 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.

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 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 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 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.

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, 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 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.

However, 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.

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, 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 Royal Bank of $ 23,000,000 by way of overdrafts and is repayable on demand at the bank's prime rate less 0.75%; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

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 $700,515 in 2009 ($633,773 in 2008).

Employee future benefits recorded as a liability represents vacation and sick 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, 2008	Additions in period	Revenue recognized in period	Balance as at June 30, 2009
Education Property Tax Credit (EPTC)	$ 1,676,322	$4,705,466	$4,477,091	$1,904,697

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 $ 115,031.

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 2009 to 2029. 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 5% to 12.25%. Debenture interest expense payable as at June 30, 2009, 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
2010	$ 3,530,425
2011	3,381,542
2012	3,136,235
2013	3,045,497
2014	3,039,810
	$ 16,133,509

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.

	2009	2008
RBC Term Loan, unsecured, payable at 5.35%, due January 2017 Interest is paid monthly with annual principal repayments of $200,000.	$ 1,600,000	$ 1,800,000
RBC Term Loan, unsecured, payable at 4.79%, due January 2017 Interest is paid monthly with annual principal repayments of $70,000	560,000	630,000
	$ 2,160,000	$2,430,000

Principal repayments for the next five years and thereafter are as follows:

	Total
2010	$ 270,000
2011	270,000
2012	270,000
2013	270,000
2014	270,000
Thereafter	810,000
	$ 2,160,000

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 $ 0 (previous year $ 0).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	0	0
Undesignated Surplus	1,327,686	713,963
	1,327,686	713,963
Capital Fund		
Reserve Accounts	0	0
Equity in Tangible Capital Assets	8,602,125	8,175,549
	8,602,125	8,175,549
Special Purpose Fund		
School Generated Funds	350,685	290,606
Total Accumulated Surplus	10,280,496	9,180,118

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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 20,569,667	$ 17,168,057
Receivable – Due from Municipal – Property Tax	$ 9,493,214	$ 7,809,634

12. Interest Received and Paid

The Division received interest during the year of $2,264 (previous year $6,402); interest paid during the year was $1,972,254 (previous year $2,078,180).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 154,789	212,372
Capital Fund		
Debenture interest	1,696,157	1,750,502
Other interest	121,308	115,306
	$1,972,254	2,078,180

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 2009	Budget 2009	Actual 2008
Salaries	$ 42,580,925	$42,430,906	$ 38,826,649
Employees benefits and allowances	3,194,302	3,059,543	2,836,831
Services	3,930,548	3,428,396	3,658,301
Supplies, materials & minor equipment	4,434,264	5,201,902	4,658,126
Interest	1,972,254	250,000	2,078,180
Bad debts	0	0	0
Payroll tax	909,216	887,000	795,016
Amortization	2,176,871	0	2,073,708
Transfers	474,183	478,000	423,783
Other capital items	35,663	0	(4,898)
School generated funds	1,583,022	0	1,632,832
Other special purpose funds	0	0	0
	$ 61,291,248	$ 55,735,747	$ 56,978,528

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, 2009, the amount of this special levy was $161,975 (2008 - $120,231). These amounts are not included in the Division's consolidated financial statements.

15. Commitments

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2009 are as follows:

2010	$ 324,290
2011	262,814
2012	92,199
2013	39,530
2014	3,755

16. Contingent Liabilities

During the current year, management discovered that dental premiums deducted from employees were not properly calculated. Management has determined that this may result in a potential liability for the School Division. As at year end, the School Division has recorded a potential liability of $344,845 for the year ending June 30, 2009, with an additional $327,301 for the year ending June 30, 2008. Management is currently assessing the potential liability for years prior to June 30, 2008, however, the amount of the liability has not been determined. Should any losses result, such losses will be charged to operations in the year of resolution.

BDO

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Chairperson and Board of Trustees of
Interlake School Division

We have audited the consolidated statement of financial position of **Interlake School Division** as at June 30, 2009 and the consolidated statement of revenues, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 29, 2009

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 26/09
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	8,994	9,655
	Due from - Provincial Government	1,202,093	959,835
	- Federal Government	63,650	45,559
10	- Municipal Government	5,091,750	4,461,789
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	21,724	32,886
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,388,211	5,509,724
	Liabilities		
3	Overdraft	1,640,679	565,851
	Accounts Payable	165,943	152,490
	Accrued Liabilities	430,439	342,573
4	Employee Future Benefits	903,880	1,132,982
	Accrued Interest Payable	205,311	221,083
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	1,496,699	1,373,028
7	Debenture Debt	8,822,648	9,020,159
	Other Borrowings	-	-
6	School Generated Funds Liability	206,486	174,907
		13,872,085	12,983,073
	Net Debt	(7,483,874)	(7,473,349)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	12,195,241	11,831,225
	Inventories	68,073	70,728
	Prepaid Expenses	60,497	60,063
		12,323,811	11,962,016
9	**Accumulated Surplus**	4,839,937	4,488,667

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		21,355,120	20,425,279
	Federal Government		-	-
10	Municipal Government	- Property Tax	9,056,390	8,910,700
		- Other	-	-
	Other School Divisions		54,953	45,426
	First Nations		-	-
	Private Organizations and Individuals		226,483	213,313
	Other Sources		136,240	137,676
	School Generated Funds		521,752	682,492
	Other Special Purpose Funds		1,427	1,188
			31,352,365	30,416,074
	Expenses			
	Regular Instruction		16,132,896	15,757,297
	Student Support Services		4,587,331	4,309,828
	Adult Learning Centres		-	-
	Community Education and Services		138,345	117,680
	Divisional Administration		1,066,415	1,043,807
	Instructional and Other Support Services		1,133,875	1,064,646
	Transportation of Pupils		1,949,915	1,925,141
	Operations and Maintenance		3,416,943	3,512,233
11	Fiscal	- Interest	581,892	636,677
		- Other	468,448	457,246
	Amortization		999,527	937,097
	Other Capital Items		-	-
	School Generated Funds		524,081	598,219
	Other Special Purpose Funds		1,427	1,188
			31,001,095	30,361,059
	Current Year Surplus (Deficit)		351,270	55,015
	Opening Accumulated Surplus		4,488,667	4,433,652
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		4,488,667	4,433,652
	Closing Accumulated Surplus		4,839,937	4,488,667

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	351,270	55,015
Amortization of Tangible Capital Assets	999,527	937,097
Acquisition of Tangible Capital Assets	(1,369,213)	(373,180)
(Gain) / Loss on Disposal of Tangible Capital Assets	(13,293)	(1,650)
Proceeds on Disposal of Tangible Capital Assets	18,963	1,650
	(364,016)	563,917
Inventories (Increase)/Decrease	2,655	(3,941)
Prepaid Expenses (Increase)/Decrease	(434)	1,305
	2,221	(2,636)
(Increase)/Decrease in Net Debt	(10,525)	616,296
Net Debt at Beginning of Year	(7,473,349)	(8,089,645)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(7,473,349)	(8,089,645)
Net Debt at End of Year	(7,483,874)	(7,473,349)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	351,270	55,015
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	999,527	937,097
(Gain)/Loss on Disposal of Tangible Capital Assets	(13,293)	(1,650)
Employee Future Benefits Increase/(Decrease)	(229,102)	384,328
Short Term Investments (Increase)/Decrease	661	638
Due from Other Organizations (Increase)/Decrease	(890,310)	412,176
Accounts Receivable & Accrued Income (Increase)/Decrease	11,162	1,900
Inventories and Prepaid Expenses - (Increase)/Decrease	2,221	(2,636)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	85,547	114,921
Deferred Revenue Increase/(Decrease)	123,671	196,743
School Generated Funds Liability Increase/(Decrease)	31,579	(51,242)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	472,933	2,047,290
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,369,213)	(373,180)
Proceeds on Disposal of Tangible Capital Assets	18,963	1,650
Cash (Applied to)/Provided by Capital Transactions	(1,350,250)	(371,530)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(197,511)	(553,333)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(197,511)	(553,333)
Cash and Bank / Overdraft (Increase)/Decrease	(1,074,828)	1,122,427
Cash and Bank (Overdraft) at Beginning of Year	(565,851)	(1,688,278)
Cash and Bank (Overdraft) at End of Year	(1,640,679)	(565,851)

Interlake School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	18,966,878	1,214,424	4,199,719	183,827	435,952	-	170,631	-	8,789	25,180,220	25,013,575
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	18,966,878	1,214,424	4,199,719	183,827	435,952	-	170,631	-	8,789	25,180,220	25,013,575
Add: Additions during the year	74,165	-	936,976	27,446	49,391	-	-	-	281,235	1,369,213	373,180
Less: Disposals and write downs	-	-	432,523	18,899	50,087	-	-	-	-	501,509	206,535
Closing Cost	19,041,043	1,214,424	4,704,172	192,374	435,256	-	170,631	-	290,024	26,047,924	25,180,220
Accumulated Amortization											
Opening, as previously reported	9,988,696	317,012	2,674,014	134,517	234,756	-	-	-		13,348,995	12,618,433
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	9,988,696	317,012	2,674,014	134,517	234,756	-	-	-		13,348,995	12,618,433
Add: Current period Amortization	541,698	44,044	322,623	25,383	65,779	-	-	-		999,527	937,097
Less: Accumulated Amortization on Disposals and Writedowns	-	-	432,523	13,229	50,087	-	-	-		495,839	206,535
Closing Accumulated Amortization	10,530,394	361,056	2,564,114	146,671	250,448	-	-	-		13,852,683	13,348,995
Net Tangible Capital Asset	8,510,649	853,368	2,140,058	45,703	184,808	-	170,631	-	290,024	12,195,241	11,831,225
Proceeds from Disposal of Capital As	-	-	16,466	2,497	-	-	-			18,963	1,650

* Includes network infrastructure.

INTERLAKE SCHOOL DIVISION
Notes to Consolidated Financial Statements
For the year ended June 30, 2009

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.

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Vehicles	10,000	5 years
Equipment	5,000	5 years
Network Infrastructure	25,000	10 years
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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 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:

<u>Defined Contribution Plan</u>

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. After two years of participating, contributions become 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 9.0% to 11.65%, 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 Plan

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 85 – 120, depending upon the employee group. 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.

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. 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

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 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 $365,246 ($340,279 in 2008).

Employee future benefits recorded as a liability represents sick leave payable and Supplemental Employment Benefits Plan payable for eligible employees of $903,880 ($1,132,982 in 2008).

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, 2008	Additions in period	Revenue recognized in period	Balance as at June 30, 2009
Education Property Tax Credit (EPTC)	$ 1,373,028	$ 3,118,122	$ 2,994,451	$ 1,496,699

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 $206,486.

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 2009 to 2029. 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 5.00% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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:

	Interest	Principal	Total
2009 / 2010	$ 581,662	$ 570,123	$ 1,151,785
2010 / 2011	517,985	619,946	1,137,931
2011 / 2012	472,293	641,432	1,113,725
2012 / 2013	425,725	566,939	992,664
2013 / 2014	388,390	604,274	992,664
	$ 2,386,055	$ 3,002,714	$ 5,388,769

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. The amount of interest capitalized in the period included in Assets under Construction was nil (2008 nil).

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ 400,000	-$ -
Undesignated Surplus	755,091	1,092,508
	1,155,091	1,092,508
Capital Fund		
Reserve Accounts	152,448	422,959
Equity in Tangible Capital Assets	3,372,593	2,811,066
	3,525,041	3,234,025
Special Purpose Fund		
School Generated Funds	159,805	162,134
Other Special Purpose Funds	-	-
	159,805	162,134
Total Accumulated Surplus	$ 4,839,937	$ 4,488,677

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; 48% from 2008 tax year and 52% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 9,056,390	$ 8,910,700
Receivable – Due from Municipal – Property Tax	$ 5,091,750	$ 4,461,789

11. Interest Received and Paid

The Division received interest during the year of $18,976 (previous year $48,203); interest paid during the year was $581,892 (previous year $636,677).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 15,202	$ 29,917
Capital Fund		
Debenture interest	566,690	606,760
	$ 581,892	$ 636,677

The accrual portion of debenture debt interest expense of $ 205,311 ($221,083 in 2008) 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:

	2009 Actual	2009 Budget	2008 Actual
Salaries	$ 21,759,814	$ 21,943,100	$ 21,061,604
Employees benefits and allowances	1,552,225	1,543,217	1,469,125
Services	2,740,414	2,457,565	2,833,752
Supplies, materials & minor equipment	2,006,372	1,939,918	1,979,194
Interest	581,892	75,000	636,677
Bad debts	-	-	-
Payroll tax	468,448	475,000	457,246
Amortization	999,527	-	937,097
Transfers	366,895	456,200	386,957
School generated funds	524,081	-	598,219
Other special purpose funds	1,427	-	1,188
	$ 31,001,095	$ 28,890,000	$ 30,361,059

13. 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.

HAUGEN MORRISH ANGERS
CHARTERED ACCOUNTANTS

P.O. Box 1200, 334 Ross Avenue
The Pas, Manitoba R9A 1L2
Tel: (204) 623-5437
Fax: (204) 623-6390
1-800-663-2679

AUDITORS' REPORT

(in accordance with subsection 41(11) of the Public Schools Act)

KELSEY SCHOOL DIVISION NO. 45

We have audited the consolidated statement of financial position of Kelsey School Division No. 45 as at June 30, 2009 and the consolidated statement of revenue, expenses and accumulated surplus, consolidated statement of change in net debt and the consolidated statement of cash flow for the year then ended. These financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Kelsey School Division No. 45 as at June 30, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Haugen Morrish Angers
CHARTERED ACCOUNTANTS

The Pas, Manitoba
October 23, 2009

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.

October 30, 2009

Date Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	666,953	627,787
	- Federal Government	42,046	39,747
	- Municipal Government	1,657,545	1,726,810
	- Other School Divisions	7,460	20,460
	- First Nations	439,382	357,882
	Accounts Receivable	24,536	20,466
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,837,922	2,793,152
	Liabilities		
*	Overdraft	805,585	789,802
	Accounts Payable	721,571	634,642
	Accrued Liabilities	513,237	561,955
	Employee Future Benefits	-	-
	Accrued Interest Payable	-	-
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	4,985	210,963
*	Debenture Debt	3,474,351	3,033,324
	Other Borrowings	-	-
	School Generated Funds Liability	45,387	50,604
		5,565,116	5,281,290
	Net Debt	(2,727,194)	(2,488,138)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	3,895,566	3,324,668
	Inventories	-	-
	Prepaid Expenses	24,332	72,442
		3,919,898	3,397,110
*	**Accumulated Surplus**	1,192,704	908,972

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	13,479,374	12,787,219
	Federal Government	22,505	-
	Municipal Government - Property Tax	3,076,714	3,114,931
	- Other	-	-
	Other School Divisions	7,460	20,460
	First Nations	92,600	55,905
	Private Organizations and Individuals	85,662	82,388
	Other Sources	92,600	99,058
	School Generated Funds	449,950	408,853
	Other Special Purpose Funds	-	-
		17,306,865	16,568,814
	Expenses		
	Regular Instruction	7,997,359	7,600,099
	Student Support Services	3,547,750	3,420,265
	Adult Learning Centres	488,087	488,986
	Community Education and Services	55,769	52,274
	Divisional Administration	568,719	580,405
	Instructional and Other Support Services	509,059	483,916
	Transportation of Pupils	529,561	484,899
	Operations and Maintenance	2,023,649	1,979,422
*	Fiscal - Interest	226,552	244,161
	- Other	268,816	253,848
	Amortization	319,793	339,626
	Other Capital Items	31,432	15,692
	School Generated Funds	456,587	403,355
	Other Special Purpose Funds	-	-
		17,023,133	16,346,948
	Current Year Surplus (Deficit)	283,732	221,866
	Opening Accumulated Surplus	908,972	687,106
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	908,972	687,106
	Closing Accumulated Surplus	1,192,704	908,972

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	283,732	221,866
Amortization of Tangible Capital Assets	319,793	339,626
Acquisition of Tangible Capital Assets	(890,691)	(302,480)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(570,898)	37,146
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	48,110	(32,263)
	48,110	(32,263)
(Increase)/Decrease in Net Debt	(239,056)	226,749
Net Debt at Beginning of Year	(2,488,138)	(2,714,887)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(2,488,138)	(2,714,887)
Net Debt at End of Year	(2,727,194)	(2,488,138)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	283,732	221,866
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	319,793	339,626
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(40,700)	(199,951)
Accounts Receivable & Accrued Income (Increase)/Decrease	(4,070)	(5,576)
Inventories and Prepaid Expenses - (Increase)/Decrease	48,110	(32,263)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	38,211	133,661
Deferred Revenue Increase/(Decrease)	(205,978)	196,243
School Generated Funds Liability Increase/(Decrease)	(5,217)	1,909
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	433,881	655,515
Capital Transactions		
Acquisition of Tangible Capital Assets	(890,691)	(302,480)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(890,691)	(302,480)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	441,027	57,156
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	441,027	57,156
Cash and Bank / Overdraft (Increase)/Decrease	(15,783)	410,191
Cash and Bank (Overdraft) at Beginning of Year	(789,802)	(1,199,993)
Cash and Bank (Overdraft) at End of Year	(805,585)	(789,802)

Kelsey School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	14,228,295	303,458	788,089	70,201	189,406	104,700	196,213	-	48,391	15,928,753	15,626,273
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	14,228,295	303,458	788,089	70,201	189,406	104,700	196,213	-	48,391	15,928,753	15,626,273
Add: Additions during the year	115,029	-	99,871	13,591	20,471	-	-	-	641,729	890,691	302,480
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	14,343,324	303,458	887,960	83,792	209,877	104,700	196,213	-	690,120	16,819,444	15,928,753
Accumulated Amortization											
Opening, as previously reported	11,665,791	303,458	344,793	70,201	134,643	85,199	-	-		12,604,085	12,264,459
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	11,665,791	303,458	344,793	70,201	134,643	85,199	-	-		12,604,085	12,264,459
Add: Current period Amortization	213,411	-	78,029	1,359	23,994	3,000	-	-		319,793	339,626
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	11,879,202	303,458	422,822	71,560	158,637	88,199	-	-		12,923,878	12,604,085
Net Tangible Capital Asset	2,464,122	-	465,138	12,232	51,240	16,501	196,213	-	690,120	3,895,566	3,324,668
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* 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	5,000	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.

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. 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, 2008	Additions in the period	Time Expired Funding Lost	Transferred to Revenue	Balance as at June 30, 2009
Environmental Assistance	$ 9,860	$ -	$ 4,875	$	$ 4,985
Kelsey Learning Centre	191,380	-		191,380	
Heathy Schools Grant	9,723	-		9,723	
	$ 210,963	$ -	$ 4,875	$ 201,103	$ 4,985

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 $248,894 (2008 - $260,748).

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 2010 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5% to 12.5%. Debenture interest expense payable as at June 30, 2009 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
2010	$ 250,097	$ 226,959	$ 477,056
2011	261,687	206,530	468,217
2012	229,151	185,375	414,526
2013	230,455	166,689	397,144
2014	240,649	152,254	392,903
	$ 1,212,039	$ 937,807	$ 2,149,846

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	2009 Net Book Value	2008 Net Book Value
Owned-tangible capital assets	$ 16,819,444	$ 12,923,878	$ 3,895,566	$ 3,324,668
	$ 16,819,444	$ 12,923,878	$ 3,895,566	$ 3,324,668

8. ACCUMULATED SURPLUS (DEFICIT)

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	-	-
Undesignated Surplus	714,302	455,875
	714,302	455,875
Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets (as restated)	274,895	242,953
	274,895	242,953
Special Purpose Fund		
School Generated Funds	203,507	210,144
Other Special Purpose Funds	-	-
	203,507	210,144
Total Accumulated Surplus (Deficit)	$ 1,192,704	$ 908,972

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; 50% for 2008 and 50% for 2009 (which changed from the prior year where it was 40% from 2007 tax year and 60% from 2009 tax year). Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 3,076,714	$ 4,102,107
Receivable-Due from Municipal-Property Tax	$ 1,657,545	$ 1,726,810

10. INTEREST RECEIVED AND PAID

The Division received interest during the year of $1,512 (previous year $512); interest paid during the year was $226,552 (previous year $244,161).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 16,935	$ 34,021
Capital Fund		
Debenture debt	209,617	210,140
Interest		
Other interest	-	
	$ 226,552	$ 244,161

The accrual portion of debenture debt interest expense of $96,881 (2008 - $91,338) 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 2009	Budget 2009	Actual 2008
Salaries	$ 12,330,568	$ 12,311,120	$ 11,902,786
Employees benefits & allowances	1,094,187	1,116,735	1,001,553
Services	1,325,431	1,356,157	1,299,500
Supplies, materials & minor equipment	952,953	937,834	871,530
Interest	16,935	50,000	244,161
Bad debts			-
Payroll tax	268,816	260,000	253,848
Amortization	319,793		339,626
Other capital items	31,432		15,692
School generated funds	456,587		403,355
Transfers	16,814	20,000	14,897
	$ 16,813,516	$ 16,051,846	$ 16,346,948

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Lakeshore 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 Meyers Norris Penny 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.

Chairperson Secretary-Treasurer

October 30, 2009

Auditors' Report

To the Board of Trustees
Lakeshore School Division

We have audited the consolidated statement of financial position of the Lakeshore School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, consolidated change in net debt and consolidated cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded by the Division and we were not able to determine whether any adjustments might be necessary to special purpose fund revenue, net current year surplus (deficit) and closing accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of special purpose fund revenue referred to in the preceding paragraph, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplemental information shown.

Meyers Norris Penny LLP

Winnipeg, Manitoba

October 13, 2009

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 Lakeshore School Division.

October 13 2009

DATE

CHAIRPERSON

MNP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	609,828	805,199
	Short Term Investments	-	-
	Due from - Provincial Government	504,936	496,010
	- Federal Government	17,618	28,096
8	- Municipal Government	1,868,038	1,700,872
	- Other School Divisions	12,936	19,762
	- First Nations	61,776	139,648
	Accounts Receivable	50,007	18,906
	Accrued Investment Income	-	-
	Other Investments	-	-
		3,125,139	3,208,493
	Liabilities		
3	Overdraft	-	-
	Accounts Payable	251,488	388,481
	Accrued Liabilities	1,108,210	1,155,782
	Employee Future Benefits	114,256	134,829
	Accrued Interest Payable	321,280	295,891
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	Deferred Revenue	224,728	186,518
5	Debenture Debt	13,154,537	11,641,133
	Other Borrowings	-	-
4	School Generated Funds Liability	-	-
		15,174,499	13,802,634
	Net Debt	(12,049,360)	(10,594,141)
	Non-Financial Assets		
6	Net Tangible Capital Assets (TCA Schedule)	15,219,277	13,820,484
	Inventories	-	-
	Prepaid Expenses	16,597	20,521
		15,235,874	13,841,005
7	**Accumulated Surplus**	3,186,514	3,246,864

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	10,810,444	10,344,168
	Federal Government	-	-
8	Municipal Government - Property Tax	3,048,935	2,864,787
	- Other	-	-
	Other School Divisions	73,390	77,775
	First Nations	850,290	776,496
	Private Organizations and Individuals	365,860	285,880
	Other Sources	95,283	(28,408)
	School Generated Funds	328,791	346,511
	Other Special Purpose Funds	8,872	10,051
		15,581,865	14,677,260
	Expenses		
	Regular Instruction	6,973,320	6,488,883
	Student Support Services	2,504,029	2,223,528
	Adult Learning Centres	237,631	239,942
	Community Education and Services	356,083	304,651
	Divisional Administration	475,301	457,871
	Instructional and Other Support Services	451,590	428,353
	Transportation of Pupils	1,328,263	1,274,691
	Operations and Maintenance	1,279,458	1,243,967
9	Fiscal - Interest	653,012	641,212
	- Other	225,439	199,681
	Amortization	799,540	676,895
	Other Capital Items	28,442	-
	School Generated Funds	321,607	343,368
	Other Special Purpose Funds	8,500	12,696
		15,642,215	14,535,738
	Current Year Surplus (Deficit)	(60,350)	141,522
	Opening Accumulated Surplus	3,246,864	3,105,342
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	3,246,864	3,105,342
	Closing Accumulated Surplus	3,186,514	3,246,864

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(60,350)	141,522
Amortization of Tangible Capital Assets	799,540	676,895
Acquisition of Tangible Capital Assets	(2,198,333)	(508,080)
(Gain) / Loss on Disposal of Tangible Capital Assets	(2,780)	159,097
Proceeds on Disposal of Tangible Capital Assets	2,780	6,914
	(1,398,793)	334,826
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	3,924	27,249
	3,924	27,249
(Increase)/Decrease in Net Debt	(1,455,219)	503,597
Net Debt at Beginning of Year	(10,594,141)	(11,097,738)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(10,594,141)	(11,097,738)
Net Debt at End of Year	(12,049,360)	(10,594,141)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(60,350)	141,522
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	799,540	676,895
(Gain)/Loss on Disposal of Tangible Capital Assets	(2,780)	159,097
Employee Future Benefits Increase/(Decrease)	(20,573)	82,586
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(80,916)	82,908
Accounts Receivable & Accrued Income (Increase)/Decrease	(31,101)	19,877
Inventories and Prepaid Expenses - (Increase)/Decrease	3,924	27,249
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(159,176)	(939,167)
Deferred Revenue Increase/(Decrease)	38,210	96,353
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	486,778	347,320
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,198,333)	(508,080)
Proceeds on Disposal of Tangible Capital Assets	2,780	6,914
Cash (Applied to)/Provided by Capital Transactions	(2,195,553)	(501,166)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	1,513,404	149,026
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	1,513,404	149,026
Cash and Bank / Overdraft (Increase)/Decrease	(195,371)	(4,820)
Cash and Bank (Overdraft) at Beginning of Year	805,199	810,019
Cash and Bank (Overdraft) at End of Year	609,828	805,199

Lakeshore School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,812,516	498,069	2,127,421	25,738	399,541	-	36,265	-	90,779	22,990,329	23,029,485
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	19,812,516	498,069	2,127,421	25,738	399,541	-	36,265	-	90,779	22,990,329	23,029,485
Add: Additions during the year	1,981,275	-	272,551	-	19,442	-	-	-	(74,935)	2,198,333	508,080
Less: Disposals and write downs	-	-	-	-	-	-	-	-		-	547,236
Closing Cost	21,793,791	498,069	2,399,972	25,738	418,983	-	36,265	-	15,844	25,188,662	22,990,329
Accumulated Amortization											
Opening, as previously reported	7,371,489	480,656	1,105,696	2,574	209,430	-	-	-		9,169,845	8,874,175
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	7,371,489	480,656	1,105,696	2,574	209,430	-	-	-		9,169,845	8,874,175
Add: Current period Amortization	540,749	1,393	204,557	5,148	47,693	-	-	-		799,540	676,895
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	381,225
Closing Accumulated Amortization	7,912,238	482,049	1,310,253	7,722	257,123	-	-	-		9,969,385	9,169,845
Net Tangible Capital Asset	13,881,553	16,020	1,089,719	18,016	161,860	-	36,265	-	15,844	15,219,277	13,820,484
Proceeds from Disposal of Capital As	-	-	2,780	-	-	-	-			2,780	6,914

* 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 The Lakeshore Scholarship Fund 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 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 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	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 Division where further information was available.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets - 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.

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. Theses benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known.

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

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
Long-term debt	Other financial liabilities

2. Significant Accounting Policies - Continued

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. The Division has no held-for-trading financial assets.

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, their carrying value approximates fair value. The fair value of the long-term debt also approximates its carrying value.

Interest, currency and credit risk:

It is management's opinion that the Division is not exposed to significant 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.

3. Overdraft

The Division has an authorized line of credit with the Canadian Imperial Bank of Commerce of $3,000,000 by way of overdrafts and is repayable on demand at 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. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds consolidated in the cash and bank balances.

5. 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 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 11.625%. Debenture interest expense payable as at June 30, 2009, 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
2010	$ 538,454	734,942	1,273,396
2011	570,212	703,184	1,273,396
2012	603,927	669,469	1,273,396
2013	622,106	633,671	1,255,777
2014	646,654	597,416	1,244,070
	$ 2,981,353	$ 3,338,682	$ 6,320,035

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	2009 Net Book Value	2008 Net Book Value
Owned-tangible capital assets	$ 25,188,662	$ 9,969,385	$ 15,219,277	$ 13,820,484
Capital lease	-	-	-	-
	$ 25,188,662	$ 9,969,385	$ 15,219,277	$ 13,820,484

7. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	484,066	549,827
	484,067	549,827
Capital Fund		
Reserve Accounts	655,726	585,877
Equity in Tangible Capital Assets	1,917,631	1,989,625
	2,573,357	2,575,502
Special Purpose Fund		
School Generated Funds	114,319	107,135
Other Special Purpose Funds	14,772	14,400
	129,091	121,535
Total Accumulated Surplus	$ 3,186,514	$ 3,246,864

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.

8. 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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$3,048,935	$2,864,787
Receivable-Due from Municipal-Property Tax	$1,868,038	$1,700,872

9. Interest Received and Paid

The Division received interest during the year of $11,835 (2008; $37,891); interest paid during the year was $653,012 (2008; $641,212).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 7,906	$ -
Capital Fund		
Debenture debt interest	645,106	641,212
	$ 653,012	$ 641,212

The accrual portion of debenture debt interest expense of $295,891 (2008; $295,891) 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 2009	Budget 2009	Actual 2008
Salaries	$ 10,308,699	$ 9,880,218	$ 9,516,018
Employees benefits and allowances	868,423	831,859	775,224
Services	1,418,376	1,123,734	1,285,515
Supplies, materials and minor equipment	963,783	1,200,365	1,046,680
Interest	653,012	25,000	641,212
Payroll tax	225,439	200,000	199,681
Transfers	405,456	36,100	671,332
Amortization	799,540		676,895
Loss (Gain) and disposal of capital assets	(2,780)		159,097
School generated funds	321,607		343,368
Other special purpose funds	8,500		12,696
	$ 15,970,055	$ 13,297,276	$ 15,327,718

11. Budget Figures and Non Financial Information

The 2009 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.

12. 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 $3,186,514 (2008 - $3,246,864). 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.

BDO

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

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

We have audited the consolidated statement of financial position of **Lord Selkirk School Division** as at June 30, 2009 and the consolidated statement of revenues, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements, schedules and reports, when considered in relation to the aforementioned consolidated financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
October 2, 2009

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 27/09
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes			2009	2008
	Financial Assets			
	Cash and Bank		-	-
	Short Term Investments		-	-
	Due from	- Provincial Government	2,153,436	1,529,511
		- Federal Government	91,893	113,816
		- Municipal Government	8,389,642	8,306,271
		- Other School Divisions	13,884	12,902
		- First Nations	231,395	152,835
	Accounts Receivable		72,568	71,993
	Accrued Investment Income		-	-
	Other Investments		-	-
			10,952,818	10,187,328
	Liabilities			
*	Overdraft		759,406	69,700
	Accounts Payable		3,378,123	3,315,266
	Accrued Liabilities		2,923,307	2,600,252
	Employee Future Benefits		-	-
	Accrued Interest Payable		558,678	557,969
	Due to	- Provincial Government	-	-
		- Federal Government	-	-
		- Municipal Government	-	-
		- Other School Divisions	-	-
		- First Nations	-	-
*	Deferred Revenue		1,040,190	2,296,029
*	Debenture Debt		20,685,096	20,475,797
	Other Borrowings		-	-
	School Generated Funds Liability		49,157	70,153
			29,393,957	29,385,166
	Net Debt		(18,441,139)	(19,197,838)
	Non-Financial Assets			
*	Net Tangible Capital Assets (TCA Schedule)		28,331,546	29,151,387
	Inventories		34,220	30,601
	Prepaid Expenses		75,330	61,835
			28,441,096	29,243,823
*	**Accumulated Surplus**		9,999,957	10,045,985

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	32,016,220	29,626,782
	Federal Government	134,603	150,782
	Municipal Government - Property Tax	14,562,954	14,269,862
	- Other	-	-
	Other School Divisions	211,350	183,700
	First Nations	469,199	489,846
	Private Organizations and Individuals	706,880	597,315
	Other Sources	315,126	(188,275)
	School Generated Funds	1,264,816	1,154,676
	Other Special Purpose Funds	-	-
		49,681,148	46,284,688
	Expenses		
	Regular Instruction	26,242,748	25,500,911
	Student Support Services	7,241,245	6,700,438
	Adult Learning Centres	317,409	307,279
	Community Education and Services	558,858	496,746
	Divisional Administration	1,445,300	1,308,165
	Instructional and Other Support Services	1,196,896	1,214,482
	Transportation of Pupils	2,052,033	2,090,807
	Operations and Maintenance	5,121,504	4,705,792
*	Fiscal - Interest	1,246,616	1,217,085
	- Other	735,143	711,851
	Amortization	2,215,618	2,020,934
	Other Capital Items	71,835	281,891
	School Generated Funds	1,281,620	1,120,863
	Other Special Purpose Funds	-	-
		49,726,825	47,677,244
	Current Year Surplus (Deficit)	(45,677)	(1,392,556)
	Opening Accumulated Surplus	10,045,985	11,438,541
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
*	Other than Tangible Cap. Assets	(351)	0
	Opening Accumulated Surplus, as adjusted	10,045,634	11,438,541
	Closing Accumulated Surplus	9,999,957	10,045,985

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(45,677)	(1,392,556)
Amortization of Tangible Capital Assets	2,215,618	2,020,934
Acquisition of Tangible Capital Assets	(1,395,777)	(4,184,481)
(Gain) / Loss on Disposal of Tangible Capital Assets	(12,250)	550,847
Proceeds on Disposal of Tangible Capital Assets	12,250	4,073
	819,841	(1,608,627)
Inventories (Increase)/Decrease	(3,619)	3,826
Prepaid Expenses (Increase)/Decrease	(13,495)	(3,080)
	(17,114)	746
(Increase)/Decrease in Net Debt	757,050	(3,000,437)
Net Debt at Beginning of Year	(19,197,838)	(16,197,401)
Adjustments Other than Tangible Cap. Assets	(351)	-
Net Debt at Beginning of Year as Adjusted	(19,198,189)	(16,197,401)
Net Debt at End of Year	(18,441,139)	(19,197,838)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(45,677)	(1,392,556)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,215,618	2,020,934
(Gain)/Loss on Disposal of Tangible Capital Assets	(12,250)	550,847
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(764,915)	(69,285)
Accounts Receivable & Accrued Income (Increase)/Decrease	(575)	(39,453)
Inventories and Prepaid Expenses - (Increase)/Decrease	(17,114)	746
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	386,621	(926,115)
Deferred Revenue Increase/(Decrease)	(1,255,839)	525,889
School Generated Funds Liability Increase/(Decrease)	(20,996)	19,333
Adjustments Other than Tangible Cap. Assets	(351)	-
Cash Provided by Operating Transactions	484,522	690,340
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,395,777)	(4,184,481)
Proceeds on Disposal of Tangible Capital Assets	12,250	4,073
Cash (Applied to)/Provided by Capital Transactions	(1,383,527)	(4,180,408)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	209,299	2,582,847
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	209,299	2,582,847
Cash and Bank / Overdraft (Increase)/Decrease	(689,706)	(907,221)
Cash and Bank (Overdraft) at Beginning of Year	(69,700)	837,521
Cash and Bank (Overdraft) at End of Year	(759,406)	(69,700)

Lord Selkirk School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	39,763,437	3,704,682	4,235,342	153,313	1,670,110	1,481,255	279,518	1,379,123	1,028,249	53,695,029	50,373,652
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	39,763,437	3,704,682	4,235,342	153,313	1,670,110	1,481,255	279,518	1,379,123	1,028,249	53,695,029	50,373,652
Add: Additions during the year	1,451,063	-	452,070	29,549	299,272	24,971	-	159,600	(1,020,748)	1,395,777	4,184,481
Less: Disposals and write downs	-	-	57,050	44,024	17,445	285,301	-	-	-	403,820	863,104
Closing Cost	41,214,500	3,704,682	4,630,362	138,838	1,951,937	1,220,925	279,518	1,538,723	7,501	54,686,986	53,695,029
Accumulated Amortization											
Opening, as previously reported	18,216,901	1,854,929	2,067,686	100,349	786,561	960,328	-	556,888		24,543,642	22,830,892
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	18,216,901	1,854,929	2,067,686	100,349	786,561	960,328	-	556,888		24,543,642	22,830,892
Add: Current period Amortization	1,110,563	88,904	389,697	17,427	274,080	189,055	-	145,892		2,215,618	2,020,934
Less: Accumulated Amortization on Disposals and Writedowns	-	-	57,050	44,024	17,445	285,301	-	-		403,820	308,184
Closing Accumulated Amortization	19,327,464	1,943,833	2,400,333	73,752	1,043,196	864,082	-	702,780		26,355,440	24,543,642
Net Tangible Capital Asset	21,887,036	1,760,849	2,230,029	65,086	908,741	356,843	279,518	835,943	7,501	28,331,546	29,151,387
Proceeds from Disposal of Capital As	-	-	11,950	300	-	-	-			12,250	4,073

* 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 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 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.

However, the Division provides retirement and other future benefits to its administrative employees as a defined contribution plan, under the Manitoba School Boards Association Pension Plan (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.

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. Bank Overdraft

The Division has an authorized line of credit with TD Canada Trust of $8,015,000 by way of overdrafts and is repayable on demand at prime less .75%; interest is paid monthly. Overdrafts are secured by 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 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 $637,274 in 2009.

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, 2008	Additions in period	Revenue recognized in period	Balance as at June 30, 2009
Operating Fund				
Education Property Tax Credit (EPTC)	$1,821,043	$3,670,817	$4,822,953	$ 668,907
Making Education Work	14,341	69,095	83,436	-
START	27,487	49,811	54,448	22,850
Breakfast Programs	5,972	10,993	6,409	10,556
International Students Program	151,335	185,937	197,106	140,166
Community Stadium	28,699	506	-	29,205
Other	139,656	45,355	139,656	45,355
	2,188,533	4,032,514	5,304,008	917,039
Capital Fund				
Capital Fund Donations	107,496	23,000	7,345	123,151
Total	$2,296,029	$4,055,514	$5,311,353	$1,040,190

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 $49,157.

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 2010 to 2029. 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 4.875% to 12%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 2,198,026
2011	2,223,095
2012	2,100,555
2013	2,022,607
2014	2,003,534
	$ 10,547,817

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

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ 418,000	-
Undesignated Surplus	1,466,601	1,433,349
	1,884,601	1,433,349
Capital Fund		
Reserve Accounts	399,438	431,109
Equity in Tangible Capital Assets	7,422,296	7,870,850
	7,821,734	8,301,859
Special Purpose Fund		
School Generated Funds	293,622	310,777
Other Special Purpose Funds	-	-
	293,622	310,777
Total Accumulated Surplus	$ 9,999,957	10,045,985

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% from 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$19,385,907	$ 18,587,317
Receivable – Due from Municipal – Property Tax	$ 8,389,642	$ 8,306,271

11. Interest Received and Paid

The Division received interest during the year of $18,022 (previous year $55,778); interest paid during the year was $1,246,616 (previous year $1,217,085).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 60,890	$ 65,180
Capital Fund		
Debenture interest	1,185,726	1,151,905
	$ 1,246,616	$ 1,217,085

The accrual portion of debenture debt interest expense of $ 558,678 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 2009	Budget 2009	Actual 2008
Salaries	$34,270,513	$33,536,470	$ 32,814,972
Employees benefits and allowances	2,792,055	2,700,230	2,730,627
Services	3,912,038	3,842,810	3,357,171
Supplies, materials & minor equipment	3,005,399	3,539,089	3,219,197
Interest	1,246,616	75,000	1,217,085
Bad debts	-	-	-
Payroll tax	735,143	723,345	711,851
Amortization	2,215,618	-	2,020,934
Transfers	195,988	219,000	202,653
Other capital items	71,835	-	281,891
School generated funds	1,281,620	-	1,120,863
	$49,726,825	$ 44,635,944	$ 47,677,244

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.

Chairperson

Secretary-Treasurer

September 25, 2009

KPMG

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AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the consolidated statement of financial position of Louis Riel School Division as at June 30, 2009 and the consolidated statements of revenues, expenses and accumulated surplus, changes in net debt and cash flow for the year then ended. These financial statements have been prepared to comply with the Public Schools Act. These financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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 the 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. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

September 25, 2009

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.

OCT 27 2009

Chairperson of the Board Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	1,106,340	2,237,921
	Short Term Investments	-	-
	Due from - Provincial Government	4,714,332	4,220,854
	- Federal Government	224,498	531,530
	- Municipal Government	24,495,210	24,463,184
	- Other School Divisions	2,981	119,762
	- First Nations	-	-
	Accounts Receivable	483,551	479,081
	Accrued Investment Income	-	-
	Other Investments	-	-
		31,026,912	32,052,332
	Liabilities		
3	Overdraft	-	-
	Accounts Payable	11,632,529	10,970,714
	Accrued Liabilities	2,581,896	1,865,107
	Employee Future Benefits	-	-
	Accrued Interest Payable	519,879	622,490
	Due to - Provincial Government	-	6,323
	- Federal Government	12,023	12,183
	- Municipal Government	-	-
	- Other School Divisions	2,275,286	2,086,386
	- First Nations	-	-
5	Deferred Revenue	7,615,824	7,080,761
7	Debenture Debt	20,608,464	23,016,093
	Other Borrowings	-	-
	School Generated Funds Liability	937,372	(39,419)
		46,183,273	45,620,638
	Net Debt	(15,156,361)	(13,568,306)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	39,719,603	39,721,388
	Inventories	52,552	60,596
	Prepaid Expenses	1,109,244	786,391
		40,881,399	40,568,375
9	**Accumulated Surplus**	25,725,038	27,000,069

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		95,894,418	91,619,110
	Federal Government		-	-
	Municipal Government	- Property Tax	42,122,026	42,659,165
		- Other	-	-
	Other School Divisions		536,281	610,808
	First Nations		-	12,450
	Private Organizations and Individuals		1,733,860	1,369,312
	Other Sources		311,511	452,389
	School Generated Funds		1,996,282	2,837,410
	Other Special Purpose Funds		-	-
			142,594,378	139,560,644
	Expenses			
	Regular Instruction		77,225,319	74,115,366
	Student Support Services		27,379,915	26,075,853
	Adult Learning Centres		-	-
	Community Education and Services		792,766	817,048
	Divisional Administration		4,321,219	4,317,694
	Instructional and Other Support Services		6,705,289	6,533,332
	Transportation of Pupils		2,444,192	2,313,619
	Operations and Maintenance		15,398,924	14,861,671
12	Fiscal	- Interest	1,593,284	1,760,378
		- Other	2,291,602	2,159,999
	Amortization		2,757,553	2,627,116
	Other Capital Items		12,728	175,169
	School Generated Funds		2,071,943	2,647,866
	Other Special Purpose Funds		-	-
			142,994,734	138,405,111
	Current Year Surplus (Deficit)		(400,356)	1,155,533
	Opening Accumulated Surplus		27,000,069	25,903,734
10	Adjustments:	Tangible Cap. Assets and Accum. Amort.	19,110	(60,285)
10		Other than Tangible Cap. Assets	(893,785)	1,087
	Opening Accumulated Surplus, as adjusted		26,125,394	25,844,536
	Closing Accumulated Surplus		25,725,038	27,000,069

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(400,356)	1,155,533
Amortization of Tangible Capital Assets	2,757,553	2,627,116
Acquisition of Tangible Capital Assets	(2,747,629)	(2,152,292)
(Gain) / Loss on Disposal of Tangible Capital Assets	23,215	(24,347)
Proceeds on Disposal of Tangible Capital Assets	(12,244)	33,969
	20,895	484,446
Inventories (Increase)/Decrease	8,044	(11,162)
Prepaid Expenses (Increase)/Decrease	(322,853)	(124,249)
	(314,809)	(135,411)
(Increase)/Decrease in Net Debt	(694,270)	1,504,568
Net Debt at Beginning of Year	(13,568,306)	(15,073,961)
Adjustments Other than Tangible Cap. Assets	(893,785)	1,087
Net Debt at Beginning of Year as Adjusted	(14,462,091)	(15,072,874)
Net Debt at End of Year	(15,156,361)	(13,568,306)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(400,356)	1,155,533
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,757,553	2,627,116
(Gain)/Loss on Disposal of Tangible Capital Assets	23,215	(24,347)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(101,691)	(2,810,773)
Accounts Receivable & Accrued Income (Increase)/Decrease	(4,470)	725,234
Inventories and Prepaid Expenses - (Increase)/Decrease	(314,809)	(135,411)
Due to Other Organizations Increase/(Decrease)	182,417	426,053
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,275,993	7,214,162
Deferred Revenue Increase/(Decrease)	535,063	970,408
School Generated Funds Liability Increase/(Decrease)	976,791	(217,643)
Adjustments Other than Tangible Cap. Assets	(893,785)	1,087
Cash Provided by Operating Transactions	4,035,921	9,931,419
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,747,629)	(2,152,292)
Proceeds on Disposal of Tangible Capital Assets	(12,244)	33,969
Cash (Applied to)/Provided by Capital Transactions	(2,759,873)	(2,118,323)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(2,407,629)	(1,002,219)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(2,407,629)	(1,002,219)
Cash and Bank / Overdraft (Increase)/Decrease	(1,131,581)	6,810,877
Cash and Bank (Overdraft) at Beginning of Year	2,237,921	(4,572,956)
Cash and Bank (Overdraft) at End of Year	1,106,340	2,237,921

Louis Riel School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements										
	School	Non-School	School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2009 Totals	2008 Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	94,828,026	3,342,617	2,073,408	102,941	552,354	444,816	4,229,210	309,405	328,194	106,210,971	104,183,160
Adjustments	-	-	-	-	19,110	-	-	-	-	19,110	(60,344)
Opening Cost adjusted	94,828,026	3,342,617	2,073,408	102,941	571,464	444,816	4,229,210	309,405	328,194	106,230,081	104,122,816
Add: Additions during the year	629,225	-	396,043	-	158,731	457,581	-	-	1,106,049	2,747,629	2,152,292
Less: Disposals and write downs	44,124	-	150,838	-		-	-	-	-	194,962	64,137
Closing Cost	95,413,127	3,342,617	2,318,613	102,941	730,195	902,397	4,229,210	309,405	1,434,243	108,782,748	106,210,971
Accumulated Amortization											
Opening, as previously reported	62,409,946	2,328,446	904,240	51,471	413,457	366,553	-	15,470		66,489,583	63,917,041
Adjustments	-	-	-	-	-	-	-	-		-	(59)
Opening adjusted	62,409,946	2,328,446	904,240	51,471	413,457	366,553	-	15,470		66,489,583	63,916,982
Add: Current period Amortization	2,230,897	85,571	191,992	20,588	63,034	134,530	-	30,941		2,757,553	2,627,116
Less: Accumulated Amortization on Disposals and Writedowns	44,124	-	139,867	-	-	-	-	-		183,991	54,515
Closing Accumulated Amortization	64,596,719	2,414,017	956,365	72,059	476,491	501,083	-	46,411		69,063,145	66,489,583
Net Tangible Capital Asset	30,816,408	928,600	1,362,248	30,882	253,704	401,314	4,229,210	262,994	1,434,243	39,719,603	39,721,388
Proceeds from Disposal of Capital As	(43,244)	-	31,000	-	-	-	-			(12,244)	33,969

* 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 Divisions 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, 2009 totaled $231,722 (2008 - $306,684).

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.

2. Significant accounting policies (continued):

(c) Basis of accounting:

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). 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 and charitable foundations 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 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.

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 Association of School Trustees Pension Plan (MAST). 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.

(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) Investment income:

Investment income is reported as revenue in the period earned.

(k) 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, liabilities, revenues and expenditures and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements during the reporting period. Actual subsequent results could differ from these estimates.

2. Significant accounting policies (continued):

(l) 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.

3. Overdraft:

The Division has authorized revolving lines of credit with the Royal Bank of Canada (RBC) of $25,000,000 by way of overdrafts, flex financing, and Bankers' Acceptances, and a $2,000,000 revolving lease line of credit, by way of leases. The loan is repayable on demand at RBC prime less .75 percent. Interest is paid monthly.

4. Employee future benefits:

The Division sponsors a defined contribution pension plan run by the Manitoba Association of School Trustees (MAST). 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 MAST 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 $1,714,418 for fiscal 2009.

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).

5. Deferred revenue:

	Balance, June 30, 2008	Additions in the year	Revenue recognized in the year	Balance, June 30, 2009
Education property tax credit	$ 6,899,084	$ 7,543,086	$ 6,899,084	$ 7,543,086
Other	181,677	68,838	177,777	72,738
	$ 7,080,761	$ 7,611,924	$ 7,076,861	$ 7,615,824

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, 2009, school funds held in the Special Purpose Fund totaled $2,563,470 (2008 - $1,963,129).

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:

	2009	2008
Parent council funds	$ 19,667	$ 14,473
Lunch/snack funds	47,426	–
Students council funds	118,726	(75,389)
Graduation funds	132,975	–
Activity/sports fees	371,340	–
Other	79,128	–
Travel club funds	168,110	21,497
	$ 937,372	$ (39,419)

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 2010 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.125 percent to 12.25 percent. The debenture principal and interest repayments in the next five years are:

	Principal	Interest	Total
2010	$ 2,046,748	$ 1,443,781	$ 3,490,529
2011	1,805,276	1,267,830	3,073,106
2012	1,827,723	1,118,904	2,946,627
2013	1,572,432	971,824	2,544,256
2014	1,617,212	854,125	2,471,337
	$ 8,869,391	$ 5,656,464	$ 14,525,855

8. Net tangible capital assets:

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

9. Accumulated surplus:

The consolidated accumulated surplus is comprised of the following:

Operating Fund:	
Designated surplus	$ 1,733,781
Undesignated surplus	3,186,796
	4,920,577
Capital Fund:	
Reserve accounts	3,031,000
Equity in tangible capital assets	16,625,798
	19,656,798
Special purpose Fund:	
School generated funds	1,147,663
Total accumulated surplus	$ 25,725,038

9. 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.

Board approved appreciation by motion	$ 1,071,137
School budget carryovers by board policy	662,644
Designated surplus	$ 1,733,781

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.

Bus reserves	$ 1,443,866
Other reserves	1,587,134
Capital reserve	$ 3,031,000

School generated funds and other special purpose funds are externally restricted moneys for schools.

10. Restatement of opening accumulated surplus:

Restatement of opening accumulated surplus is comprised of:

Operating Fund:	
Instructional and other support services	$ (114,561)
Capital Fund:	
Tangible capital assets	19,110
Special Purpose Fund:	
School generated funds	(779,224)
Opening accumulated surplus, as restated	$ (874,675)

10. Restatement of opening accumulated surplus (continued):

During fiscal 2009, the Division's policy on school generated funds was revised as to the definition of controlled and uncontrolled funds. Funds in the amount of $779,224 were redefined as uncontrolled that had previously been defined as controlled. The revision is reflected in the opening balance of the controlled surplus and a corresponding adjustment to the opening balance of the uncontrolled liability.

Opening accumulated surplus has also been adjusted by $114,561 to reflect the retroactive fee increase for the Tariff of Royalties charged by the Canadian Copyright Licensing Agency and approved by the Copyright Board of Canada.

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 percent from 2008 tax year and 60 percent from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue - Municipal Government - property tax	$ 42,122,026	$ 42,659,165
Receivable - due from Municipal Government- property tax	24,495,210	24,463,184

12. Interest received and paid:

The Division received interest during the year of $185,298 (2008 - $329,369); interest paid during the year was $1,593,284 (2008 - $1,760,378).

Interest paid during the year (included in "Fiscal" on pages 7, 11 and 22) is comprised of the following:

	2009	2008
Operating Fund:		
Interest and bank charges	$ 32,402	$ 22,891
Capital Fund:		
Debenture debt interest	1,560,882	1,737,487
	$ 1,593,284	$ 1,760,378

13. Expenditures by type:

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

14. Contractual obligations:

The Division is committed to payments under an agreement with respect to the transportation of students within the Division. The future annual minimum payment is $1,386,000 for 2010.

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 la Division scolaire franco-manitobaine. As at June 30, 2009, the amount of the special levy collected totaled $7,468,082 (2008 - $6,894,616).

These amounts are not included in the Division's consolidated financial statements.

MANAGEMENT RESPONSIBILITY REPORT

Management's Responsibility for the 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 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 Meyers Norris Penny 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.

Chairperson

Secretary-Treasurer

October 15, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Mountain View School Division

We have audited the consolidated statement of financial position of the Mountain View School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Brandon, Manitoba
October 16, 2009

AUDITOR

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. 26/09
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,472,916	1,172,813
	- Federal Government	235,963	147,145
	- Municipal Government	5,408,420	5,137,235
	- Other School Divisions	94,036	97,351
	- First Nations	16,173	256,819
	Accounts Receivable	187,969	135,310
	Accrued Investment Income	-	-
	Other Investments	-	-
		7,415,477	6,946,673
	Liabilities		
5	Overdraft	3,031,428	2,950,876
	Accounts Payable	1,433,171	1,111,944
	Accrued Liabilities	1,561,483	1,323,993
7	Employee Future Benefits	163,214	139,413
	Accrued Interest Payable	222,088	236,203
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	31,652	28,758
	- First Nations	-	-
8	Deferred Revenue	1,492,568	1,240,748
10	Debenture Debt	10,242,858	9,656,999
11	Other Borrowings	92,905	135,260
	School Generated Funds Liability	118,398	34,111
		18,389,765	16,858,305
	Net Debt	(10,974,288)	(9,911,632)
	Non-Financial Assets		
12	Net Tangible Capital Assets (TCA Schedule)	13,511,767	12,733,316
	Inventories	329,142	280,223
	Prepaid Expenses	452,691	507,387
		14,293,600	13,520,926
13	**Accumulated Surplus**	3,319,312	3,609,294

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		23,531,379	22,824,623
	Federal Government		251,596	130,440
	Municipal Government	- Property Tax	8,951,531	8,524,182
		- Other	-	-
	Other School Divisions		299,261	409,887
	First Nations		379,970	361,984
	Private Organizations and Individuals		547,081	257,060
	Other Sources		172,858	263,143
	School Generated Funds		531,379	515,517
	Other Special Purpose Funds		-	-
			34,665,055	33,286,836
	Expenses			
	Regular Instruction		18,528,324	17,866,298
	Student Support Services		4,538,239	4,495,284
	Adult Learning Centres		97,019	128,308
	Community Education and Services		97,734	93,563
	Divisional Administration		977,247	959,875
	Instructional and Other Support Services		1,067,285	987,584
	Transportation of Pupils		2,518,997	2,450,550
	Operations and Maintenance		3,943,208	3,691,944
16	Fiscal	- Interest	668,488	736,622
		- Other	505,028	515,104
	Amortization		1,264,003	1,213,680
	Other Capital Items		-	-
	School Generated Funds		573,152	459,236
	Other Special Purpose Funds		-	-
			34,778,724	33,598,048
	Current Year Surplus (Deficit)		(113,669)	(311,212)
	Opening Accumulated Surplus		3,609,294	3,920,506
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
14		Other than Tangible Cap. Assets	(176,313)	0
77	Opening Accumulated Surplus, as adjusted		3,432,981	3,920,506
	Closing Accumulated Surplus		3,319,312	3,609,294

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(113,669)	(311,212)
Amortization of Tangible Capital Assets	1,264,003	1,213,680
Acquisition of Tangible Capital Assets	(2,047,704)	(624,195)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,806)	6,205
Proceeds on Disposal of Tangible Capital Assets	9,056	7,751
	(778,451)	603,441
Inventories (Increase)/Decrease	(48,919)	(95,750)
Prepaid Expenses (Increase)/Decrease	54,696	(61,249)
	5,777	(156,999)
(Increase)/Decrease in Net Debt	(886,343)	135,230
Net Debt at Beginning of Year	(9,911,632)	(10,046,862)
Adjustments Other than Tangible Cap. Assets	(176,313)	-
Net Debt at Beginning of Year as Adjusted	(10,087,945)	(10,046,862)
Net Debt at End of Year	(10,974,288)	(9,911,632)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(113,669)	(311,212)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,264,003	1,213,680
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,806)	6,205
Employee Future Benefits Increase/(Decrease)	23,801	(2,233)
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(416,145)	(14,658)
Accounts Receivable & Accrued Income (Increase)/Decrease	(52,659)	(67,932)
Inventories and Prepaid Expenses - (Increase)/Decrease	5,777	(156,999)
Due to Other Organizations Increase/(Decrease)	2,894	(11,504)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	544,602	(457,579)
Deferred Revenue Increase/(Decrease)	251,820	119,666
School Generated Funds Liability Increase/(Decrease)	84,287	(76,197)
Adjustments Other than Tangible Cap. Assets	(176,313)	-
Cash Provided by Operating Transactions	1,414,592	241,237
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,047,704)	(624,195)
Proceeds on Disposal of Tangible Capital Assets	9,056	7,751
Cash (Applied to)/Provided by Capital Transactions	(2,038,648)	(616,444)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	585,859	(305,451)
Other Borrowings Increase/(Decrease)	(42,355)	38,897
Cash Provided by (Applied to) Financing Transactions	543,504	(266,554)
Cash and Bank / Overdraft (Increase)/Decrease	(80,552)	(641,761)
Cash and Bank (Overdraft) at Beginning of Year	(2,950,876)	(2,309,115)
Cash and Bank (Overdraft) at End of Year	(3,031,428)	(2,950,876)

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	30,770,290	2,626,963	4,095,941	401,932	2,197,847	168,931	570,392	91,681	81,165	41,005,142	40,780,030
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	30,770,290	2,626,963	4,095,941	401,932	2,197,847	168,931	570,392	91,681	81,165	41,005,142	40,780,030
Add: Additions during the year	517,495	-	346,852	14,060	49,304	73,904	-	-	1,046,089	2,047,704	624,195
Less: Disposals and write downs	-	-	-	10,500	-	-	-	-		10,500	399,083
Closing Cost	31,287,785	2,626,963	4,442,793	405,492	2,247,151	242,835	570,392	91,681	1,127,254	43,042,346	41,005,142
Accumulated Amortization											
Opening, as previously reported	22,701,220	519,383	2,668,173	258,554	2,002,388	95,024	-	27,084		28,271,826	27,443,273
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	22,701,220	519,383	2,668,173	258,554	2,002,388	95,024	-	27,084		28,271,826	27,443,273
Add: Current period Amortization	740,415	96,280	269,385	39,769	71,435	38,801	-	7,918		1,264,003	1,213,680
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	5,250	-	-	-	-		5,250	385,127
Closing Accumulated Amortization	23,441,635	615,663	2,937,558	293,073	2,073,823	133,825	-	35,002		29,530,579	28,271,826
Net Tangible Capital Asset	7,846,150	2,011,300	1,505,235	112,419	173,328	109,010	570,392	56,679	1,127,254	13,511,767	12,733,316
Proceeds from Disposal of Capital As	-	-	-	9,056	-	-	-			9,056	7,751

* 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. Comparative Figures

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.

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) 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	5,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	5,000	4
Computer Software	10,000	4
Furniture & Fixtures	5,000	10
Leasehold Improvements	25,000	Over term of lease

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

With the exception of land, donated capital assets and capital leases, all tangible capital assets, are recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service.

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

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

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

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

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

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

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

g) Employee Future Benefits

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

The Division also 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 this plan, specific fixed amounts are contributed by the Division each period for services rendered by the employees.

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.

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 authorized line of credit with the Royal Bank of Canada for $ 9,800,000 by way of overdrafts and is repayable on demand at prime - .75%; interest is paid monthly.

6. Short Term Investments

Currently the Division has no short term investments.

7. 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.

	Type of Plan		2009
Employee Future Benefit Liabilities (EFBL)			
Vacation Accrual	defined benefits		$ 163,214
Pension plan	defined benefits		
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			$ 163,214
Employee future benefit expense (EFB)			$ 163,214
Payment made during the year			$ 139,413

The Division sponsors a defined contribution pension plan. The defined contribution plan is provided to non-teaching staff through the 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).

8. 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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Manitoba Textbook Bureau	$ -	$ 180,594	$ -	$ 180,594
Donated Capital Assets	-	-	-	-
Property Tax Credit & Healthy Child	1,240,748	1,311,974	1,240,748	1,311,974
	$ 1,240,748	$ 1,492,568	$ 1,240,748	$ 1,492,568

9. 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 $118,398.

		2009
Parent council funds	$	-
Other parent group funds		-
Students council funds		118,398
Travel club funds		-
	$	118,398

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, 2009 covers a period of twelve months from April 1, 2008 to March 31, 2009.

10. 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 2010 to 2029. 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 4.875% to 12.125%.

		Principal		Interest		Total
2010	$	585,102	$	623,959	$	1,209,061
2011		600,179		581,572		1,181,752
2012		589,392		538,741		1,128,133
2013		584,790		498,891		1,083,681
2014		622,886		460,795		1,083,681
	$	2,982,349	$	2,703,958	$	5,686,307

11. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes short term financing for the Administration facility and loans to purchase division vehicles.

		2009		2008
Admin Facility Financing - Short term	$	-		
Division Vehicle Loan		43,750		62,500
Capital Finance for Video Conf Systems		49,155		72,760
	$	92,905	$	135,260

Admin Facility-short term financing loan had an interest rate of prime - .6%, due upon receipt of debenture and interest charges paid monthly. This loan is secured by way of a borrowing by-law.

Capital Financing for Division vehicles has an interest rate of prime - .6% interest per annum, due in 2012 and a monthly payment of $1,562 principal. This loan is secured by way of borrowing by-law.

Capital Financing for the Video Conferencing systems has an interest rate of prime - .6% interest per annum, due in 2011 and a monthly payment of $1,967 principal. This loan is secured by way of borrowing by-law.

12. 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 $0.00 (previous year $0.00).

	Gross Amount	Accumulated Amortization	2009 Net Book Value
Owned-tangible capital assets	$ 43,042,346	$ 29,530,579	$ 13,511,767
Capital lease	-	-	-
	$ 43,042,346	$ 29,530,579	$ 13,511,767

13. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	
Undesignated Surplus	436,886
	436,886
Capital Fund	
Reserve Accounts	90,711
Equity in Tangible Capital Assets	2,584,273
	2,674,984
Special Purpose Fund	
School Generated Funds	207,442
Other Special Purpose Funds	-
	207,442
Total Accumulated Surplus	$ 3,319,312

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.

	2009
Board approved approriation 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.

	2009
Bus reserves	90,711
Other reserves	-
Capital Reserve	$ 90,711

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

	2009
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

14. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2009
Operating Fund	
Manitoba Textbook Bureau Grant Adjustment	(176,313)
Capital Fund	
Tangible Capital Assets	-
Accumulated Amortization	-
	-
Special Purpose Fund	
School Generated Funds	-
Other Special Purpose Funds	-
	-
Total Restatement of Opening Accumulated Surplus	$ (176,313)

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period.

15. 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 2006 tax year and 60% from 2007 tax year. Below are the related revenue and receivable amounts:

		2009		2008
Revenue-Municipal Government-Property Tax	$	8,951,531	$	8,524,182
Receivable-Due from Municipal-Property Tax	$	5,408,420	$	5,137,235

16. Interest Received and Paid

The Division received interest during the year of $ 178 (previous year $1,093); interest paid during the year was $ 668,488 (previous year $ 736,622).

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

		2009
Operating Fund		
Fiscal-short term loan, interest and bank charges	$	77,482
Capital Fund		
Debenture debt interest		587,687
Other interest		3,319
	$	668,488

17. 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, 2009:

		2009
Allowance for doubtful accounts deducted from Receivables below:		
Due from First Nations	$	-
Accounts Receivable		-
	$	-
Bad debts expense (included in fiscal-Other)	$	-

18. 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 2009	Budget 2009	Actual 2008
Salaries	$ 23,746,113	$ 24,000,107	$ 23,379,312
Employees benefits & allowances	1,944,264	2,001,155	1,939,197
Services	3,259,429	2,776,951	2,747,345
Supplies, materials & minor equipment	2,793,322	3,088,206	2,576,133
Interest	668,488	90,000	736,622
Bad debts	-	-	-
Payroll tax and Transfer	529,953	484,975	546,523
Amortization	1,264,003	-	1,213,680
Other capital items		-	
School generated funds	573,152	-	459,236
Other special purpose funds	-	-	-
	$ 34,778,724	$ 32,441,394	$ 33,598,048

19. Contractual Obligations

Currently there are no contractual obligations affecting Mountain View School Division.

20. Contingent Liabilities

No legal action has been initiated against the 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 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 responsibility, the scope of their examination and their opinion of the District consolidated financial statements.

Chairperson

Secretary – Treasurer

October 30, 2009

KENDALL & PANDYA

Chartered Accountants

Partners.... David Kendall, FCA *
Manisha Pandya, CA *

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* Operating as professional corporations

AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

We have audited the Consolidated Statements of Financial Position, Revenue, Expenses and Accumulated Surplus, changes in Net Debt and Cash Flow of Mystery Lake School District as at June 30, 2009 for the year then ended. These financial statements are the responsibility of the School District's Management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects the financial position of the School District as at June 30, 2009, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

THOMPSON, MANITOBA

October 30, 2009
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.

Nov. 10/09
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	1,751,932	966,281
	Short Term Investments	-	-
	Due from - Provincial Government	1,001,649	887,097
	- Federal Government	77,780	65,421
	- Municipal Government	4,311,613	4,286,250
	- Other School Divisions	-	-
	- First Nations	13,100	37,103
	Accounts Receivable	51,104	306,821
	Accrued Investment Income	-	-
	Other Investments	-	-
		7,207,178	6,548,973
	Liabilities		
	Overdraft	-	-
	Accounts Payable	1,040,516	334,982
	Accrued Liabilities	3,314,260	4,096,509
6	Employee Future Benefits	1,465,512	925,422
	Accrued Interest Payable	112,196	120,458
	Due to - Provincial Government	-	280,000
	- Federal Government	408	226
	- Municipal Government	-	-
	- Other School Divisions	-	49,560
	- First Nations	-	-
7	Deferred Revenue	1,017,989	930,529
9	Debenture Debt	5,886,719	6,173,730
	Other Borrowings	-	-
	School Generated Funds Liability	187,312	160,456
		13,024,912	13,071,872
	Net Debt	(5,817,734)	(6,522,899)
	Non-Financial Assets		
10	Net Tangible Capital Assets (TCA Schedule)	10,644,055	10,794,722
	Inventories	65,265	104,237
	Prepaid Expenses	32,543	132,744
		10,741,863	11,031,703
12	**Accumulated Surplus**	4,924,129	4,508,804

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	27,953,652	26,760,479
	Federal Government	77,254	122,763
	Municipal Government - Property Tax	5,470,555	5,191,213
	- Other	1,698,557	1,698,558
	Other School Divisions	92,276	101,244
	First Nations	260,078	384,884
	Private Organizations and Individuals	245,566	359,824
	Other Sources	105,919	216,621
	School Generated Funds	291,646	798,831
	Other Special Purpose Funds	-	-
		36,195,503	35,634,417
	Expenses		
	Regular Instruction	19,792,641	18,812,260
	Student Support Services	6,202,587	6,174,553
	Adult Learning Centres	-	-
	Community Education and Services	40,237	218,836
	Divisional Administration	1,640,231	1,576,912
	Instructional and Other Support Services	1,823,628	2,100,982
	Transportation of Pupils	171,099	165,110
	Operations and Maintenance	4,268,546	4,258,213
15	Fiscal - Interest	558,959	570,693
	- Other	567,016	537,797
	Amortization	685,068	673,674
	Other Capital Items	-	-
	School Generated Funds	274,249	857,066
	Other Special Purpose Funds	-	-
		36,024,261	35,946,096
	Current Year Surplus (Deficit)	171,243	(311,679)
	Opening Accumulated Surplus	4,508,805	5,214,032
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
13	Other than Tangible Cap. Assets	244,081	(393,548)
	Opening Accumulated Surplus, as adjusted	4,752,886	4,820,484
	Closing Accumulated Surplus	4,924,129	4,508,805

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	171,243	(311,679)
Amortization of Tangible Capital Assets	685,068	673,674
Acquisition of Tangible Capital Assets	(534,401)	(703,946)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	150,667	(30,272)
Inventories (Increase)/Decrease	38,972	20,416
Prepaid Expenses (Increase)/Decrease	100,201	19,616
	139,173	40,032
(Increase)/Decrease in Net Debt	461,083	(301,919)
Net Debt at Beginning of Year	(6,522,899)	(5,827,431)
Adjustments Other than Tangible Cap. Assets	244,081	(393,548)
Net Debt at Beginning of Year as Adjusted	(6,278,818)	(6,220,979)
Net Debt at End of Year	(5,817,735)	(6,522,898)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	171,243	(311,679)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	685,068	673,674
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	540,090	372,399
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(128,271)	45,970
Accounts Receivable & Accrued Income (Increase)/Decrease	255,717	(240,700)
Inventories and Prepaid Expenses - (Increase)/Decrease	139,173	40,032
Due to Other Organizations Increase/(Decrease)	(329,378)	328,173
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(84,977)	381,752
Deferred Revenue Increase/(Decrease)	87,460	104,573
School Generated Funds Liability Increase/(Decrease)	26,856	5,901
Adjustments Other than Tangible Cap. Assets	244,081	(393,548)
Cash Provided by Operating Transactions	1,607,062	1,006,547
Capital Transactions		
Acquisition of Tangible Capital Assets	(534,401)	(703,946)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(534,401)	(703,946)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(287,011)	128,595
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(287,011)	128,595
Cash and Bank / Overdraft (Increase)/Decrease	785,650	431,196
Cash and Bank (Overdraft) at Beginning of Year	966,281	535,086
Cash and Bank (Overdraft) at End of Year	1,751,931	966,282

Mystery Lake School District

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	25,061,076	2,159,674	-	173,929	819,665	195,857	2,914,272	-	125,538	31,450,011	30,746,065
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	25,061,076	2,159,674	-	173,929	819,665	195,857	2,914,272	-	125,538	31,450,011	30,746,065
Add: Additions during the year	61,300	-	-	57,937	84,655	33,875	-	-	296,634	534,401	703,946
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	25,122,376	2,159,674	-	231,866	904,320	229,732	2,914,272	-	422,172	31,984,412	31,450,011
Accumulated Amortization											
Opening, as previously reported	18,600,032	1,467,691	-	108,557	326,792	152,217	-	-		20,655,289	19,981,615
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	18,600,032	1,467,691	-	108,557	326,792	152,217	-	-		20,655,289	19,981,615
Add: Current period Amortization	487,959	24,056	-	29,645	113,167	30,241	-	-		685,068	673,674
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	19,087,991	1,491,747	-	138,202	439,959	182,458	-	-		21,340,357	20,655,289
Net Tangible Capital Asset	6,034,385	667,927	-	93,664	464,361	47,274	2,914,272	-	422,172	10,644,055	10,794,722
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* 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, 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 Improvement	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	5,000	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 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 support staff who belong to the Manitoba School of Trustees (MAST) 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 support staff.

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.

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;) the benefit costs are accounted for on a full accrual basis determined using management's best estimate of salary escalation, accumulated sick days, insurance & health care costs trends, long-term inflation rates.

The employee 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.

For those future benefits liability is the total accrued benefit obligation. The employee future benefits expense includes the Districts contribution for the period.

g) Capital Reserves

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 Mystery Lake School District has no amounts set aside in Capital Reserves at this time.

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 District 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 PUBLIC SECTOR ACCOUNTING BOARD

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. 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 controlled by the District.

iii) The Employee Future Benefits Liability was established to account for the District'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 District has an authorized line of credit with the CIBC valued at $8,000,000. 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 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, 2009.

5. SHORT TERM INVESTMENTS

The District does not invest in short term investments because its cash flow is such that there are never any substantial amount of funds to invest for any length of time.

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 benefits are comprised of the following:

Employee Future Benefit Liabilities	Type of Plan	2009
Sick Leave Buyout Teachers	Defined Contribution	$ 821,462
Early Leave Incentive Plan Teachers	Defined Contribution	644,050
		$ 1,465,512

7. DEFERRED REVENUE

Deferred revenue valued at $ 1,017,989 at June 30, 2009 consisted of the following:

a) Education Property Tax Credit is valued at $1,670,372 for the 2009 calendar year. $1,002,224 or 60% was taken into revenue in the 2008 / 2009 school year for the period from January to June 30, 2009 while the remaining $668,148 relating to September to December 2009 was set up as deferred revenue at June 30, 2009 and will be taken into revenue in the 2009 / 2010 school year.

b) 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 $231,931.

c) 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 $117,911.

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 $187,312. The breakdown is as follows:

	2009	2008
Parent Council Fund	**$ 40,415**	$ 48,543
Playground Committees	**8,690**	5,520
Other Parent Group Funds	**25,632**	13,670
Student Funds	**112,575**	92,723
	$ 187,312	$160,456

9. DEBENTURE DEBT

Debenture debt is comprised of the following:

Interest Rate %	Maturity Date	Balance (Dollars)
10.375	October 31, 2009	$ 9,715
10.750	May 15, 2011	39,266
9.250	September 15, 2012	30,897
7.625	February 28, 2014	146,152
8.625	October 31, 2015	236,969
7.375	November 30, 2016	209,866
7.625	February 15, 2017	81,393
6.125	April 30, 2018	184,695
5.875	February 15, 2019	222,361
5.875	February 15, 2019	289,453
6.750	October 15, 2019	88,560
7.250	February 28, 2020	151,099
6.625	April 15, 2021	360,257
6.500	January 15, 2022	796,872
6.875	May 31, 2022	700,270
6.000	February 15, 2024	782,913
6.125	June 15, 2024	645,654
5.375	June 30, 2025	380,641
5.250	March 15, 2028	468,386
5.750	April 30, 2029	61,300
		$ 5,886,719

Debenture interest expense payable as at June 30, 2009, 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
2010	372,533	375,046	747,579
2011	387,782	349,074	736,856
2012	391,671	322,332	714,003
2013	417,865	296,139	714,004
2014	444,000	265,650	709,650
	$2,013,851	$1,608,241	$3,622,092

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	2009 Net Book Value	2008 Net Book Value
Owned Tangible Capital Assets	$31,984,412	$21,340,357	**$10,644,055**	$10,794,722

The District does not have any Capital Leases at this time.

11. OBLIGATION UNDER OPERATING LEASES

Operating lease commitments for the next five years are:

Year ending June 30, 2010	48,728
2011	1,219
2012	-
2013	-
	$ 49,947

12. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	**$ -**	$ -
Undesignated Surplus	**474,613**	103,841
	$ 474,613	$ 103,841
Capital Fund		
Reserve Accounts	**$ -**	$ -
Equity in Tangible Capital Assets	**4,371,915**	4,344,760
	$4,371,915	4,344,760
Special Purpose Fund		
School Generated Funds	**$ 77,601**	$ 60,204
Other Special Purpose Funds	**-**	-
	$ 77,601	$ 60,204
Total Accumulated Surplus	**$4,924,129**	$4,508,805

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 does not have any reserve accounts at this time.

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

	2009	2008
Other Student Activity	**$ 77,601**	$ 60,204
Other Special Purpose Funds	**-**	-
	$ 77,601	$ 60,204

13. RESTATEMENT OF OPENING ACCUMULATED SURPLUS

Restatement of Opening Accumulated Surplus is comprised of:

	2009	2008
Operating Fund		
Employee Future Benefits	$ -	$ -
Accounts payable to Province	244,081	(350,000)
	244,081	(350,000)
Capital Fund		
Tangible Capital Assets	$ -	$ -
Accumulated Amortization	-	-
Other than Tangible Capital Assets	-	(43,548)
	$ -	(43,548)
Special Purpose Fund		
School Generated Funds	$ -	$ -
Other Special Purpose Funds	-	-
	-	-
Total Restatement of Opening Accumulated Surplus	$ 244,081	$ (393,548)

Restatements of the above accounts are prior period cumulative adjustments to the opening balance of the accumulated surplus (deficit) of the current period.

14. 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 2008 tax year and 60% from 2009 tax year. The Municipal receivable and revenue does not include the Vale Inco Grant the district receives. Below are the related revenue and receivable amounts:

		2009	2008
Revenue	Municipal Government Property Tax	$5,470,555	$5,191,213
Receivable	Due from Municipal Property Tax	$3,288,066	$3,262,700

15. INTEREST RECEIVED AND PAID

The District received interest during the year of $527,924 (2008-$566,567); interest paid during the year was $434,127 (2008-$450,235).

	2009	2008
Operating Fund		
Fiscal-short Term Loan, Interest and Bank Charges	$ 47,495	$ 50,006
Capital Fund		
Debenture Debt Interest	511,464	520,867
Other Interest	-	-
	$ 558,959	$ 570,693

The accrual portion of debenture debt interest expense of $112,196 (2008-$120,458) included under the Capital Fund-Debenture debt interest, is offset by an accrual of debt servicing grant.

16. ALLOWANCE FOR DOUBTFUL ACCOUNTS

All receivables presented on the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts. There is no allowance for doubtful accounts as at June 30, 2009.

17. BUDGET FIGURES

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

MANAGEMENT REPORT
PS 1200.005-6 (Reference)

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 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 Meyers Norris Penny 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.

Chairperson

Secretary-~~Treas~~urer

October 24, 2009
(Same date as Auditors' Report)

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Park West School Division

We have audited the consolidated statement of financial position of the Park West School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Brandon, Manitoba
October 24, 2009

AUDITOR

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 27/2009
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	741,961	571,520
	- Federal Government	87,402	99,692
	- Municipal Government	3,035,022	2,980,379
	- Other School Divisions	-	-
	- First Nations	287,786	326,462
	Accounts Receivable	79,915	87,681
	Accrued Investment Income	-	-
	Other Investments	-	-
		4,232,086	4,065,734
	Liabilities		
5	Overdraft	2,844,146	1,975,792
	Accounts Payable	320,082	630,268
	Accrued Liabilities	-	-
	Employee Future Benefits	-	-
	Accrued Interest Payable	171,665	179,747
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	509,097	480,466
7	Debenture Debt	7,168,581	7,311,481
8	Other Borrowings	13,763	26,357
	School Generated Funds Liability	-	-
		11,027,334	10,604,111
	Net Debt	(6,795,248)	(6,538,377)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	8,930,324	8,678,528
	Inventories	120,636	107,455
	Prepaid Expenses	110,770	65,057
		9,161,730	8,851,040
10	**Accumulated Surplus**	2,366,482	2,312,663

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	13,361,357	12,888,413
	Federal Government	-	-
	Municipal Government - Property Tax	5,610,926	5,471,599
	- Other	-	-
	Other School Divisions	20,800	18,200
	First Nations	993,421	1,278,108
	Private Organizations and Individuals	36,043	3,050
	Other Sources	49,445	42,041
	School Generated Funds	970,122	897,186
	Other Special Purpose Funds	-	-
		21,042,114	20,598,597
	Expenses		
	Regular Instruction	10,503,730	10,496,682
	Student Support Services	2,765,202	2,527,642
	Adult Learning Centres	-	-
	Community Education and Services	12,650	13,750
	Divisional Administration	785,572	760,533
	Instructional and Other Support Services	452,425	420,956
	Transportation of Pupils	1,824,669	1,955,949
	Operations and Maintenance	2,199,634	2,021,788
12	Fiscal - Interest	527,945	580,698
	- Other	181,910	879,546
	Amortization	768,187	765,271
	Other Capital Items	-	-
	School Generated Funds	966,371	872,990
	Other Special Purpose Funds	-	-
		20,988,295	21,295,805
	Current Year Surplus (Deficit)	53,819	(697,208)
	Opening Accumulated Surplus	2,312,663	3,009,871
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	2,312,663	3,009,871
	Closing Accumulated Surplus	2,366,482	2,312,663

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	53,819	(697,208)
Amortization of Tangible Capital Assets	768,187	765,271
Acquisition of Tangible Capital Assets	(1,019,983)	(664,943)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(251,796)	100,328
Inventories (Increase)/Decrease	(13,181)	(1,416)
Prepaid Expenses (Increase)/Decrease	(45,713)	(34,913)
	(58,894)	(36,329)
(Increase)/Decrease in Net Debt	(256,871)	(633,209)
Net Debt at Beginning of Year	(6,538,377)	(5,905,168)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(6,538,377)	(5,905,168)
Net Debt at End of Year	(6,795,248)	(6,538,377)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	53,819	(697,208)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	768,187	765,271
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(174,118)	786,646
Accounts Receivable & Accrued Income (Increase)/Decrease	7,766	12,966
Inventories and Prepaid Expenses - (Increase)/Decrease	(58,894)	(36,329)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(318,268)	238,095
Deferred Revenue Increase/(Decrease)	28,631	(60,425)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	307,123	1,009,016
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,019,983)	(664,943)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(1,019,983)	(664,943)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(142,900)	(544,930)
Other Borrowings Increase/(Decrease)	(12,594)	(11,706)
Cash Provided by (Applied to) Financing Transactions	(155,494)	(556,636)
Cash and Bank / Overdraft (Increase)/Decrease	(868,354)	(212,563)
Cash and Bank (Overdraft) at Beginning of Year	(1,975,792)	(1,763,229)
Cash and Bank (Overdraft) at End of Year	(2,844,146)	(1,975,792)

Park West School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	20,060,137	170,489	1,999,740	75,752	261,606	-	372,988	-	267,833	23,208,545	22,543,602
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	20,060,137	170,489	1,999,740	75,752	261,606	-	372,988	-	267,833	23,208,545	22,543,602
Add: Additions during the year	614,805	4,666	202,817	-	33,535	-	-	-	164,160	1,019,983	664,943
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	20,674,942	175,155	2,202,557	75,752	295,141	-	372,988	-	431,993	24,228,528	23,208,545
Accumulated Amortization											
Opening, as previously reported	13,083,672	48,251	1,196,472	53,711	147,911	-	-	-		14,530,017	13,764,746
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	13,083,672	48,251	1,196,472	53,711	147,911	-	-	-		14,530,017	13,764,746
Add: Current period Amortization	537,867	6,913	174,811	6,541	42,055	-	-	-		768,187	765,271
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	13,621,539	55,164	1,371,283	60,252	189,966	-	-	-		15,298,204	14,530,017
Net Tangible Capital Asset	7,053,403	119,991	831,274	15,500	105,175	-	372,988	-	431,993	8,930,324	8,678,528
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

PARK WEST SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009
PS 1200.007- 8, 1200.012, 1200.014 (Reference)

1. Nature of Organization and Economic Dependence
PS 1000.18, 1000.21 (Reference)

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 *(if applicable).*

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. Comparative Figures
PS 2120.13, 2120.20, 1200.018-20 (Reference)

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. The 2006 comparative figures have not been restated and are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

3. Significant Accounting Policies
PS 2100.03, 2100.07, 2100.09, 2100.011 (Reference)

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
PS 1300.025, 1300.039, 2100.07, 2500.07-8 (Reference)

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 *(if applicable, specify charitable organizations, foundations, and other controlled entities)* controlled by the Division.

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

b) Trust funds *(if applicable)*
PS 1300.40-45 (Reference)

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
PS 1000.59, 1000.50 (Reference)

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
PS 2700.04, 2700.08, 2700.12 (Reference)

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
PS 1300.07-8, 2510.05, 2510.07 (Reference)

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

PS 3150.05, 3150.14, 3150.17, 3150.22-23, 3150.38, PSG-2 19, 24(c), (Reference)

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	5,000	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) Capital Reserve

PS 3100.28, 3100.30, PSG-4.2-4, PSFB Capital Reserve Policy-May 28, 2004 (Reference)

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

PS 2130.12-13 (Reference)

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

PS 1000.60, 1000.63 (Reference)

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

PS 2120.002, 2120.13, 2120.20 (Reference)

Commencing with the 2006/07 fiscal year, the Board has adopted generally accepted accounting principles established by PSAB. As explained in Note 2, the comparative figures included in these financial statements have not been restated to conform to the accounting standards adopted for the current year.

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

PS 1200.042, 1200.044 (Reference)

The Division has an authorized (*e.g. revolving demand facility or line of credit*) with (*financial institution*) of $4,000,000 by way of overdrafts and is repayable on (*e.g. demand at prime less .5%; interest is paid monthly*). *If applicable*- Included in the overdraft are capital projects totaling approximately $431,993 which will be submitted to PSFB for debenture funding. Overdrafts are secured by *(e.g. demand promissory note, borrowing by-law or banking documents*).

6. Deferred Revenue

PS 3100.07, 3100.09-11 (Reference)

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Manitoba Textbook Bureau	$ -	$ 50,358	$ 50,358	$ -
Donated Capital Assets	-	-	-	-
Education Property Tax credit	480,466	1,325,831	1,297,200	509,097
	$ 480,466	$ 1,376,189	$ 1,347,558	$ 509,097

7. Debenture Debt

PS 3230.15, 3230.17-18 (Reference)

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 2010 to 2029. 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 *(if applicable)*. The debentures carry interest rates that range from 5.00% to 11.75%. Debenture interest expense payable as at June 30, 2009, 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
	$	$	$
2010	506,050	472,401	978,451
2011	518,518	432,825	951,343
2012	512,664	392,757	905,421
2013	509,946	354,589	864,535
2014	466,297	317,794	784,091
	$ 2,513,475	$ 1,970,366	$ 4,483,841

8. Other Borrowings

PS 3230.15, 3230.17-18, 3230.24, PSG-2 24(b) (Reference)

Other borrowings are debts other than overdrafts or debentures. This includes a loan to purchase a school bus garage.
School bus garage loan bears 7.5% interest per annum, due in 2010 and a yearly payment of $14,792 principal and interest. This loan is secured by way if borrowing resolution

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

	Principal	Interest	Total
	$	$	$
2010	13,760	1,032	14,792
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
	$ 13,760	$ 1,032	$ 14,792

9. Net Tangible Capital Assets

PS 3150.40-41, 3150.42, PSG-2 24(a) (Reference)

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	2009 Net Book Value
	$	$	$
Owned-tangible capital assets	24,228,528	15,298,204	8,930,324
Capital lease	-	-	-
	$ 24,228,528	$ 15,298,204	$ 8,930,324

10. Accumulated Surplus

PSG-4 7-8 (Reference)

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	-
Undesignated Surplus	196,535
	196,535
Capital Fund	
Reserve Accounts	597,112
Equity in Tangible Capital Assets	1,315,987
	1,913,099
Special Purpose Fund	
School Generated Funds	256,848
Other Special Purpose Funds	-
	256,848
Total Accumulated Surplus	$ 2,366,482

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.

	2009
Board approved approriation 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.

	2009
Bus reserves	447,183
Other reserves	79,929
Capital Reserve	$ 527,112

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and (*provide details of Other Special Purpose Funds*) use.

	2009
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

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

PS 1200.074 (Reference)

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; 44.4% from 2008 tax year and 55.6% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 5,610,926	$ 5,471,599
Receivable-Due from Municipal-Property Tax	$ 3,035,022	$ 2,980,379

12. Interest Received and Paid

PS 1200.106-7 (Reference)

The Division received interest during the year of $6,310 (previous year $28,047); interest paid during the year was $527,945(previous year $580,698).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 33,483
Capital Fund	
Debenture debt interest	492,487
Other interest	1,975
	$ 527,945

The accrual portion of debenture debt interest expense of $171,665 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

PS 1200.085; PS 2500.014 (Reference)

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 2009	Budget 2009	Actual 2008
Salaries	$ 13,018,804	$ 12,977,169	$ 12,514,034
Employees benefits & allowances	953,026	917,405	902,659
Services	3,057,238	2,799,869	2,890,912
Supplies, materials & minor equipment	1,401,348	1,557,638	1,757,793
Interest	527,945	55,000	580,698
Bad debts	(103,268)	-	614,341
Payroll tax	285,178	275,000	265,205
Amortization	768,187	-	765,271
Other capital items	-	-	-
School generated funds	966,371	-	872,990
Transfers	113,466	107,800	131,902
	$ 20,988,295	$ 18,689,881	$ 21,295,805

14. Contractual Obligations *(if applicable)*

PS 3390.03, 3390.07-09 (Reference)

Agreements respecting student transportation were entered into for terms ranging from one to five years. The specific costs for these services are approximately $935,650 for 2009-10.

The specific costs for contract cleaning services are approximately $247,000 for 2009/10

15. Special Levy Raised for la Division scolaire franco-manitobaine *(if applicable)*

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, 2009, the amount of this special levy was $462,758 (2008 - $432,016). These amounts are not included in the Division's consolidated financial statements.

Grant Thornton

Auditors' Report

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To The Board of Trustees of
Pembina Trails School Division

We have audited the consolidated statement of financial position of the **Pembina Trails School Division** as at June 30, 2009, and the consolidated statements of revenues, expenses and accumulated surplus, change in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2009 and the results of its operations and changes in its financial position for the year then ended in accordance with the generally accepted accounting principles as established by the Public Sector Accounting Board.

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, schedules and reports is presented for purposes of additional analysis. 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 examination did not include the budget figures and we do not express any opinion concerning them.

Winnipeg, Manitoba

Grant Thornton LLP

September 30, 2009

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.

Chairperson of the Board

Nov. 12, 2009
Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	3,381,251	10,039,589
	Short Term Investments	-	-
	Due from - Provincial Government	3,199,816	2,506,470
	- Federal Government	165,446	165,744
11	- Municipal Government	29,877,318	29,891,916
	- Other School Divisions	14,865	47,689
	- First Nations	-	-
	Accounts Receivable	271,859	363,128
	Accrued Investment Income	-	-
	Other Investments	-	-
		36,910,555	43,014,536
	Liabilities		
3	Overdraft	-	-
	Accounts Payable	3,838,969	4,299,669
	Accrued Liabilities	1,310,190	2,995,665
4	Employee Future Benefits	880,055	825,837
	Accrued Interest Payable	548,890	612,124
	Due to - Provincial Government	619,482	460,943
	- Federal Government	5,290,557	5,360,308
	- Municipal Government	22,264	81,552
	- Other School Divisions	104,987	67,675
	- First Nations	-	-
5	Deferred Revenue	8,114,639	7,460,727
7	Debenture Debt	18,447,265	19,942,945
8	Other Borrowings	9,128,041	13,669,432
6	School Generated Funds Liability	762,304	963,146
		49,067,643	56,740,023
	Net Debt	(12,157,088)	(13,725,487)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	38,159,099	39,118,722
	Inventories	-	-
	Prepaid Expenses	516,779	567,959
		38,675,878	39,686,681
10	**Accumulated Surplus**	26,518,790	25,961,194

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	74,877,105	71,436,565
	Federal Government	6,360	10,322
11	Municipal Government - Property Tax	50,961,294	50,722,423
	- Other	-	-
	Other School Divisions	636,546	668,053
	First Nations	23,649	-
	Private Organizations and Individuals	2,358,350	2,239,127
	Other Sources	978,943	1,041,321
	School Generated Funds	1,789,129	2,161,914
	Other Special Purpose Funds	-	-
		131,631,376	128,279,725
	Expenses		
	Regular Instruction	71,715,889	70,428,229
	Student Support Services	25,704,853	24,146,665
	Adult Learning Centres	-	-
	Community Education and Services	836,387	615,949
	Divisional Administration	3,798,705	3,786,810
	Instructional and Other Support Services	5,724,167	5,746,707
	Transportation of Pupils	2,029,176	1,675,537
	Operations and Maintenance	12,956,441	12,492,938
12	Fiscal - Interest	1,580,825	1,739,063
	- Other	2,160,268	2,036,125
	Amortization	2,976,602	2,939,219
	Other Capital Items	-	13,995
	School Generated Funds	1,797,098	1,929,114
	Other Special Purpose Funds	-	-
		131,280,411	127,550,351
	Current Year Surplus (Deficit)	350,965	729,374
	Opening Accumulated Surplus	25,961,194	25,231,820
15	Adjustments: Tangible Cap. Assets and Accum. Amort.	206,631	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	26,167,825	25,231,820
	Closing Accumulated Surplus	26,518,790	25,961,194

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	350,965	729,374
Amortization of Tangible Capital Assets	2,976,602	2,939,219
Acquisition of Tangible Capital Assets	(1,810,348)	(2,000,988)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	1,166,254	938,231
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	51,180	(22,475)
	51,180	(22,475)
(Increase)/Decrease in Net Debt	1,568,399	1,645,130
Net Debt at Beginning of Year	(13,725,487)	(15,370,617)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(13,725,487)	(15,370,617)
Net Debt at End of Year	(12,157,088)	(13,725,487)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	350,965	729,374
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,976,602	2,939,219
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	54,218	104,118
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(645,626)	345,519
Accounts Receivable & Accrued Income (Increase)/Decrease	91,269	(6,273)
Inventories and Prepaid Expenses - (Increase)/Decrease	51,180	(22,475)
Due to Other Organizations Increase/(Decrease)	66,812	(323,657)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(2,209,409)	2,030,721
Deferred Revenue Increase/(Decrease)	653,912	928,280
School Generated Funds Liability Increase/(Decrease)	(200,842)	53,279
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	1,189,081	6,778,105
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,810,348)	(2,000,988)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(1,810,348)	(2,000,988)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,495,680)	(1,068,345)
Other Borrowings Increase/(Decrease)	(4,541,391)	(1,267,457)
Cash Provided by (Applied to) Financing Transactions	(6,037,071)	(2,335,802)
Cash and Bank / Overdraft (Increase)/Decrease	(6,658,338)	2,441,315
Cash and Bank (Overdraft) at Beginning of Year	10,039,589	7,598,274
Cash and Bank (Overdraft) at End of Year	3,381,251	10,039,589

Pembina Trails School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	70,986,710	5,028,224	3,062,049	421,842	4,917,311	1,137,412	2,775,168	174,002	343,463	88,846,181	86,845,193
Adjustments	-	-	-	-	-	-	206,631	-	-	206,631	-
Opening Cost adjusted	70,986,710	5,028,224	3,062,049	421,842	4,917,311	1,137,412	2,981,799	174,002	343,463	89,052,812	86,845,193
Add: Additions during the year	816,171	298,777	332,156	55,709	261,265	103,238	-	94,930	(151,898)	1,810,348	2,000,988
Less: Disposals and write downs	-	-	-	-	-	40,021	-	-	-	40,021	-
Closing Cost	71,802,881	5,327,001	3,394,205	477,551	5,178,576	1,200,629	2,981,799	268,932	191,565	90,823,139	88,846,181
Accumulated Amortization											
Opening, as previously reported	43,764,928	2,458,136	973,505	211,777	1,546,632	710,416	-	62,065		49,727,459	46,788,240
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	43,764,928	2,458,136	973,505	211,777	1,546,632	710,416	-	62,065		49,727,459	46,788,240
Add: Current period Amortization	1,639,867	127,843	316,573	63,738	582,698	223,736	-	22,147		2,976,602	2,939,219
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	40,021	-	-		40,021	-
Closing Accumulated Amortization	45,404,795	2,585,979	1,290,078	275,515	2,129,330	894,131	-	84,212		52,664,040	49,727,459
Net Tangible Capital Asset	26,398,086	2,741,022	2,104,127	202,036	3,049,246	306,498	2,981,799	184,720	191,565	38,159,099	39,118,722
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

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 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	5,000	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 MAST Pension Plan, Maternity and Parental Leave and Vacation Days. The Division adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution plan – MAST 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

For benefit obligations that are vested and accumulate over the employees' length of service (vacation days), 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.

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.

3. Overdraft

The Division has an authorized line of credit with The Toronto-Dominion Bank of $25,000,000 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	2009	2008
MAST Pension Plan	Defined Contribution	$ -	$ -
Maternity and Parental Leave	Defined Benefit - Event Driven	128,761	69,206
Accumulated Vacation Days	Defined Benefit - Vesting	751,294	756,631
		$ 880,055	**$ 825,837**

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, 2008	Additions	Recognized	June 30, 2009
Education Property Tax Credit	$ 6,609,070	$ 7,199,006	$ 6,609,070	$ 7,199,006
International Student Program Fees	178,050	192,490	178,050	192,490
Fibre Access Agreements	27,734	-	2,133	25,601
Externally Funded Programs	259,607	286,345	259,607	286,345
Donated Capital Assets	386,266	102,537	77,606	411,197
	$ 7,460,727	**$ 7,780,378**	**$ 7,126,466**	**$ 8,114,639**

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 $762,304. The following is a breakdown of the account balance:

	2009	2008
Student Fees - Activities, Clubs, Trips	$ 261,199	$ 366,782
Student - Fees, Yearbooks, Agendas	254,110	279,973
Specific Purpose Fund Raising	31,460	134,310
Breakfast and Lunch Programs	119,315	116,810
Scholarship Funds	(5,582)	57,700
Parent/ Student Council Funds, Other	101,802	7,572
	$ 762,304	**$ 963,146**

7. 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 2009 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 12.25%. Debenture interest expense payable as at June 30, 2009, 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
2009/10	$ 2,092,601	$ 1,270,126	$ 3,362,727
2010/11	1,817,570	1,084,271	2,901,841
2011/12	1,572,302	933,731	2,506,033
2012/13	1,438,854	813,693	2,252,547
2013/14	1,313,296	709,553	$ 2,022,849
	$ 8,234,623	**$ 4,811,374**	**$ 13,045,997**

8. 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.

	2009	2008
Bankers Acceptances	$ 8,992,890	$ 13,399,130
Equipment Leases (Copiers)	135,151	270,302
	$ 9,128,041	**$ 13,669,432**

Capital lease loans on equipment have an interest rate of 4.5% per annum, due by 2010 with annual payments of principal and interest. These loans are secured by the related assets. Principal and interest repayment of capital leases for the remaining term of the lease is:

	Principal	Interest	Total
2009/10	135,151	12,107	147,258
	$ 135,151	**$ 12,107**	**$ 147,258**

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 between owned and leased assets is as follows:

	Gross Amount	Accumulated Amortization	2009 Net Book Value
Owned Tangible Capital Assets	$ 90,147,384	$ 52,153,622	$ 37,993,762
Leased Tangible Capital Assets	675,755	510,418	165,337
	$ 90,823,139	**$ 52,664,040**	**$ 38,159,099**

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

		2009		2008
Operating Fund				
Designated Surplus	$	606,895	$	1,644,369
Undesignated Surplus		3,864,953		3,378,062
	$	**4,471,848**	**$**	**5,022,431**
Related Entities				
Pembina Trails Education Support Fund	$	108,412	$	155,656
Pembina Trails Voices	$	76,729	$	71,883
InForm Net		4,080		(336)
	$	**189,221**	**$**	**227,203**
Capital Fund				
Reserve Accounts	$	2,364,025	$	1,864,687
Equity in Tangible Capital Assets		18,872,333		18,217,541
	$	**21,236,358**	**$**	**20,082,228**
Special Purpose Fund				
School Generated Funds	$	621,363	$	629,332
Other Special Purpose Funds		-		-
	$	**621,363**	**$**	**629,332**
Total Accumulated Surplus	**$**	**26,518,790**	**$**	**25,961,194**

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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

		2009		2008
Revenue - Municipal Government Property Tax	$	50,961,294	$	50,722,423
Receivable - Due from Municipal Government Property Tax	$	29,872,192	$	29,886,466

12. Interest Received and Paid

The Division received and paid interest during the year as follows:

Interest Received		2009		2008
Operating Fund - Interest Earned	**$**	**388,356**	**$**	**517,441**
Interest Paid				
Operating Fund - Interest and Bank Charges	$	198,217	$	178,200
Capital Fund - Debenture Debt Interest		1,370,937		1,526,457
Capital Fund - Capital Lease Interest		11,671		34,406
Total Interest Paid	**$**	**1,580,825**	**$**	**1,739,063**

13. Contractual Obligations

The Division has an agreement with King Transportation for student transportation services for a term of 5 years ending in June 2011. The specific costs for these services are approximately $409,000 for 2009/10.

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 la Division scolaire franco-manitobaine. The special levy for 2009 was $470,230 (2008 - $457,707). These amounts are not included in the Division's consolidated financial statements.

15. Adjustment to Opening Accumulated Surplus

The Opening Accumulated Surplus has been adjusted in the amount of $206,631 to reflect a revision to the land valuations for 9 properties as provided by the Crown Land and Property Agency. The adjustment to the book value of the properties is based on the use of actual values obtained from Land Title records in replacement of the previous averaged values reported on these properties.

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 Meyers Norris Penny 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.

Chairperson

Secretary-Treasurer

September 28, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Pine Creek School Division

We have audited the consolidated statement of financial position of the Pine Creek School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
September 29, 2009

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.

2009-10-27
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	236,882	212,546
	- Federal Government	42,461	42,295
	- Municipal Government	1,682,677	1,535,503
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	37,768	40,385
	Accrued Investment Income	-	-
	Other Investments	-	-
		1,999,788	1,830,729
	Liabilities		
4	Overdraft	321,070	224,966
	Accounts Payable	182,836	13,488
	Accrued Liabilities	694,855	676,155
	Employee Future Benefits	-	-
	Accrued Interest Payable	62,605	66,905
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	413,922	377,261
7	Debenture Debt	2,274,592	2,340,851
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		3,949,880	3,699,626
	Net Debt	(1,950,092)	(1,868,897)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	4,236,372	4,328,175
	Inventories	-	-
	Prepaid Expenses	137,890	180,303
		4,374,262	4,508,478
9	**Accumulated Surplus**	2,424,170	2,639,581

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		8,418,257	8,178,850
	Federal Government		-	14
	Municipal Government	- Property Tax	3,450,251	3,146,992
		- Other	-	-
	Other School Divisions		31,850	35,511
	First Nations		-	-
	Private Organizations and Individuals		8,205	1,322
	Other Sources		50,462	73,078
	School Generated Funds		272,658	297,534
	Other Special Purpose Funds		-	-
			12,231,683	11,733,301
	Expenses			
	Regular Instruction		6,754,708	6,520,117
	Student Support Services		1,463,052	1,397,339
	Adult Learning Centres		-	-
	Community Education and Services		12,738	9,440
	Divisional Administration		422,912	486,005
	Instructional and Other Support Services		367,879	398,728
	Transportation of Pupils		973,688	1,052,470
	Operations and Maintenance		1,330,343	1,368,923
11	Fiscal	- Interest	165,561	170,289
		- Other	187,837	181,440
	Amortization		492,723	490,584
	Other Capital Items		-	-
	School Generated Funds		275,653	283,483
	Other Special Purpose Funds		-	-
			12,447,094	12,358,818
	Current Year Surplus (Deficit)		(215,411)	(625,517)
	Opening Accumulated Surplus		2,639,581	3,265,098
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		2,639,581	3,265,098
	Closing Accumulated Surplus		2,424,170	2,639,581

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(215,411)	(625,517)
Amortization of Tangible Capital Assets	492,723	490,584
Acquisition of Tangible Capital Assets	(412,510)	(414,487)
(Gain) / Loss on Disposal of Tangible Capital Assets	7,342	(3,017)
Proceeds on Disposal of Tangible Capital Assets	4,248	3,017
	91,803	76,097
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	42,413	(78,188)
	42,413	(78,188)
(Increase)/Decrease in Net Debt	(81,195)	(627,608)
Net Debt at Beginning of Year	(1,868,897)	(1,241,289)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(1,868,897)	(1,241,289)
Net Debt at End of Year	(1,950,092)	(1,868,897)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(215,411)	(625,517)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	492,723	490,584
(Gain)/Loss on Disposal of Tangible Capital Assets	7,342	(3,017)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(171,676)	104,575
Accounts Receivable & Accrued Income (Increase)/Decrease	2,617	(22,052)
Inventories and Prepaid Expenses - (Increase)/Decrease	42,413	(78,188)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	183,748	(1,207)
Deferred Revenue Increase/(Decrease)	36,661	44,079
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	378,417	(90,743)
Capital Transactions		
Acquisition of Tangible Capital Assets	(412,510)	(414,487)
Proceeds on Disposal of Tangible Capital Assets	4,248	3,017
Cash (Applied to)/Provided by Capital Transactions	(408,262)	(411,470)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(66,259)	(42,496)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(66,259)	(42,496)
Cash and Bank / Overdraft (Increase)/Decrease	(96,104)	(544,709)
Cash and Bank (Overdraft) at Beginning of Year	(224,966)	319,743
Cash and Bank (Overdraft) at End of Year	(321,070)	(224,966)

Pine Creek School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,640,200	395,239	2,255,906	107,819	90,861	33,163	75,334	-	-	12,598,522	12,184,035
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	9,640,200	395,239	2,255,906	107,819	90,861	33,163	75,334	-	-	12,598,522	12,184,035
Add: Additions during the year	94,437	-	164,980	-	-	-	-	-	153,093	412,510	414,487
Less: Disposals and write downs	-	-	-	-	-	15,454	-	-	-	15,454	-
Closing Cost	9,734,637	395,239	2,420,886	107,819	90,861	17,709	75,334	-	153,093	12,995,578	12,598,522
Accumulated Amortization											
Opening, as previously reported	6,498,442	206,691	1,442,177	58,310	47,300	17,427	-	-		8,270,347	7,779,763
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	6,498,442	206,691	1,442,177	58,310	47,300	17,427	-	-		8,270,347	7,779,763
Add: Current period Amortization	275,754	14,281	173,016	15,180	10,346	4,146	-	-		492,723	490,584
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	3,864	-	-		3,864	-
Closing Accumulated Amortization	6,774,196	220,972	1,615,193	73,490	57,646	17,709	-	-		8,759,206	8,270,347
Net Tangible Capital Asset	2,960,441	174,267	805,693	34,329	33,215	-	75,334	-	153,093	4,236,372	4,328,175
Proceeds from Disposal of Capital As	-	-	1,688	2,560	-	-	-			4,248	3,017

* Includes network infrastructure.

PINE CREEK SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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	5,000	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.

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.

i. 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.

ii. 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 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.

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:

	Balance as at June 30, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Manitoba Textbook Bureau	$ 6,603	$ 35,985	$ 41,880	$ 708

Education Property Tax Credit	$370,658	$413,214	$370,659	$413,214
International Tuition	$ 0	$ 0	$ 0	$ 0
Donated Capital Assets	$ 0	$ 0	$ 0	$ 0
Other special purpose funds	$ 0	$ 0	$ 0	$ 0
	$377,261	$449,199	$412,539	$413,922

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 2010 to 2029. 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 5.125% to 12.25%.

Debenture interest expense payable as at June 30, 2009, 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
2010	$151,170	$147,741	$298,911
2011	$146,101	$136,342	$282,443
2012	$145,553	$125,865	$271,418
2013	$140,283	$115,867	$256,150
2014	$149,542	$106,606	$256,148
	$732,649	$632,421	$1,365,070

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. The amount of interest capitalized in the period included in Assets under Construction was $0 (previous year $0).

	Gross Amount	Accumulated Amortization	2008 Net Book Value
Owned-tangible capital assets	$12,995,578	$8,759,206	$4,236,372

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	$ 49,513
Undesignated Surplus	$ 166,863

	$ 216,376
Capital Fund	
Reserve Accounts	$ 288,135
Equity in Tangible Capital Assets	$1,815,952
	$2,104,087
Special Purpose Fund	
School Generated Funds	$ 103,707
Other Special Purpose Funds	$ 0
	$ 103,707
Total Accumulated Surplus	$ 2,424,170

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.

	2009
Board approved appropriation by motion	$ 0
School budget carryovers by board policy	$ 49,513
Designated surplus	$ 49,513

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.

	2009
Bus reserves	$288,135
Other reserves	$ 0
Capital Reserve	$288,135

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; 50.5% from 2008 tax year and 49.5% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue–Municipal Government-Property Tax	$3,450,251	$3,146,992
Receivable-Due from Municipal-Property Tax	$1,682,677	$1,535,503

11. Interest Received and Paid

The Division received interest during the year of $9,611 (previous year $23,373); interest paid during the year was $165,561 (previous year $170,289).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 14,731
Capital fund	
Debenture debt interest	$150,830
Other interest	$ 0
	$165,561

The accrual portion of debenture debt interest expense of $62,605 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 2009	Budget 2009	Actual 2008
Salaries	$ 8,617,131	$ 8,503,269	$ 8,301,698
Employees benefits & allowances	$ 638,057	$ 651,855	$ 674,849
Services	$ 1,123,681	$ 1,061,783	$ 1,221,394
Supplies, materials & minor equipment	$ 921,915	$ 1,006,870	$ 995,570
Interest	$ 165,561	$ 5,000	$ 170,289
Bad debts	$ 0	$ 0	$ 0
Payroll tax – and transfers	$ 212,373	$ 215,365	$ 220,951
Amortization	$ 492,723	$ 0	$ 490,584
Other capital items	$ 0	$ 0	$ 0
School generated funds	$ 275,653	$ 0	$ 283,483
Other special purpose funds	$ 0	$ 0	$ 0
	$12,447,094	$11,444,142	$12,358,818

Auditors' Report

To the Chairman and Members of the Board
Portage la Prairie School Division
Portage la Prairie, Manitoba

We have audited the consolidated statement of financial position, and the consolidated statement of revenues, expenditures and accumulated surplus, the consolidated statement of change in net debt, the consolidated statement of cash flow and the supporting schedules of the Operating, Capital and Special Purpose Funds of **THE PORTAGE LA PRAIRIE SCHOOL DIVISION** as at June 30, 2009. These financial statements 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.

These financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded by the Division and we were not able to determine whether any adjustments might be necessary to special purpose fund revenue, net current year surplus (deficit) and closing accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of special purpose fund revenue referred to in the preceding paragraph, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for the fiscal year in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Portage la Prairie, Manitoba
October 8, 2009

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.

October 27, 2009
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	3,517,006	1,512,012
4	Short Term Investments	53,681	69,992
	Due from - Provincial Government	2,183,300	2,232,220
	- Federal Government	142,210	196,955
	- Municipal Government	3,439,788	3,685,794
	- Other School Divisions	-	-
	- First Nations	54,661	222,207
	Accounts Receivable	61,766	44,326
	Accrued Investment Income	-	-
6	Other Investments	68,235	-
		9,520,647	7,963,506
	Liabilities		
	Overdraft	-	-
	Accounts Payable	598,714	435,911
	Accrued Liabilities	4,846,392	4,182,765
	Employee Future Benefits	-	-
	Accrued Interest Payable	183,445	203,961
	Due to - Provincial Government	-	-
	- Federal Government	318,674	337,777
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	1,402,994	1,350,165
7	Debenture Debt	10,576,394	11,263,629
	Other Borrowings	-	-
	School Generated Funds Liability	-	4,125
		17,926,613	17,778,333
	Net Debt	(8,405,966)	(9,814,827)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	15,730,647	16,271,423
	Inventories	82,724	87,423
	Prepaid Expenses	864	23,021
		15,814,235	16,381,867
9	**Accumulated Surplus**	7,408,269	6,567,040

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	21,098,238	20,406,906
	Federal Government	18,859	20,100
	Municipal Government - Property Tax	9,113,733	9,344,465
	- Other	-	-
	Other School Divisions	61,971	30,771
	First Nations	991,853	776,796
	Private Organizations and Individuals	9,475	14,325
	Other Sources	169,401	160,232
	School Generated Funds	1,924,075	787,530
	Other Special Purpose Funds	-	-
		33,387,605	31,541,125
	Expenses		
	Regular Instruction	15,820,209	16,012,152
	Student Support Services	5,710,995	5,591,966
	Adult Learning Centres	177,592	575,990
	Community Education and Services	55,971	27,798
	Divisional Administration	1,056,079	896,860
	Instructional and Other Support Services	922,311	932,033
	Transportation of Pupils	911,334	896,124
	Operations and Maintenance	3,660,569	3,281,765
11	Fiscal - Interest	875,511	890,907
	- Other	468,072	463,415
	Amortization	1,124,148	989,452
	Other Capital Items	-	-
	School Generated Funds	1,763,585	704,562
	Other Special Purpose Funds	-	-
		32,546,376	31,263,024
	Current Year Surplus (Deficit)	841,229	278,101
	Opening Accumulated Surplus	6,567,040	6,288,939
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	6,567,040	6,288,939
	Closing Accumulated Surplus	7,408,269	6,567,040

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	841,229	278,101
Amortization of Tangible Capital Assets	1,124,148	989,452
Acquisition of Tangible Capital Assets	(583,372)	(1,840,532)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	540,776	(851,080)
Inventories (Increase)/Decrease	4,699	13,737
Prepaid Expenses (Increase)/Decrease	22,157	4,451
	26,856	18,188
(Increase)/Decrease in Net Debt	1,408,861	(554,791)
Net Debt at Beginning of Year	(9,814,827)	(9,260,036)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(9,814,827)	(9,260,036)
Net Debt at End of Year	(8,405,966)	(9,814,827)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	841,229	278,101
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,124,148	989,452
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	16,311	10,655
Due from Other Organizations (Increase)/Decrease	517,217	(681,889)
Accounts Receivable & Accrued Income (Increase)/Decrease	(17,440)	(44,326)
Inventories and Prepaid Expenses - (Increase)/Decrease	26,856	18,188
Due to Other Organizations Increase/(Decrease)	(19,103)	(4,895)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	805,914	1,176,814
Deferred Revenue Increase/(Decrease)	52,829	192,738
School Generated Funds Liability Increase/(Decrease)	(4,125)	(18,763)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	3,343,836	1,916,075
Capital Transactions		
Acquisition of Tangible Capital Assets	(583,372)	(1,840,532)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(583,372)	(1,840,532)
Investing Transactions		
Other Investments (Increase)/Decrease	(68,235)	-
Cash Provided by (Applied to) Investing Transactions	(68,235)	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(687,235)	4,481,116
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(687,235)	4,481,116
Cash and Bank / Overdraft (Increase)/Decrease	2,004,994	4,556,659
Cash and Bank (Overdraft) at Beginning of Year	1,512,012	(3,044,647)
Cash and Bank (Overdraft) at End of Year	3,517,006	1,512,012

Portage La Prairie School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	30,479,596	338,037	1,465,024	25,000	268,080	-	517,437	-	1,095,344	34,188,518	32,347,986
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	30,479,596	338,037	1,465,024	25,000	268,080	-	517,437	-	1,095,344	34,188,518	32,347,986
Add: Additions during the year	1,336,117		-	16,833	278,355	-	-	-	(1,047,933)	583,372	1,840,532
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	31,815,713	338,037	1,465,024	41,833	546,435	-	517,437	-	47,411	34,771,890	34,188,518
Accumulated Amortization											
Opening, as previously reported	16,418,565	320,379	1,002,804	21,100	154,247	-	-	-		17,917,095	16,927,643
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	16,418,565	320,379	1,002,804	21,100	154,247	-	-	-		17,917,095	16,927,643
Add: Current period Amortization	933,979	7,064	112,859	4,283	65,963	-	-	-		1,124,148	989,452
Less: Accumulated Amortization on Disposals and Writedowns	-		-	-	-	-	-	-		-	-
Closing Accumulated Amortization	17,352,544	327,443	1,115,663	25,383	220,210	-	-	-		19,041,243	17,917,095
Net Tangible Capital Asset	14,463,169	10,594	349,361	16,450	326,225	-	517,437	-	47,411	15,730,647	16,271,423
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

PORTAGE LA PRAIRIE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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 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.

2. Significant Accounting Policies (Continued)

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 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.

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 – brick, mortar and steel	25,000	40
Buildings – wood frame	25,000	25
School buses	20,000	10
Vehicles	10,000	5
Equipment	5,000	5
Network infrastructure	25,000	10
Computer Hardware, Servers & 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.

2. Significant Accounting Policies (Continued)

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.

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.

2. Significant Accounting Policies (Continued)

i) Financial instruments

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
Long-term 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, their carrying value approximates fair value. The fair value of the long-term debt also approximates its carrying value.

Interest, currency and credit risk:

It is management's opinion that the Division is not exposed to significant 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.

3. Overdraft

The Division has an authorized a line of credit with the Bank of Montreal of $5,000,000 by way of overdrafts and is repayable on demand at prime less .6%; interest is paid monthly. The line of credit is currently nil (nil in 2008). Overdrafts are secured by line of credit agreement.

4. Short Term Investments

Short term investments consist of a patronage equity account. Short term investments are recorded at the lower of cost or market. As at June 30, 2009, the cost of short term investment was $53,681 ($69,992 in 2008); investment income earned during the year was nil (nil in 2008).

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Manitoba Textbook Bureau	$64,434	$191,208	$187,542	$68,100
Education Property Tax Credit Advance	1,226,931	2,757,293	2,649,330	1,334,894
Education & Literacy Advance Payment 2008/2009	58,800	-	58,800	-
	$1,350,165	$2,948,501	$2,895,672	$1,402,994

6. School Generat ed Funds Asset (liability)

School Generated Funds Asset (liability) includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $68,235 (($4,125) in 2008).

7. Debenture Debt

The debenture debt of the Division is in the form of twenty-year supportable and non-supportable debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2010 to 2028. Payment of principal and interest for the supportable debentures is funded entirely by grants from the Province of Manitoba. 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 debentures carry interest rates that range from 5% to 11.625%. Debenture interest expense payable as at June 30, 2009, 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
2010	$622,000	$646,000	$1,268,000
2011	$659,000	$600,000	$1,259,000
2012	$701,000	$552,000	$1,253,000
2013	$634,000	$501,000	$1,135,000
2014	$627,000	$458,000	$1,085,000
	$3,243,000	$2,757,000	$6,000,000

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.

	2008 Net Book Value	Gross Amount	Accumulated Amortization	2009 Net Book Value
Owned-tangible capital assets	$16,271,423	$34,771,890	$19,041,243	$15,730,647

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Undesignated Surplus	$1,864,639	$1,108,563
Capital Fund		
Equity in Tangible Capital Assets	5,007,679	5,083,016
Special Purpose Fund		
School Generated Funds	535,951	375,461
Total Accumulated Surplus	$7,408,269	$6,567,040

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; 52% from 2008 tax year and 48% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue- Municipal Government-Property Tax	$9,113,733	$9,344,465
Revenue-Due from Municipal-Property tax	$3,439,788	$3,685,794

11. Interest Received and Paid

The Division received interest during the year of $41,391 ($31,622 in 2008); interest paid during the year was $875,511 ($890,907 in 2008).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$1,449	$210,034
Capital Fund		
Debenture debt interest	874,062	680,873
	875,511	$890,907

11. Interest Received and Paid (Continued)

The accrual portion of debenture debt interest expense of $183,445 ($203,961 in 2008) 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

	Actual 2009	Budget 2009	Actual 2008
Salaries	$22,200,539	$23,016,831	$22,264,019
Employee benefits and allowances	1,561,708	1,638,678	1,524,187
Services	2,440,461	2,051,165	2,026,086
Supplies, materials and minor equipment	2,034,452	2,143,317	1,942,366
Interest	875,511	25,000	890,907
Payroll tax	468,072	476,242	463,415
Transfers	952,134	242,000	1,128,176
Amortization	1,124,148	-	989,452
Loss (Gain) and disposal of capital assets	-	-	-
School generated funds	1,763,585	-	704,562
Other special purpose funds	-	-	-
	$33,420,610	$29,593,233	$31,933,170

13. 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 $7,408,269 ($6,567,040 in 2008). 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.

14. Budget Figures and Non Financial Information

The 2009 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.

Collins Barrow
Chartered Accountants

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Auditors' Report

To the Chairperson and Trustees
Prairie Rose School Division

We have audited the consolidated statement of financial position of the Prairie Rose School Division as at June 30, 2009 and June 30, 2008, 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 years then ended. These financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many school boards, individual schools derive revenue from fundraising activities held during the year. Adequate documentation and controls were not in place throughout the year to allow us to obtain satisfactory audit verification as to the completeness of these revenues. Accordingly, our verification of revenue for the Special Purpose Fund was limited to the amounts recorded by the Division and we were not able to determine whether any adjustments might be necessary to revenue, current year surplus and accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of school fundraising revenue, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Prairie Rose School Division as at June 30, 2009 and June 30, 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Canada
October 7, 2009

Collins Barrow
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.

NOV - 2 2009

DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	144,053
	Short Term Investments	-	-
	Due from - Provincial Government	1,115,685	852,297
	- Federal Government	82,379	52,352
8	- Municipal Government	4,174,298	4,033,317
	- Other School Divisions	18,000	40,080
	- First Nations	-	-
	Accounts Receivable	261,091	91,681
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,651,453	5,213,780
	Liabilities		
3	Overdraft	1,810,943	-
	Accounts Payable	1,529,313	2,015,858
	Accrued Liabilities	131,416	179,450
	Employee Future Benefits	-	-
	Accrued Interest Payable	206,719	223,725
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
4	Deferred Revenue	677,013	390,942
5	Debenture Debt	7,183,231	7,272,413
	Other Borrowings	-	-
	School Generated Funds Liability	11,843	18,306
		11,550,478	10,100,694
	Net Debt	(5,899,025)	(4,886,914)
	Non-Financial Assets		
6	Net Tangible Capital Assets (TCA Schedule)	9,919,696	8,596,123
	Inventories	-	-
	Prepaid Expenses	45,806	24,507
		9,965,502	8,620,630
7	**Accumulated Surplus**	4,066,477	3,733,716

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		15,898,346	14,832,722
	Federal Government		20,327	17,116
8	Municipal Government	- Property Tax	7,438,698	7,314,850
		- Other	8,654	1,740
	Other School Divisions		98,920	101,080
	First Nations		-	-
	Private Organizations and Individuals		43,191	37,121
	Other Sources		155,431	192,550
	School Generated Funds		491,494	453,803
	Other Special Purpose Funds		11,961	9,342
			24,167,022	22,960,324
	Expenses			
	Regular Instruction		12,949,087	12,628,985
	Student Support Services		3,000,789	2,689,859
	Adult Learning Centres		250,259	243,312
	Community Education and Services		21,940	24,959
	Divisional Administration		880,101	841,624
	Instructional and Other Support Services		599,059	434,672
	Transportation of Pupils		1,699,041	1,732,336
	Operations and Maintenance		2,336,942	2,224,831
9	Fiscal	- Interest	513,191	526,904
		- Other	353,579	337,523
	Amortization		766,191	722,130
	Other Capital Items		-	-
	School Generated Funds		459,755	451,981
	Other Special Purpose Funds		8,241	10,262
			23,838,175	22,869,378
	Current Year Surplus (Deficit)		328,847	90,946
	Opening Accumulated Surplus		3,733,716	3,642,770
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
10		Other than Tangible Cap. Assets	3,914	0
	Opening Accumulated Surplus, as adjusted		3,737,630	3,642,770
	Closing Accumulated Surplus		4,066,477	3,733,716

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	328,847	90,946
Amortization of Tangible Capital Assets	766,191	722,130
Acquisition of Tangible Capital Assets	(2,089,764)	(690,094)
(Gain) / Loss on Disposal of Tangible Capital Assets	(1,207)	(9,726)
Proceeds on Disposal of Tangible Capital Assets	1,207	12,815
	(1,323,573)	35,125
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(21,299)	1,825
	(21,299)	1,825
(Increase)/Decrease in Net Debt	(1,016,025)	127,896
Net Debt at Beginning of Year	(4,886,914)	(5,014,810)
Adjustments Other than Tangible Cap. Assets	3,914	-
Net Debt at Beginning of Year as Adjusted	(4,883,000)	(5,014,810)
Net Debt at End of Year	(5,899,025)	(4,886,914)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	328,847	90,946
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	766,191	722,130
(Gain)/Loss on Disposal of Tangible Capital Assets	(1,207)	(9,726)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	11,740
Due from Other Organizations (Increase)/Decrease	(412,316)	(253,084)
Accounts Receivable & Accrued Income (Increase)/Decrease	(169,410)	(19,447)
Inventories and Prepaid Expenses - (Increase)/Decrease	(21,299)	1,825
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(551,585)	(1,550,379)
Deferred Revenue Increase/(Decrease)	286,071	80,018
School Generated Funds Liability Increase/(Decrease)	(6,463)	(801)
Adjustments Other than Tangible Cap. Assets	3,914	-
Cash Provided by Operating Transactions	222,743	(926,778)
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,089,764)	(690,094)
Proceeds on Disposal of Tangible Capital Assets	1,207	12,815
Cash (Applied to)/Provided by Capital Transactions	(2,088,557)	(677,279)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(89,182)	(51,651)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(89,182)	(51,651)
Cash and Bank / Overdraft (Increase)/Decrease	(1,954,996)	(1,655,708)
Cash and Bank (Overdraft) at Beginning of Year	144,053	1,799,761
Cash and Bank (Overdraft) at End of Year	(1,810,943)	144,053

Prairie Rose School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	17,424,216	827,479	3,686,256	68,433	90,308	-	114,412	151,993	78,228	22,441,325	21,886,008
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	17,424,216	827,479	3,686,256	68,433	90,308	-	114,412	151,993	78,228	22,441,325	21,886,008
Add: Additions during the year	516,131	-	249,321	8,025	-	-	-	-	1,316,287	2,089,764	690,094
Less: Disposals and write downs	-	-	127,028	3,300	-	-	-	-	-	130,328	134,777
Closing Cost	17,940,347	827,479	3,808,549	73,158	90,308	-	114,412	151,993	1,394,515	24,400,761	22,441,325
Accumulated Amortization											
Opening, as previously reported	10,970,694	407,686	2,348,917	34,487	80,378	-	-	3,040		13,845,202	13,254,760
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	10,970,694	407,686	2,348,917	34,487	80,378	-	-	3,040		13,845,202	13,254,760
Add: Current period Amortization	465,779	13,637	262,253	11,822	6,620	-	-	6,080		766,191	722,130
Less: Accumulated Amortization on Disposals and Writedowns	-	-	127,028	3,300	-	-	-	-		130,328	131,688
Closing Accumulated Amortization	11,436,473	421,323	2,484,142	43,009	86,998	-	-	9,120		14,481,065	13,845,202
Net Tangible Capital Asset	6,503,874	406,156	1,324,407	30,149	3,310	-	114,412	142,873	1,394,515	9,919,696	8,596,123
Proceeds from Disposal of Capital As	-	-	1,107	100	-	-	-			1,207	12,815

* 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 (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 The Prairie Rose Foundation of Manitoba Inc., 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.

2. Significant Accounting Policies - Continued

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.

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) 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

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.

2. Significant Accounting Policies - Continued

e) Tangible Capital Assets - 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.

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) 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.

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.

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. Overdraft

The Division has an authorized line of credit with The Dufferin Credit Union Limited of $3,900,000 by way of overdrafts and is repayable on demand. The overdraft bears interest at 2.00% and is paid monthly. $1,933,533 remains available on this line of credit. Overdrafts are secured by a temporary borrowing by-law.

4. 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.

5. 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 2009 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2009 and 2008, 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:

2010	$1,121,017
2011	1,111,624
2012	1,099,583
2013	1,032,770
2014	809,866
	$4,074,352

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	**Accumulated Amortization**	**2009 Net Book Value**	2008 Net Book Value
Tangible capital assets	**$ 24,400,761**	**$ 14,481,065**	**$ 9,919,696**	$ 8,596,124

7. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	**$ 100,000**	$ 550,000
Undesignated Surplus	**786,158**	1,016,320
	886,158	1,566,320
Capital Fund		
Reserve Accounts	**423,703**	841,342
Equity in Tangible Capital Assets	**2,616,107**	1,224,918
	3,039,810	2,066,260
Special Purpose Fund		
School Generated Funds	**125,801**	90,148
Other Special Purpose Funds	**14,708**	10,990
	140,509	101,138
Total Accumulated Surplus	**$ 4,066,477**	$ 3,733,718

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.

8. 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 2008 tax year and 58% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	**$7,438,698**	$7,314,850
Receivable-Due from Municipal-Property Tax	**$4,174,798**	$4,033,317

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, 2009, the amount of this special levy was $377,530 (2008 - $322,236). These amounts are not included in the Division's financial statements.

9. Interest Expense

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	**$ 18,851**	$ 5,894
Capital Fund		
Debenture debt interest	**494,340**	521,010
	$ 513,191	$ 526,904

The accrual portion of debenture debt interest expense of $206,719 (2008 - $223,735) included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

10. Adjustments to Opening Accumulated Surplus

A school fund, previously recorded as a School Generated Liability, has been reclassified as School Generated Fund.

11. Budget Figures and Non Financial Information

The 2009 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.

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Prairie Spirit School Division

We have audited the consolidated statement of financial position of the Prairie Spirit School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

The comparative figures were reported upon by other auditors.

Brandon, Manitoba

Meyers Norris Penny LLP

September 3, 2009 AUDITOR

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 27, 2009

DATE CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes			2009	2008
	Financial Assets			
	Cash and Bank		-	-
	Short Term Investments		-	-
	Due from	- Provincial Government	506,729	593,465
		- Federal Government	96,070	93,912
		- Municipal Government	4,393,935	4,185,941
		- Other School Divisions	-	-
		- First Nations	25,547	70,630
	Accounts Receivable		16,496	76,191
	Accrued Investment Income		-	-
	Other Investments		-	-
			5,038,777	5,020,139
	Liabilities			
3	Overdraft		1,909,913	1,358,876
	Accounts Payable		1,884,614	1,781,096
	Accrued Liabilities		186,270	509,106
4	Employee Future Benefits		174,378	140,568
	Accrued Interest Payable		199,932	217,195
	Due to	- Provincial Government	-	-
		- Federal Government	-	-
		- Municipal Government	-	-
		- Other School Divisions	-	-
		- First Nations	-	-
5	Deferred Revenue		48,739	112,845
6	Debenture Debt		6,654,559	6,830,139
	Other Borrowings		-	-
7	School Generated Funds Liability		89,812	80,766
			11,148,217	11,030,591
	Net Debt		(6,109,440)	(6,010,452)
	Non-Financial Assets			
8	Net Tangible Capital Assets (TCA Schedule)		10,625,582	10,592,096
	Inventories		-	-
	Prepaid Expenses		14,788	32,318
			10,640,370	10,624,414
9	**Accumulated Surplus**		4,530,930	4,613,962

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	16,601,921	16,386,993
	Federal Government	20,875	-
10	Municipal Government - Property Tax	7,834,423	7,569,223
	- Other	-	-
	Other School Divisions	22,100	23,400
	First Nations	255,759	258,674
	Private Organizations and Individuals	241,931	209,645
	Other Sources	211,254	168,824
	School Generated Funds	496,216	462,911
	Other Special Purpose Funds	-	-
		25,684,479	25,079,670
	Expenses		
	Regular Instruction	13,587,405	13,367,514
	Student Support Services	3,009,869	3,043,482
	Adult Learning Centres	-	-
	Community Education and Services	21,450	25,637
	Divisional Administration	1,068,684	1,049,092
	Instructional and Other Support Services	604,286	652,439
	Transportation of Pupils	2,020,804	2,079,602
	Operations and Maintenance	3,081,945	3,033,569
11	Fiscal - Interest	512,598	566,504
	- Other	375,825	350,160
	Amortization	986,940	978,291
	Other Capital Items	-	-
	School Generated Funds	497,705	444,393
	Other Special Purpose Funds	-	-
		25,767,511	25,590,683
	Current Year Surplus (Deficit)	(83,032)	(511,013)
	Opening Accumulated Surplus	4,613,962	5,124,975
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	4,613,962	5,124,975
	Closing Accumulated Surplus	4,530,930	4,613,962

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(83,032)	(511,013)
Amortization of Tangible Capital Assets	986,940	978,291
Acquisition of Tangible Capital Assets	(1,022,276)	(700,675)
(Gain) / Loss on Disposal of Tangible Capital Assets	(42,701)	(9,312)
Proceeds on Disposal of Tangible Capital Assets	44,551	11,262
	(33,486)	279,566
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	17,530	(17,172)
	17,530	(17,172)
(Increase)/Decrease in Net Debt	(98,988)	(248,619)
Net Debt at Beginning of Year	(6,010,452)	(5,761,833)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(6,010,452)	(5,761,833)
Net Debt at End of Year	(6,109,440)	(6,010,452)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(83,032)	(511,013)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	986,940	978,291
(Gain)/Loss on Disposal of Tangible Capital Assets	(42,701)	(9,312)
Employee Future Benefits Increase/(Decrease)	33,810	85,806
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(78,333)	41,201
Accounts Receivable & Accrued Income (Increase)/Decrease	59,695	(67,113)
Inventories and Prepaid Expenses - (Increase)/Decrease	17,530	(17,172)
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(236,581)	405,971
Deferred Revenue Increase/(Decrease)	(64,106)	(504,038)
School Generated Funds Liability Increase/(Decrease)	9,046	(4,014)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	602,268	398,607
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,022,276)	(700,675)
Proceeds on Disposal of Tangible Capital Assets	44,551	11,262
Cash (Applied to)/Provided by Capital Transactions	(977,725)	(689,413)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(175,580)	(632,490)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(175,580)	(632,490)
Cash and Bank / Overdraft (Increase)/Decrease	(551,037)	(923,296)
Cash and Bank (Overdraft) at Beginning of Year	(1,358,876)	(435,580)
Cash and Bank (Overdraft) at End of Year	(1,909,913)	(1,358,876)

Prairie Spirit School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	22,248,119	761,055	5,985,306	30,490	246,544	1,026,306	54,855	-	228,528	30,581,203	30,334,594
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	22,248,119	761,055	5,985,306	30,490	246,544	1,026,306	54,855	-	228,528	30,581,203	30,334,594
Add: Additions during the year	456,861	-	343,482	50,861	121,813	-	-	-	49,259	1,022,276	700,675
Less: Disposals and write downs	-	51,589	145,043	-	-	-	1,850	-		198,482	454,066
Closing Cost	22,704,980	709,466	6,183,745	81,351	368,357	1,026,306	53,005	-	277,787	31,404,997	30,581,203
Accumulated Amortization											
Opening, as previously reported	14,284,313	556,488	4,303,127	3,049	121,248	720,882	-	-		19,989,107	19,462,932
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	14,284,313	556,488	4,303,127	3,049	121,248	720,882	-	-		19,989,107	19,462,932
Add: Current period Amortization	538,855	16,937	334,566	11,184	35,454	49,944	-	-		986,940	978,291
Less: Accumulated Amortization on Disposals and Writedowns	-	51,589	145,043	-	-	-	-	-		196,632	452,116
Closing Accumulated Amortization	14,823,168	521,836	4,492,650	14,233	156,702	770,826	-	-		20,779,415	19,989,107
Net Tangible Capital Asset	7,881,812	187,630	1,691,095	67,118	211,655	255,480	53,005	-	277,787	10,625,582	10,592,096
Proceeds from Disposal of Capital As	-	39,211	3,840	-	-	-	1,500			44,551	11,262

* 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 - Continued

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

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.

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. Overdraft

The Division has an authorized line of credit with Caisse Pembina Ltee. of $5,000,000 by way of overdrafts and is repayable on demand at prime less 0.60%; interest is paid monthly. $2,836,014 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, supplemental employment and sick leave benefits.

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 2010 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.00% to 11.75%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 998,728
2011	867,627
2012	844,714
2013	829,655
2014	814,156
	$ 4,354,880

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 $89,812 ($80,766 in 2008).

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	2009 Net Book Value	2008 Net Book Value
Owned-tangible capital assets	$ 31,404,997	$20,779,415	$ 10,625,582	$ 10,592,096
Capital lease	-	-	-	-
	$ 31,404,997	$20,779,415	$ 10,625,582	$ 10,592,096

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	287,844	688,676
	287,844	688,676
Capital Fund		
Reserve Accounts	436,515	341,703
Equity in Tangible Capital Assets	3,645,810	3,421,333
	4,082,325	3,763,036
Special Purpose Fund		
School Generated Funds	160,761	162,250
Other Special Purpose Funds	-	-
	160,761	162,250
Total Accumulated Surplus	$ 4,530,930	$ 4,613,962

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.

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; 43% from 2008 tax year and 57% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$7,834,423	$7,569,223
Receivable-Due from Municipal-Property Tax	$4,393,935	$4,185,941

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, 2009, the amount of this special levy was $581,512 (2008: $589,053). These amounts are not included in the Division's financial statements in 2009.

11. Interest Received and Paid

The Division received interest during the year of $15,142 (2008; $40,282); interest paid during the year was $512,598 (2008; $566,504).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 50,710	$ 60,131
Capital Fund		
Debenture debt interest	461,888	506,373
	$ 512,598	$ 566,504

The accrual portion of debenture debt interest expense of $199,932 (2008: $217,195) 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 2009	Budget 2009	Actual 2008
Salaries	$ 16,831,123	$ 17,017,900	$ 16,564,830
Employees benefits and allowances	1,651,718	1,261,300	1,450,451
Services	2,908,985	2,480,400	2,849,255
Supplies, materials and minor equipment	1,853,612	1,826,400	2,183,729
Interest	512,598	55,000	566,504
Bad debts	-	-	-
Payroll tax	375,825	350,000	350,160
Transfers	149,005	401,375	203,070
Amortization	986,940		978,291
Loss and disposal of capital assets			
School generated funds	497,705		444,393
Other special purpose funds	-	-	-
	$ 25,767,511	$ 23,392,375	$ 25,590,683

13. Budget Figures and Non Financial Information

The 2009 budget figures, transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Chairperson and Board of Trustees of
Red River Valley School Division

We have audited the consolidated statement of financial position of **Red River Valley School Division** as at June 30, 2009 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 10, 2009

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 28, 2009
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,010,939	1,115,025
	- Federal Government	88,668	62,888
11	- Municipal Government	4,270,844	3,921,267
	- Other School Divisions	117,418	120,169
	- First Nations	-	-
	Accounts Receivable	69,052	64,756
	Accrued Investment Income	-	-
	Other Investments	-	-
		5,556,921	5,284,105
	Liabilities		
3	Overdraft	718,414	1,601,472
	Accounts Payable	897,517	387,796
	Accrued Liabilities	-	-
4	Employee Future Benefits	146,643	135,237
12	Accrued Interest Payable	241,444	259,489
	Due to - Provincial Government	67,131	980
	- Federal Government	935,904	7,596
	- Municipal Government	40,372	36,447
	- Other School Divisions	735,730	670,803
	- First Nations	-	-
5	Deferred Revenue	885,882	820,513
7	Debenture Debt	8,110,155	8,661,333
8	Other Borrowings	207,729	275,085
6	School Generated Funds Liability	34,614	34,754
		13,021,535	12,891,505
	Net Debt	(7,464,614)	(7,607,400)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	12,584,489	12,631,703
	Inventories	159,495	133,695
	Prepaid Expenses	14,232	31,253
		12,758,216	12,796,651
10	**Accumulated Surplus**	5,293,602	5,189,251

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		14,718,000	14,231,352
	Federal Government		931	1,965
11	Municipal Government	- Property Tax	7,174,411	6,827,611
		- Other	-	-
	Other School Divisions		570,848	541,790
	First Nations		8,502	8,502
	Private Organizations and Individuals		165,105	155,006
	Other Sources		44,555	38,722
	School Generated Funds		552,475	549,536
	Other Special Purpose Funds		-	-
			23,234,827	22,354,484
13	**Expenses**			
	Regular Instruction		12,098,765	11,576,777
	Student Support Services		2,873,124	2,673,676
	Adult Learning Centres		-	-
	Community Education and Services		17,846	21,174
	Divisional Administration		835,676	805,672
	Instructional and Other Support Services		482,383	506,054
	Transportation of Pupils		2,057,546	2,024,385
16	Operations and Maintenance		2,338,970	2,225,407
12	Fiscal	- Interest	631,963	682,697
		- Other	333,265	314,490
	Amortization		916,243	890,945
	Other Capital Items		-	-
	School Generated Funds		544,695	547,273
	Other Special Purpose Funds		-	-
			23,130,476	22,268,550
	Current Year Surplus (Deficit)		104,351	85,934
	Opening Accumulated Surplus		5,189,251	5,103,317
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		5,189,251	5,103,317
10	**Closing Accumulated Surplus**		5,293,602	5,189,251

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	104,351	85,934
Amortization of Tangible Capital Assets	916,243	890,945
Acquisition of Tangible Capital Assets	(870,848)	(932,731)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(1,400)
Proceeds on Disposal of Tangible Capital Assets	1,819	1,400
	47,214	(41,786)
Inventories (Increase)/Decrease	(25,800)	(7,766)
Prepaid Expenses (Increase)/Decrease	17,021	19,446
	(8,779)	11,680
(Increase)/Decrease in Net Debt	142,786	55,828
Net Debt at Beginning of Year	(7,607,400)	(7,663,228)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(7,607,400)	(7,663,228)
Net Debt at End of Year	(7,464,614)	(7,607,400)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	104,351	85,934
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	916,243	890,945
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(1,400)
Employee Future Benefits Increase/(Decrease)	11,406	(5,503)
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(268,520)	(438,981)
Accounts Receivable & Accrued Income (Increase)/Decrease	(4,296)	(15,882)
Inventories and Prepaid Expenses - (Increase)/Decrease	(8,779)	11,680
Due to Other Organizations Increase/(Decrease)	1,063,311	(736,323)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	491,676	(333,783)
Deferred Revenue Increase/(Decrease)	65,369	268,333
School Generated Funds Liability Increase/(Decrease)	(140)	5,737
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	2,370,621	(269,243)
Capital Transactions		
Acquisition of Tangible Capital Assets	(870,848)	(932,731)
Proceeds on Disposal of Tangible Capital Assets	1,819	1,400
Cash (Applied to)/Provided by Capital Transactions	(869,029)	(931,331)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(551,178)	(110,190)
Other Borrowings Increase/(Decrease)	(67,356)	(63,389)
Cash Provided by (Applied to) Financing Transactions	(618,534)	(173,579)
Cash and Bank / Overdraft (Increase)/Decrease	883,058	(1,374,153)
Cash and Bank (Overdraft) at Beginning of Year	(1,601,472)	(227,319)
Cash and Bank (Overdraft) at End of Year	(718,414)	(1,601,472)

Red River Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	19,813,873	1,236,802	2,709,906	209,019	530,520	95,281	564,889	-	30,444	25,190,734	24,312,850
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	19,813,873	1,236,802	2,709,906	209,019	530,520	95,281	564,889	-	30,444	25,190,734	24,312,850
Add: Additions during the year	-	-	334,674	19,331	112,120	50,861	-	30,480	323,382	870,848	932,731
Less: Disposals and write downs	-	-	-	-	24,939	-	1,819	-	-	26,758	54,847
Closing Cost	19,813,873	1,236,802	3,044,580	228,350	617,701	146,142	563,070	30,480	353,826	26,034,824	25,190,734
Accumulated Amortization											
Opening, as previously reported	10,259,785	443,121	1,397,826	161,319	279,651	17,329	-	-		12,559,031	11,722,933
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	10,259,785	443,121	1,397,826	161,319	279,651	17,329	-	-		12,559,031	11,722,933
Add: Current period Amortization	521,966	33,680	221,457	23,867	98,267	15,482	-	1,524		916,243	890,945
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	24,939	-	-	-		24,939	54,847
Closing Accumulated Amortization	10,781,751	476,801	1,619,283	185,186	352,979	32,811	-	1,524		13,450,335	12,559,031
Net Tangible Capital Asset	9,032,122	760,001	1,425,297	43,164	264,722	113,331	563,070	28,956	353,826	12,584,489	12,631,703
Proceeds from Disposal of Capital As	-	-	-	-	-	-	1,819			1,819	1,400

* 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 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 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

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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 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.

However, the Division provides retirement benefits to its administrative employees in the form of a defined contribution pension plan. 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). 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.

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.

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. Bank Overdraft

The Division has an authorized line of credit with Bank of Montreal of $5,025,000 by way of overdrafts and is repayable on demand at prime less .6%; 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. The total pension expense for the 2009 year was $269,826 ($250,474 in 2008).

Employee future benefits recorded as a liability represent vacation 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, 2008	Additions in period	Revenue recognized in period	Balance as at June 30, 2009
Education Property Tax Credit (EPTC)	$ 632,705	1,728,181	1,669,614	691,272
Manitoba Text Book Bureau	3,694	121,056	124,750	-
Tax Incentive Grant	167,613	413,461	415,690	165,384
Other	16,501	29,226	16,501	29,226
	$ 820,513	2,291,924	2,226,555	885,882

6. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds. At June 30, 2009, an amount equal to the liability or $34,614 is included in cash and bank (overdraft) on the Consolidated Statement of Financial Position.

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 2009 to 2028. 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 5.125% to 11.875%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 1,136,904
2011	1,086,433
2012	1,076,355
2013	1,071,657
2014	1,070,671
	$ 5,442,020

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes financing for the acquisition of a board office and an energy retrofit loan.

	2009	2008
Board office loan – Bank of Montreal	$ 163,741	$ 189,753
Energy Retrofit – Pacific & Western Bank	43,988	85,332
	$ 207,729	$ 275,085

The Board office loan has 5.75% interest per annum, due in fiscal year 2015 and a monthly payment of $3,019 principal and interest.

Energy retrofit loan has 6.39% interest per annum, due in fiscal year 2010 and an annual payment of $46,800 principal and interest. This loan is secured by way of borrowing resolution.

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

2010	$ 83,024
2011	36,224
2012	36,224
2013	36,224
2014	36,224
	$ 227,920

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:

	2009	2008
Operating Fund		
Designated Surplus	$ 412,016	704,410
Undesignated Surplus	195,480	157,525
	$ 607,496	861,935
Capital Fund		
Reserve Accounts	$ 511,845	521,452
Equity in Tangible Capital Assets	4,025,459	3,664,842
	$4,537,304	4,186,294
Special Purpose Fund		
School Generated Funds	$ 148,802	141,022
Other Special Purpose Funds	-	-
	$ 148,802	141,022
Total Accumulated Surplus	$5,293,602	5,189,251

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:

	2009	2008
School budget carryovers by Board policy	$ 310,517	321,448
Red River Surplus Agreement	60,243	164,172
Building Property Infrastructure Plan Projects	41,256	69,790
Future Vocational Programming	-	44,000
Staffing due to enrolment increase in schools	-	105,000
Designated surplus	$ 412,016	704,410

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. In June 2007, the PSFB approved the establishment of a capital reserve to finance the relocation and expansion of the division's vocational/career development program in the amount of $1,200,000. A Schedule of Capital Reserve Accounts is provided on page 24 of the audited financial statements.

	2009	2008
Bus Reserve	$ 11,845	21,452
Vocational Programming Reserve	500,000	500,000
Capital Reserve	$ 511,845	521,452

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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 7,174,411	6,827,611
Receivable – Due from Municipal – Property Tax	$ 4,270,844	3,921,267

12. Interest Received and Paid

The Division received interest during the year of $5,497 (previous year $14,002); interest paid during the year was $631,963 (previous year $682,697).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 32,022	50,630
Capital Fund		
Debenture interest	584,273	612,433
Other interest	15,668	19,634
	$ 631,963	682,697

The accrual portion of debenture debt interest expense of $241,444 ($259,489 in 2008) 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 2009	Budget 2009	Actual 2008
Salaries	$ 15,564,008	15,453,679	14,695,879
Employees benefits and allowances	1,122,713	1,037,249	1,039,345
Services	2,053,053	1,756,818	2,046,620
Supplies, materials and minor equipment	1,638,319	2,051,183	1,706,839
Interest	631,963	48,000	682,697
Payroll tax	333,265	332,441	314,490
Transfers	326,217	300,000	344,462
Amortization	916,243	-	890,945
School generated funds	544,695	-	547,273
	$ 23,130,476	20,979,370	22,268,550

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, 2009, the amount of this special levy was $2,301,282 ($2,024,822 in 2008). These amounts are not included in the Division's consolidated financial statements.

15. Commitments and Appropriations of Operating Fund Surplus

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $412,016 at June 30, 2009 ($704,410 at June 30, 2008). The details of the Designated Surplus are disclosed at note 10 and page 5 of the audited financial statements.

The Division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2009 are as follows:

2010	$ 14,561
2011	13,222
2012	2,879
2013	2,879
2014	2,879

16. Insurance Proceeds

During the 2009 fiscal year, the Division received $51,565 in insurance proceeds to cover the cost of repairs to Rosenort School. The proceeds have been netted against expenses in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus.

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 & Touche 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.

Chairperson Robert J. Fraser	Secretary-Treasurer Vince Mariani

October 20, 2009

Deloitte.

AUDITORS' REPORT

TO THE BOARD OF TRUSTEES
RIVER EAST TRANSCONA SCHOOL DIVISION

We have audited the following financial statements of River East Transcona School Division (the "Division") as at June 30, 2009 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

These financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the above mentioned financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2009 and the results of its operations and 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.

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. Budgeted figures provided for information purposes are unaudited.

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

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
October 16, 2009

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.

OCTOBER 20, 2009
Date

Chairperson

Membre de / Member of Deloitte Touche Tohmatsu

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	1,297,578	1,357,357
	Short Term Investments	-	-
	Due from - Provincial Government	3,366,366	3,480,152
	- Federal Government	251,985	133,956
10	- Municipal Government	26,785,886	26,746,254
	- Other School Divisions	-	3,980
	- First Nations	11,375	10,054
	Accounts Receivable	140,330	174,370
	Accrued Investment Income	-	-
	Other Investments	-	-
		31,853,520	31,906,123
	Liabilities		
	Overdraft	-	-
	Accounts Payable	2,013,505	1,617,572
	Accrued Liabilities	12,761,493	12,435,671
3	Employee Future Benefits	287,575	151,925
	Accrued Interest Payable	993,165	975,346
	Due to - Provincial Government	4,825	4,026
	- Federal Government	11,476	11,726
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
4	Deferred Revenue	9,169,619	9,328,288
6	Debenture Debt	30,956,726	28,474,194
7	Other Borrowings	4,717,024	6,678,951
5	School Generated Funds Liability	1,573,472	1,581,828
		62,488,880	61,259,527
	Net Debt	(30,635,360)	(29,353,404)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	53,235,732	49,754,838
	Inventories	-	-
	Prepaid Expenses	377,956	337,719
		53,613,688	50,092,557
9	**Accumulated Surplus**	22,978,328	20,739,153

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		113,328,154	107,970,732
	Federal Government		22,775	10,581
10	Municipal Government	- Property Tax	45,126,317	44,930,541
		- Other	-	-
	Other School Divisions		824,780	872,056
	First Nations		54,837	35,741
	Private Organizations and Individuals		3,173,040	2,888,641
	Other Sources		413,742	596,065
	School Generated Funds		1,114,931	1,029,519
	Other Special Purpose Funds		-	-
			164,058,576	158,333,876
	Expenses			
	Regular Instruction		88,395,841	85,993,517
	Student Support Services		28,264,748	26,590,375
	Adult Learning Centres		878,954	870,227
	Community Education and Services		1,206,305	1,098,291
	Divisional Administration		4,560,486	4,492,075
	Instructional and Other Support Services		6,431,224	5,978,087
	Transportation of Pupils		2,770,240	2,875,949
	Operations and Maintenance		18,277,706	17,334,741
11	Fiscal	- Interest	2,420,311	2,597,844
		- Other	2,596,883	2,455,409
	Amortization		4,892,279	4,652,488
	Other Capital Items		7,455	41,600
	School Generated Funds		1,116,969	1,015,202
	Other Special Purpose Funds		-	-
			161,819,401	155,995,805
	Current Year Surplus (Deficit)		2,239,175	2,338,071
	Opening Accumulated Surplus		20,739,153	18,270,042
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	131,040
	Opening Accumulated Surplus, as adjusted		20,739,153	18,401,082
9	**Closing Accumulated Surplus**		22,978,328	20,739,153

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	2,239,175	2,338,071
Amortization of Tangible Capital Assets	4,892,279	4,652,488
Acquisition of Tangible Capital Assets	(8,373,173)	(4,485,504)
(Gain) / Loss on Disposal of Tangible Capital Assets	(7,500)	(9,526)
Proceeds on Disposal of Tangible Capital Assets	7,500	9,526
	(3,480,894)	166,984
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(40,237)	(119,536)
	(40,237)	(119,536)
(Increase)/Decrease in Net Debt	(1,281,956)	2,385,519
Net Debt at Beginning of Year	(29,353,404)	(31,869,963)
Adjustments Other than Tangible Cap. Assets	-	131,040
Net Debt at Beginning of Year as Adjusted	(29,353,404)	(31,738,923)
Net Debt at End of Year	(30,635,360)	(29,353,404)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	2,239,175	2,338,071
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	4,892,279	4,652,488
(Gain)/Loss on Disposal of Tangible Capital Assets	(7,500)	(9,526)
Employee Future Benefits Increase/(Decrease)	135,650	33,484
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(41,216)	(583,041)
Accounts Receivable & Accrued Income (Increase)/Decrease	34,040	238,445
Inventories and Prepaid Expenses - (Increase)/Decrease	(40,237)	(119,536)
Due to Other Organizations Increase/(Decrease)	549	(3,559)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	739,574	468,078
Deferred Revenue Increase/(Decrease)	(158,669)	1,379,489
School Generated Funds Liability Increase/(Decrease)	(8,356)	182,408
Adjustments Other than Tangible Cap. Assets	-	131,040
Cash Provided by Operating Transactions	7,785,289	8,707,841
Capital Transactions		
Acquisition of Tangible Capital Assets	(8,373,173)	(4,485,504)
Proceeds on Disposal of Tangible Capital Assets	7,500	9,526
Cash (Applied to)/Provided by Capital Transactions	(8,365,673)	(4,475,978)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	2,482,532	(1,300,142)
Other Borrowings Increase/(Decrease)	(1,961,927)	(624,325)
Cash Provided by (Applied to) Financing Transactions	520,605	(1,924,467)
Cash and Bank / Overdraft (Increase)/Decrease	(59,779)	2,307,396
Cash and Bank (Overdraft) at Beginning of Year	1,357,357	(950,039)
Cash and Bank (Overdraft) at End of Year	1,297,578	1,357,357

OPERATING FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

		2009	2008
Financial Assets			
Cash and Bank		244,088	78,858
Short Term Investments		-	-
Due from	- Provincial Government	2,373,201	2,504,806
	- Federal Government	251,985	133,956
	- Municipal Government	26,785,886	26,746,254
	- Other School Divisions	-	3,980
	- First Nations	11,375	10,054
	- Other Funds	-	-
Accounts Receivable		109,296	170,770
Accrued Investment Income		-	-
		29,775,831	29,648,678
Liabilities			
Overdraft		-	-
Accounts Payable		1,202,815	1,552,213
Accrued Liabilities		12,505,576	12,430,475
Employee Future Benefits		287,575	151,925
Accrued Interest Payable		-	-
Due to	- Provincial Government	4,825	4,026
	- Federal Government	11,476	11,726
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	- Capital Fund	2,088,513	188,513
Deferred Revenue		8,578,919	8,731,299
Other Borrowings		-	-
		24,679,699	23,070,177
Net Financial Assets (Net Debt)		5,096,132	6,578,501
Non-Financial Assets			
Inventories		-	-
Prepaid Expenses		377,956	337,719
		377,956	337,719
Accumulated Surplus (Deficit)		5,474,088	6,916,220

OPERATING FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

	2009 Actual	2009 Budget	2008 Actual
Revenue			
Provincial Government	108,701,238	102,460,056	103,419,975
Federal Government	22,775	12,000	10,581
Municipal Government - Property Tax	45,126,317	48,960,790	44,930,541
- Other	-	-	-
Other School Divisions	824,780	290,000	872,056
First Nations	54,837	-	35,741
Private Organizations and Individuals	3,173,040	555,000	2,888,641
Other Sources	297,263	200,000	494,168
	158,200,250	152,477,846	152,651,703
Expenses			
Regular Instruction	88,395,841	87,844,430	85,993,517
Student Support Services	28,264,748	27,202,152	26,590,375
Adult Learning Centres	878,954	-	870,227
Community Education and Services	1,206,305	572,000	1,098,291
Divisional Administration	4,560,486	4,399,630	4,492,075
Instructional and Other Support Services	6,431,224	6,917,144	5,978,087
Transportation of Pupils	2,770,240	2,855,100	2,875,949
Operations and Maintenance	18,277,706	18,583,690	17,334,741
Fiscal	2,651,568	2,632,000	2,533,625
	153,437,072	151,006,146	147,766,887
Current Year Surplus (Deficit)	4,763,178	1,471,700	4,884,816
Net Transfers from (to) Capital Fund	(6,205,310)	(1,471,700)	(3,961,112)
Transfers from Special Purpose Funds	-		
Net Current Year Surplus (Deficit)	(1,442,132)	0	923,704
Opening Accumulated Surplus (Deficit)	6,916,220		5,992,516
Adjustments:	-		-
	-		
Opening Accumulated Surplus (Deficit), as adjusted	6,916,220		5,992,516
Closing Accumulated Surplus (Deficit)	5,474,088		6,916,220

CAPITAL FUND SCHEDULE OF FINANCIAL POSITION

as at June 30

		2009	2008
Financial Assets			
Cash and Bank		-	-
Short Term Investments		-	-
Due from	- Provincial Government	993,165	975,346
	- Federal Government	-	-
	- Municipal Government	-	-
	- First Nations	-	-
	- Other Funds	2,088,513	188,513
Accounts Receivable		31,034	3,600
Accrued Investment Income		-	-
		3,112,712	1,167,459
Liabilities			
Overdraft		787,370	572,755
Accounts Payable		810,690	65,359
Accrued Liabilities		255,917	5,196
Accrued Interest Payable		993,165	975,346
Due to	- Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- First Nations	-	-
	- Operating Fund	-	-
Deferred Revenue		590,700	596,989
Debenture Debt		30,956,726	28,474,194
Other Borrowings		4,717,024	6,678,951
		39,111,592	37,368,790
Net Debt		(35,998,880)	(36,201,331)
Non-Financial Assets			
Net Tangible Capital Assets		53,235,732	49,754,838
Accumulated Surplus / Equity *		17,236,852	13,553,507
* Comprised of:			
Reserve Accounts		2,088,513	188,513
Equity in Tangible Capital Assets		15,148,339	13,364,994
		17,236,852	13,553,507

CAPITAL FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2009	2008
Revenue			
Provincial Government			
Grants		6,749	4,509
Debt Servicing - Principal		2,614,868	2,468,241
- Interest		2,005,299	2,078,007
Federal Government		-	-
Municipal Government		-	-
Other Sources:			
Investment Income		-	-
Donations		93,531	86,708
Gain / (Loss) on Disposal of Capital Assets		7,500	9,526
	-		
Manitoba Hydro	15,448	15,448	5,663
		4,743,395	4,652,654
Expenses			
Amortization		4,892,279	4,652,488
Debenture Debt Interest		2,183,585	2,285,478
Other Interest		182,041	234,150
Other Capital Items		7,455	41,600
		7,265,360	7,213,716
Current Year Surplus / (Deficit)		(2,521,965)	(2,561,062)
Net Transfers from (to) Operating Fund		6,205,310	3,961,112
Transfers from Special Purpose Fund		-	-
Net Current Year Surplus (Deficit)		3,683,345	1,400,050
Opening Accumulated Surplus / Equity		13,553,507	12,022,417
Adjustments:		-	0
		-	131,040
Opening Accumulated Surplus / Equity as adjusted		13,553,507	12,153,457
Closing Accumulated Surplus / Equity		17,236,852	13,553,507

River East Transcona School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	92,774,459	6,199,351	4,985,475	293,982	2,724,487	7,448,955	1,878,287	2,026,741	635,622	118,967,359	114,745,866
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	92,774,459	6,199,351	4,985,475	293,982	2,724,487	7,448,955	1,878,287	2,026,741	635,622	118,967,359	114,745,866
Add:											
Additions during the year	2,893,100	-	500,827	36,683	688,416	614,107	-	-	3,640,040	8,373,173	4,485,504
Less:											
Disposals and write downs	-	-	142,221	13,083	-	-	-	-	-	155,304	264,011
Closing Cost	95,667,559	6,199,351	5,344,081	317,582	3,412,903	8,063,062	1,878,287	2,026,741	4,275,662	127,185,228	118,967,359
Accumulated Amortization											
Opening, as previously reported	58,229,946	2,123,097	2,733,838	225,976	1,262,376	4,333,277	-	304,011		69,212,521	64,824,044
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	58,229,946	2,123,097	2,733,838	225,976	1,262,376	4,333,277	-	304,011		69,212,521	64,824,044
Add:											
Current period Amortization	2,257,102	214,241	399,859	29,802	459,717	1,328,884	-	202,674		4,892,279	4,652,488
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	142,221	13,083	-	-	-	-		155,304	264,011
Closing Accumulated Amortization	60,487,048	2,337,338	2,991,476	242,695	1,722,093	5,662,161	-	506,685		73,949,496	69,212,521
Net Tangible Capital Asset	35,180,511	3,862,013	2,352,605	74,887	1,690,810	2,400,901	1,878,287	1,520,056	4,275,662	53,235,732	49,754,838
Proceeds from Disposal of Capital As	-	-	7,500	-	-	-	-			7,500	9,526

* Includes network infrastructure.

River East Transcona School Division

SCHEDULE OF CAPITAL RESERVE ACCOUNTS

For the Year Ended June 30, 2009

Fund Name >	Buses	Park Circle School	Fibre Optic Network	Parking Lot Upgrades	Mcleod Education Centre Renovations	Totals
Opening Balance, July 1, 2008	-	188,513	-	-	-	188,513
Additions: (Provide a description of each transaction)						
Approved by Mb. Education,Citenzenship and Youth June 3, 2009	-	-	1,200,000	450,000	250,000	1,900,000
						-
						-
						-
						-
						-
						-
						-
						-
Total Additions	-	-	1,200,000	450,000	250,000	1,900,000
Withdrawals: (Provide a description of each transaction)						
	-	-				-
	-					-
						-
						-
						-
						-
						-
						-
						-
Total Withdrawals	-	-	-	-	-	-
Closing Balance, June 30, 2009	-	188,513	1,200,000	450,000	250,000	2,088,513

SPECIAL PURPOSE FUND
SCHEDULE OF FINANCIAL POSITION

as at June 30

	2009	2008
Financial Assets		
Cash and Bank	1,840,860	1,851,254
Short Term Investments	-	-
GST Receivable	-	
Accrued Investment Income	-	-
Other Investments	-	-
	1,840,860	1,851,254
Liabilities		
School Generated Funds Liability	1,573,472	1,581,828
Accounts Payable	-	-
Accrued Liabilities	-	-
Due to Other Funds	-	-
Deferred Revenue	-	-
	1,573,472	1,581,828
Accumulated Surplus *	267,388	269,426
* Comprised of:		
School Generated Funds Accumulated Surplus	267,388	269,426
Other Funds Accumulated Surplus	-	-
Accumulated Surplus *	267,388	269,426

SPECIAL PURPOSE FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

		2009	2008
Revenue			
School Generated Funds		1,114,931	1,029,519
Other Funds		-	-
		-	-
		1,114,931	1,029,519
Expenses			
School Generated Funds		1,116,969	1,015,202
Other Funds		-	-
		-	-
		1,116,969	1,015,202
Current Year Surplus (Deficit)		(2,038)	14,317
Transfers (to) Operating Fund		-	-
Transfers (to) Capital Fund		-	-
Net Current Year Surplus (Deficit)		(2,038)	14,317
Opening Accumulated Surplus		269,426	255,109
Adjustments:	School Generated Funds	-	-
	Other Funds	-	-
Opening Accumulated Surplus as adjusted		269,426	255,109
Closing Accumulated Surplus		267,388	269,426

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 Manitoba Association of School Trustees (MAST) Pension Plan for non-teaching staff, the Division's contributions equals the employee's contributions to the plan. No responsibility is assumed by the Division to make any further contributions.

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

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 value, unless otherwise noted.

3. EMPLOYEE FUTURE BENEFITS

An employee future benefit liability of $287,575 (2008 - $151,925) has been accrued as at June 30, 2009 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.

3. EMPLOYEE FUTURE BENEFITS (continued)

During the year ended June 30, 2009, the employer contributions to Manitoba Association of School Trustees (MAST) Pension Plan amounted to $1,884,251 (2008 - $1,794,872). This amount has been expensed in the Division's financial statements for the year ended June 30, 2009.

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, 2008	**Additions in the period**	**Revenue Recognized in the period**	**Balance as at June 30, 2009**
Province of Manitoba – EPTC*	$7,838,398	$ 7,850,147	$ 7,838,398	**$ 7,850,147**
Province of Manitoba - Other	253,223	433,422	502,772	**183,873**
Tuition Fees	555,301	435,121	555,301	**435,121**
Donated Capital Assets	596,989	87,247	93,536	**590,700**
Miscellaneous	84,377	247,889	222,488	**109,778**
	$9,328,288	$ 9,053,826	$ 9,212,495	**$ 9,169,619**

*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 $1,573,472 (2008 - $1,581,828).

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 2009 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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:

6. DEBENTURE DEBT (continued)

	Principal	Interest	Total
10	$ 2,478,394	$ 2,037,867	$ 4,516,261
11	2,314,376	1,842,190	4,156,566
12	2,075,492	1,668,409	3,743,901
13	2,070,623	1,527,214	3,597,837
14	2,169,031	1,390,323	3,559,354
	$ 11,107,916	$ 8,466,003	$19,573,919

The fair value of the debenture debt is approximately $31,472,895 (2008 - $31,881,966).

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 2.4% to 3.82% per annum and have lease terms that expire between 2010 to 2014. These loans are secured by the assets to which the leases relate.

Principal and interest repayments related to obligation under capital leases are as follows:

	Principal	Interest	Total
10	$ 807,074	$ 83,182	$ 890,256
11	835,150	55,106	890,256
12	596,996	26,035	623,031
13	132,772	1,476	134,248
14	37,468	437	37,905
	$ 2,409,460	$ 166,236	$ 2,575,696

The fair value of obligations under capital lease is approximately $2,333,695 (2008 – $3,849,000).

The debentures for self-funded capital projects are in the form of ten or twenty year debt payable, principal and interest in equal yearly installments and maturing in 2010 or 2021. These self-funded debentures carry interest rates of 6.875%. The principal and interest repayments for the debentures in the next five years are:

7. OTHER BORROWINGS (continued)

	Principal	Interest	Total
2010	$ 438,973	$ 158,645	$ 597,618
2011	105,229	128,466	233,695
2012	112,463	121,232	233,695
2013	120,195	113,500	233,695
2014	128,459	105,236	233,695
	$ 905,319	$ 627,079	$ 1,532,398

The fair value of the self-funded debentures is approximately $2,541,824 (2008 – 2,989,945).

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 $31,480 (2008 - $3,971). 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, 2009 are $9,577,718, $6,516,568 and $3,061,150 respectively.

9. ACCUMULATED SURPLUS

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	**$ 1,373,776**	$ 2,602,300
Undesignated Surplus	**4,100,312**	4,313,920
	$ 5,474,088	$ 6,916,220
Capital Fund		
Reserve Accounts	**$ 2,088,513**	$ 188,513
Equity in Tangible Capital Assets	**15,148,339**	13,364,994
	$ 17,236,852	$ 13,553,507
Special Purpose Fund		
School Generated Funds	**$ 267,388**	$ 269,426
Other Special Purpose Funds	**-**	-
	$ 267,388	$ 269,426
Total Accumulated Surplus	**$ 22,978,328**	$ 20,739,153

9. 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 detailed breakdown of the Designated Surplus.

	2009	2008
Board approved appropriation by motion	**$ 442,844**	$ 1,627,849
School budget carryovers by board policy	**930,932**	974,451
Designated surplus	**$ 1,373,776**	$ 2,602,300

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.

	2009	2008
Bus reserve	**$ -**	$ -
Other reserve	**2,088,513**	188,513
Capital reserve	**$ 2,088,513**	$ 188,513

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 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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	**$ 45,126,317**	$ 44,930,541
Receivable-Due from Municipal Government-Property Tax	**$ 26,785,886**	$ 26,746,254

11. INTEREST RECEIVED AND PAID

The Division received interest during the year of $164,274 (2008 - $305,556).

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

	2009	2008
Operating Fund		
Fiscal-Short Term Loan, Interest and Bank Charges	**$ 54,685**	$ 78,216
Capital Fund		
Debenture Debt Interest	**2,183,585**	2,285,478
Interest on Obligation under Capital Lease	**181,410**	211,247
Other Interest	**631**	22,903
	$ 2,420,311	$ 2,597,844

The accrued portion of debenture debt interest expense at June 30, 2009 of $993,165 (2008- $975,346) 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 2009	Budget 2009	Actual 2008
Salaries	**$121,093,972**	**$119,303,985**	$114,576,361
Employees benefits & allowances	**8,399,788**	**8,183,800**	8,141,045
Services	**12,670,075**	**12,455,784**	14,287,624
Supplies, materials, minor equipment	**8,087,605**	**8,205,377**	7,398,951
Interest	**2,420,311**	**82,000**	2,597,844
School Divisions	**517,170**	**-**	773,735
Other operating expenses	**16,894**	**225,200**	55,546
Payroll tax	**2,596,883**	**2,550,000**	2,455,409
Amortization	**4,892,279**	**-**	4,652,488
Other capital items	**7,455**	**-**	41,600
School generated funds	**1,116,969**	**-**	1,015,202
	$161,819,401	**$151,006,146**	$155,995,805

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, 2009, the amount of this special levy was $339,938 (2008 - $262,716). 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:

	2009	2008
Scholarship Funds		
Balance, beginning of year	**$ 322,846**	$ 324,606
Cash contributions received during the year	**22,030**	245
Interest income	**6,062**	12,800
Scholarships awarded	**(20,190)**	(14,805)
Balance, end of year	**$ 330,748**	$ 322,846
Assets		
Cash and investments	**$ 330,748**	$ 322,846

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 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 Meyers Norris Penny 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.

Chairperson

Secretary-Treasurer

October 14, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Rolling River School Division

We have audited the consolidated statement of financial position of the Rolling River School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Brandon, Manitoba
October 14, 2009

AUDITOR

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 21, 2009
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	686,899	778,013
	- Federal Government	43,830	84,161
	- Municipal Government	3,572,139	3,354,301
	- Other School Divisions	-	-
	- First Nations	-	639,027
	Accounts Receivable	65,045	90,521
	Accrued Investment Income	-	-
	Other Investments	-	-
		4,367,913	4,946,023
	Liabilities		
5	Overdraft	2,485,721	1,554,967
	Accounts Payable	90,491	66,744
	Accrued Liabilities	302,881	1,829,859
	Employee Future Benefits	-	-
	Accrued Interest Payable	239,444	250,293
	Due to - Provincial Government	21,956	1,876
	- Federal Government	-	-
	- Municipal Government	8,772	-
	- Other School Divisions	-	-
	- First Nations	-	-
7	Deferred Revenue	276,761	154,784
8	Debenture Debt	7,333,401	7,568,998
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		10,759,427	11,427,521
	Net Debt	(6,391,514)	(6,481,498)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	9,014,526	9,085,697
	Inventories	-	-
	Prepaid Expenses	38,527	68,968
		9,053,053	9,154,665
10	**Accumulated Surplus**	2,661,539	2,673,167

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		13,233,504	12,863,351
	Federal Government		56,338	47,909
	Municipal Government	- Property Tax	6,252,836	6,044,107
		- Other	-	-
	Other School Divisions		79,170	89,960
	First Nations		1,072,754	1,100,277
	Private Organizations and Individuals		61,907	34,895
	Other Sources		42,946	56,904
	School Generated Funds		654,649	665,588
	Other Special Purpose Funds		-	-
			21,454,104	20,902,991
	Expenses			
	Regular Instruction		11,520,364	10,996,584
	Student Support Services		2,581,975	2,581,227
	Adult Learning Centres		132,851	143,711
	Community Education and Services		17,962	22,282
	Divisional Administration		785,461	736,394
	Instructional and Other Support Services		573,359	575,335
	Transportation of Pupils		1,373,994	1,365,015
	Operations and Maintenance		2,177,727	2,188,193
12	Fiscal	- Interest	517,709	600,417
		- Other	350,348	286,455
	Amortization		800,547	770,691
	Other Capital Items		-	-
	School Generated Funds		633,435	641,805
	Other Special Purpose Funds		-	-
			21,465,732	20,908,109
	Current Year Surplus (Deficit)		(11,628)	(5,118)
	Opening Accumulated Surplus		2,673,167	2,678,285
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		2,673,167	2,678,285
	Closing Accumulated Surplus		2,661,539	2,673,167

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(11,628)	(5,118)
Amortization of Tangible Capital Assets	800,547	770,691
Acquisition of Tangible Capital Assets	(729,376)	(904,737)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	1,399
Proceeds on Disposal of Tangible Capital Assets	-	1
	71,171	(132,646)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	30,441	(38,199)
	30,441	(38,199)
(Increase)/Decrease in Net Debt	89,984	(175,963)
Net Debt at Beginning of Year	(6,481,498)	(6,305,535)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(6,481,498)	(6,305,535)
Net Debt at End of Year	(6,391,514)	(6,481,498)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(11,628)	(5,118)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	800,547	770,691
(Gain)/Loss on Disposal of Tangible Capital Assets	-	1,399
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	552,634	(844,411)
Accounts Receivable & Accrued Income (Increase)/Decrease	25,476	(7,311)
Inventories and Prepaid Expenses - (Increase)/Decrease	30,441	(38,199)
Due to Other Organizations Increase/(Decrease)	28,852	(2,024)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,514,080)	840,495
Deferred Revenue Increase/(Decrease)	121,977	(250,824)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	34,219	464,698
Capital Transactions		
Acquisition of Tangible Capital Assets	(729,376)	(904,737)
Proceeds on Disposal of Tangible Capital Assets	-	1
Cash (Applied to)/Provided by Capital Transactions	(729,376)	(904,736)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(235,597)	(58,261)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(235,597)	(58,261)
Cash and Bank / Overdraft (Increase)/Decrease	(930,754)	(498,299)
Cash and Bank (Overdraft) at Beginning of Year	(1,554,967)	(1,056,668)
Cash and Bank (Overdraft) at End of Year	(2,485,721)	(1,554,967)

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	17,206,371	107,000	1,950,264	278,937	136,984	-	153,468	-	200,681	20,033,705	19,130,368
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	17,206,371	107,000	1,950,264	278,937	136,984	-	153,468	-	200,681	20,033,705	19,130,368
Add: Additions during the year	592,047	-	261,836	-	-	-	-	-	(124,507)	729,376	904,737
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	1,400
Closing Cost	17,798,418	107,000	2,212,100	278,937	136,984	-	153,468	-	76,174	20,763,081	20,033,705
Accumulated Amortization											
Opening, as previously reported	9,617,988	70,963	1,032,758	149,215	77,084	-	-	-		10,948,008	10,177,317
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	9,617,988	70,963	1,032,758	149,215	77,084	-	-	-		10,948,008	10,177,317
Add: Current period Amortization	548,813	2,675	177,683	47,991	23,385	-	-	-		800,547	770,691
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	10,166,801	73,638	1,210,441	197,206	100,469	-	-	-		11,748,555	10,948,008
Net Tangible Capital Asset	7,631,617	33,362	1,001,659	81,731	36,515	-	153,468	-	76,174	9,014,526	9,085,697
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	1

* Includes network infrastructure.

ROLLING RIVER SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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. Comparative Figures

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 as of June 30, 2007.

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 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 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 & 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 retirement and other future benefits to its employees. These benefits include pension, life insurance and supplemental employment benefits. The Division 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:

The pension plan contributions are based on 9% to 11.65% of eligible earnings. The life insurance policy contributions are based on 0.12% to 0.24% of eligible earnings. Supplementary employment benefits top up employment insurance benefits to 90% of regular earnings at the time the leave commenced.

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 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.

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) the benefit costs are accounted for on a full accrual basis determined using management's best estimate.

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.

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.

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 authorized line of credit with Minnedosa Credit Union of $6,500,000.00 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.

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 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 9% to 11.65% 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.

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.

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Manitoba Textbook Bureau	$ -	$ -	$ -	$ -
General Support Grant	-		-	-
Education Proptery Tax Credit	154,784	276,761	154,784	276,761
	$ 154,784	$ 276,761	$ 154,784	$ 276,761

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 2010 to 2029. 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 4.875 % to 11.50 %. Debenture interest expense payable as at June 30, 2009, 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
2009/10	$ 586,156	$ 466,356	$ 1,052,512
2010/11	524,797	418,853	943,650
2011/12	533,915	378,708	912,623
2012/13	555,254	338,832	894,086
2013/14	557,160	297,663	854,823
	$ 2,757,282	$ 1,900,412	$ 4,657,694

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).

	Gross Amount	Accumulated Amortization	2009 Net Book Value
Owned-tangible capital assets	$ 20,763,081	$ 11,748,555	$ 9,014,526
Capital lease	-	-	-
	$ 20,763,081	$ 11,748,555	$ 9,014,526

10. **Accumulated Surplus**

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	-
Undesignated Surplus	583,258
	583,258
Capital Fund	
Reserve Accounts	134,003
Equity in Tangible Capital Assets	1,652,452
	1,786,455
Special Purpose Fund	
School Generated Funds	
Other Special Purpose Funds	291,826
	291,826
Total Accumulated Surplus	$ 2,661,539

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.

	2009
Board approved approriation 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.

	2009
Bus reserves	99,003
Other reserves	35,000
Capital Reserve	$ 134,003

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

	2009
Foundation-Scholarship	-
Other - *Specify*	-
Other Special Purpose Funds	$ -

11. **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 revenue and expense is raised over the two calendar (tax) years; 42.3% from 2008 tax year and 57.7% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 6,252,836	$ 6,044,107
Receivable-Due from Municipal-Property Tax	$ 3,572,139	$ 3,354,301

12. **Interest Received and Paid**

The Division received interest during the year of $11,117 (previous year $13,997); interest paid during the year was $517,709 (previous year $600,417).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 16,034
Capital Fund	
Debenture debt interest	501,675
Other interest	-
	$ 517,709

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 $239,444 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. **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, 2009:

	2009
Allowance for doubtful accounts deducted from Receivables below:	
Due from First Nations	$ -
Accounts Receivable	-
	NIL
Bad debts expense (included in fiscal-Other)	NIL

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 2009	Budget 2009	Actual 2008
Salaries	$ 14,901,098	$ 14,613,750	$ 14,262,799
Employees benefits & allowances	1,123,561	1,079,140	1,053,212
Services	1,545,348	1,574,140	1,581,905
Supplies, materials & minor equipment	1,429,709	1,553,350	1,545,901
Interest	517,709	70,000	600,417
Transfers	163,977	474,500	164,924
Payroll tax	350,348	-	286,455
Amortization	800,547		770,691
Other capital items		-	-
School generated funds	633,435	-	641,805
Other special purpose funds		-	-
	$ 21,465,732	$ 19,364,880	$ 20,908,109

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, 2009, the amount of this special levy was $30,124 (2008 - $17,995). These amounts are not included in the Division's consolidated financial statements.

Rivière Seine River

Seine River School Division • 475-A Senez St. • Lorette MB • R0A 0Y0 • 204 878-4713 • 204 878-4717(fax) • www.srsd.mb.ca

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Seine River 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.

The consolidated financial statements have been audited by BDO Dunwoody 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.

Chairperson **Secretary-Treasurer**

October 15, 2009

Leading the Way to Personal Growth

BDO ıwoody LLP/s.r.l.
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Comptables agréés et conseillers

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Auditors' Report

To the Chairperson and Board of Trustees of
Seine River School Division

We have audited the consolidated statement of financial position of **Seine River School Division** ("The Division") as at June 30, 2009 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
September 25, 2009

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.

October 27, 2009
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	102,830	-
	Short Term Investments	374,964	414,419
	Due from - Provincial Government	968,299	1,790,790
	- Federal Government	149,874	99,301
11	- Municipal Government	5,202,291	4,396,992
	- Other School Divisions	3,208	424
	- First Nations	-	-
	Accounts Receivable	70,021	73,560
	Accrued Investment Income	-	-
	Other Investments	-	-
		6,871,487	6,775,486
	Liabilities		
3	Overdraft	-	878,640
	Accounts Payable	1,548,837	777,640
	Accrued Liabilities	-	-
4	Employee Future Benefits	229,803	202,854
	Accrued Interest Payable	458,820	503,733
	Due to - Provincial Government	121,451	114,363
	- Federal Government	1,485,032	48,822
	- Municipal Government	42,817	31,107
	- Other School Divisions	1,007,800	930,221
	- First Nations	-	-
5	Deferred Revenue	1,292,028	1,281,853
7	Debenture Debt	16,023,659	16,884,537
8	Other Borrowings	564,034	678,320
6	School Generated Funds Liability	30,636	21,977
		22,804,917	22,354,067
	Net Debt	(15,933,430)	(15,578,581)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	21,278,011	20,717,685
	Inventories	-	-
	Prepaid Expenses	679,838	218,547
		21,957,849	20,936,232
10	**Accumulated Surplus**	6,024,419	5,357,651

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	28,292,264	26,449,438
	Federal Government	19,721	-
11	Municipal Government - Property Tax	8,441,809	8,328,670
	- Other	-	-
	Other School Divisions	217,207	204,432
	First Nations	9,507	-
	Private Organizations and Individuals	84,980	19,605
	Other Sources	161,629	214,639
	School Generated Funds	871,237	824,361
	Other Special Purpose Funds	-	-
		38,098,354	36,041,145
13	**Expenses**		
	Regular Instruction	19,242,153	18,393,859
	Student Support Services	6,167,476	5,755,180
	Adult Learning Centres	291,810	265,567
	Community Education and Services	31,090	18,781
	Divisional Administration	1,275,311	1,187,666
	Instructional and Other Support Services	978,532	962,423
	Transportation of Pupils	1,985,718	1,992,755
	Operations and Maintenance	3,597,841	3,335,645
12	Fiscal - Interest	1,174,076	1,243,211
	- Other	556,415	530,052
	Amortization	1,306,364	1,275,107
	Other Capital Items	-	35,168
	School Generated Funds	824,800	787,026
	Other Special Purpose Funds	-	-
		37,431,586	35,782,440
	Current Year Surplus (Deficit)	666,768	258,705
	Opening Accumulated Surplus	5,357,651	5,098,946
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
	Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted	5,357,651	5,098,946
10	**Closing Accumulated Surplus**	6,024,419	5,357,651

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	666,768	258,705
Amortization of Tangible Capital Assets	1,306,364	1,275,107
Acquisition of Tangible Capital Assets	(1,866,690)	(1,521,713)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,500)	-
Proceeds on Disposal of Tangible Capital Assets	3,500	-
	(560,326)	(246,606)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(461,291)	(29,367)
	(461,291)	(29,367)
(Increase)/Decrease in Net Debt	(354,849)	(17,268)
Net Debt at Beginning of Year	(15,578,581)	(15,561,313)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(15,578,581)	(15,561,313)
Net Debt at End of Year	(15,933,430)	(15,578,581)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	666,768	258,705
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,306,364	1,275,107
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,500)	-
Employee Future Benefits Increase/(Decrease)	26,949	(261)
Short Term Investments (Increase)/Decrease	39,455	(64,412)
Due from Other Organizations (Increase)/Decrease	(36,165)	(1,048,029)
Accounts Receivable & Accrued Income (Increase)/Decrease	3,539	(38,292)
Inventories and Prepaid Expenses - (Increase)/Decrease	(461,291)	(29,367)
Due to Other Organizations Increase/(Decrease)	1,532,587	(1,170,203)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	726,284	(32,688)
Deferred Revenue Increase/(Decrease)	10,175	26,306
School Generated Funds Liability Increase/(Decrease)	8,659	6,790
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	3,819,824	(816,344)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,866,690)	(1,521,713)
Proceeds on Disposal of Tangible Capital Assets	3,500	-
Cash (Applied to)/Provided by Capital Transactions	(1,863,190)	(1,521,713)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(860,878)	477,445
Other Borrowings Increase/(Decrease)	(114,286)	(107,651)
Cash Provided by (Applied to) Financing Transactions	(975,164)	369,794
Cash and Bank / Overdraft (Increase)/Decrease	981,470	(1,968,263)
Cash and Bank (Overdraft) at Beginning of Year	(878,640)	1,089,623
Cash and Bank (Overdraft) at End of Year	102,830	(878,640)

Seine River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	31,302,487	1,772,887	3,385,926	91,067	526,447	286,167	451,886	-	382,501	38,199,368	36,677,655
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	31,302,487	1,772,887	3,385,926	91,067	526,447	286,167	451,886	-	382,501	38,199,368	36,677,655
Add: Additions during the year	817,727	1,078,192	353,272	-	-	-	-	-	(382,501)	1,866,690	1,521,713
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	32,120,214	2,851,079	3,739,198	91,067	526,447	286,167	451,886	-	-	40,066,058	38,199,368
Accumulated Amortization											
Opening, as previously reported	14,750,240	361,859	1,752,181	54,229	306,155	257,019	-	-		17,481,683	16,206,576
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	14,750,240	361,859	1,752,181	54,229	306,155	257,019	-	-		17,481,683	16,206,576
Add: Current period Amortization	807,370	74,708	320,030	14,239	60,869	29,148	-	-		1,306,364	1,275,107
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	15,557,610	436,567	2,072,211	68,468	367,024	286,167	-	-		18,788,047	17,481,683
Net Tangible Capital Asset	16,562,604	2,414,512	1,666,987	22,599	159,423	-	451,886	-	-	21,278,011	20,717,685
Proceeds from Disposal of Capital As	-	-	3,500	-	-	-	-			3,500	-

* Includes network infrastructure.

Seine River School Division
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2009

1. 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.

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 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 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 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 before 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.

However, 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 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.

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 La Caisse Populaire La Prairie Ltée of $5,000,000 by way of overdrafts and is repayable on demand at prime; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

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. The total pension expense for the 2009 year was $321,257 ($301,661 in 2008).

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Adult Learning Centre	$ 119,880	-	119,880	-
Education Property Tax Credit (EPTC)	1,153,973	3,627,220	3,504,185	1,277,008
Other	8,000	15,020	8,000	15,020
	$ 1,281,853	3,642,240	3,632,065	1,292,028

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 $30,636 ($21,977 at June 30, 2008).

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 2009 to 2029. 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 4.875% to 12.25%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 2,455,752
2011	2,400,804
2012	2,099,769
2013	1,924,848
2014	1,900,675
	$ 10,781,848

8. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes loans payable for to acquisition of school buses and for energy management system retrofit.

	2009	2008
Energy Management System Retrofit Loan – Pacific & Western Bank	$ 564,034	$ 678,320

The energy management system retrofit loan has 6.07% interest per annum, with the remaining balance due in July 2009. The debt retirement will be financed from funds held by the Energy Management Debt Repayment Reserve and future borrowings. This loan is secured by way of a security agreement.

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 (nil in 2008).

10. Accumulated Surplus

The consolidated accumulated surplus for 2009 is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ 346,776	454,198
Undesignated Surplus	1,003,975	843,467
	1,350,751	1,297,665
Capital Fund		
Reserve Accounts	500,020	768,887
Equity in Tangible Capital Assets	3,928,783	3,092,671
	4,428,803	3,861,558
Special Purpose Fund		
School Generated Funds	244,865	198,428
Other	-	-
	244,865	198,428
Total Accumulated Surplus	$ 6,024,419	5,357,651

10. Accumulated Surplus (continued)

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:

	2009	2008
School budget carryovers by board policy	$ 110,447	104,696
Various projects	236,329	349,502
Designated surplus	$ 346,776	454,198

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.

	2009	2008
Bus Reserve	$ 28,660	29,467
Energy Management Debt Repayment Reserve	419,927	365,013
Board Office Roof Replacement Reserve	51,433	49,407
Bus Garage Reserve	-	325,000
Capital Reserve	$ 500,020	768,887

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 2008 tax year and 58% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 8,441,809	$ 8,328,670
Receivable – Due from Municipal – Property Tax	$ 5,202,291	$ 4,396,992

12. Interest Received and Paid

The Division received interest during the year of $8,679 ($17,052 in 2008); interest paid during the year was $1,174,076 ($1,243,211 in 2008).

Interest expense for the year ended June 30, 2009 is comprised of the following:

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 39,266	47,181
Capital Fund		
Debenture interest	1,097,253	1,151,840
Other interest	37,557	44,190
	$ 1,174,076	1,243,211

The accrual portion of debenture debt interest expense of $458,820 ($503,733 in 2008) 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 2009	Budget 2009 (unaudited)	Actual 2008
Salaries	$ 25,718,134	25,062,710	24,445,254
Employees benefits and allowances	1,993,350	1,968,154	1,797,382
Services	3,003,907	2,819,819	2,767,265
Supplies, materials and minor equipment	2,268,404	2,561,812	2,350,022
Interest	1,174,076	15,000	1,243,211
Payroll tax	556,415	519,992	530,052
Amortization	1,306,364	-	1,275,107
Transfers	586,136	617,750	551,953
Other capital items	-	-	35,168
School generated funds	824,800	-	787,026
	$ 37,431,586	33,565,237	35,782,440

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, 2009, the amount of this special levy was $3,750,440 ($3,564,697 in 2008). These amounts are not included in the Division's consolidated financial statements.

15. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $346,776 at June 30, 2009 ($454,198 at June 30, 2008). The details of the Designated Surplus are disclosed at note 10 and page 5 of the audited financial statements.

The school division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2009 are as follows:

2010	$ 366,740
2011	164,724
2012	50,184
2013	37,082

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.

KPMG LLP
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Canada

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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.

Chairperson

Secretary-Treasurer

September 25, 2009

KPMG

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Internet www.kpmg.ca

AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the consolidated statement of financial position of Seven Oaks School Division as at June 30, 2009 and the consolidated statements of revenues, expenses and accumulated surplus, changes in net debt and cash flows for the year then ended. These financial statements have been prepared to comply with the Public Schools Act. These financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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 the 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. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

September 25, 2009

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.

Chairperson of the Board

October 28/09
Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	2,832,780	2,410,621
	- Federal Government	225,089	126,460
	- Municipal Government	15,009,584	13,988,745
	- Other School Divisions	79,966	97,136
	- First Nations	-	-
	Accounts Receivable	419,264	582,079
	Accrued Investment Income	-	-
	Other Investments	-	-
		18,566,683	17,205,041
	Liabilities		
3	Overdraft	13,942,983	12,732,299
	Accounts Payable	3,674,517	1,470,097
	Accrued Liabilities	860,754	668,549
	Employee Future Benefits	-	-
	Accrued Interest Payable	890,037	852,677
	Due to - Provincial Government	591,983	463,771
	- Federal Government	107,536	61,685
	- Municipal Government	70,258	81,711
	- Other School Divisions	66,820	34,378
	- First Nations	-	-
5	Deferred Revenue	4,375,599	3,721,131
7	Debenture Debt	32,945,057	30,011,750
8	Other Borrowings	840,562	1,434,272
	School Generated Funds Liability	521,683	526,259
		58,887,789	52,058,579
	Net Debt	(40,321,106)	(34,853,538)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	66,529,338	57,710,829
	Inventories	-	-
	Prepaid Expenses	201,905	237,632
		66,731,243	57,948,461
13	**Accumulated Surplus**	26,410,137	23,094,923

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		65,325,154	60,009,495
	Federal Government		19,343	9,418
	Municipal Government	- Property Tax	25,402,515	23,039,402
		- Other	-	-
	Other School Divisions		799,844	728,435
	First Nations		168,800	186,810
	Private Organizations and Individuals		824,810	817,274
	Other Sources		29,675	99,499
	School Generated Funds		113,014	122,007
	Other Special Purpose Funds		-	-
			92,683,155	85,012,340
	Expenses			
	Regular Instruction		50,511,333	48,510,926
	Student Support Services		13,144,427	12,914,760
	Adult Learning Centres		432,952	416,263
	Community Education and Services		1,149,644	1,013,867
	Divisional Administration		2,681,364	2,507,235
	Instructional and Other Support Services		3,051,060	2,410,396
	Transportation of Pupils		2,612,232	2,539,534
	Operations and Maintenance		9,249,538	9,042,744
12	Fiscal	- Interest	2,192,980	2,441,843
		- Other	1,398,568	1,338,830
	Amortization		2,351,186	2,030,615
	Other Capital Items		451,283	130,999
	School Generated Funds		171,139	99,926
	Other Special Purpose Funds		-	-
			89,397,706	85,397,938
	Current Year Surplus (Deficit)		3,285,449	(385,598)
	Opening Accumulated Surplus		23,094,923	23,480,521
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
13		Cancopy fee, Capital Asset adjustment	29,765	0
	Opening Accumulated Surplus, as adjusted		23,124,688	23,480,521
	Closing Accumulated Surplus		26,410,137	23,094,923

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	3,285,449	(385,598)
Amortization of Tangible Capital Assets	2,351,186	2,030,615
Acquisition of Tangible Capital Assets	(11,169,695)	(10,201,199)
(Gain) / Loss on Disposal of Tangible Capital Assets	(1,500)	(1,000)
Proceeds on Disposal of Tangible Capital Assets	1,500	1,000
	(8,818,509)	(8,170,584)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	35,727	20,025
	35,727	20,025
(Increase)/Decrease in Net Debt	(5,497,333)	(8,536,157)
Net Debt at Beginning of Year	(34,853,538)	(26,317,381)
Adjustments Other than Tangible Cap. Assets	29,765	-
Net Debt at Beginning of Year as Adjusted	(34,823,773)	(26,317,381)
Net Debt at End of Year	(40,321,106)	(34,853,538)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	3,285,449	(385,598)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,351,186	2,030,615
(Gain)/Loss on Disposal of Tangible Capital Assets	(1,500)	(1,000)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(1,524,457)	(349,265)
Accounts Receivable & Accrued Income (Increase)/Decrease	162,815	(430,021)
Inventories and Prepaid Expenses - (Increase)/Decrease	35,727	20,025
Due to Other Organizations Increase/(Decrease)	195,052	(1,193,693)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	2,433,985	448,651
Deferred Revenue Increase/(Decrease)	654,468	184,225
School Generated Funds Liability Increase/(Decrease)	(4,576)	(67,505)
Adjustments Other than Tangible Cap. Assets	29,765	-
Cash Provided by Operating Transactions	7,617,914	256,434
Capital Transactions		
Acquisition of Tangible Capital Assets	(11,169,695)	(10,201,199)
Proceeds on Disposal of Tangible Capital Assets	1,500	1,000
Cash (Applied to)/Provided by Capital Transactions	(11,168,195)	(10,200,199)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	2,933,307	8,932,720
Other Borrowings Increase/(Decrease)	(593,710)	(147,640)
Cash Provided by (Applied to) Financing Transactions	2,339,597	8,785,080
Cash and Bank / Overdraft (Increase)/Decrease	(1,210,684)	(1,158,685)
Cash and Bank (Overdraft) at Beginning of Year	(12,732,299)	(11,573,614)
Cash and Bank (Overdraft) at End of Year	(13,942,983)	(12,732,299)

Seven Oaks School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2009 Totals	2008 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	68,801,588	2,141,578	3,543,252	103,244	931,461	849,388	12,448,447	-	1,863,492	90,682,450	80,738,702
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	68,801,588	2,141,578	3,543,252	103,244	931,461	849,388	12,448,447	-	1,863,492	90,682,450	80,738,702
Add: Additions during the year	2,356,053	-	377,090	46,940	57,560	161,362	82,727	-	8,087,963	11,169,695	10,201,199
Less: Disposals and write downs	220,765	-	-	-	-	-	-	-	-	220,765	257,451
Closing Cost	70,936,876	2,141,578	3,920,342	150,184	989,021	1,010,750	12,531,174	-	9,951,455	101,631,380	90,682,450
Accumulated Amortization											
Opening, as previously reported	28,907,301	1,323,582	2,014,387	68,374	526,516	131,461	-	-		32,971,621	31,198,457
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	28,907,301	1,323,582	2,014,387	68,374	526,516	131,461	-	-		32,971,621	31,198,457
Add: Current period Amortization	1,799,929	47,057	291,606	13,164	128,291	71,139	-	-		2,351,186	2,030,615
Less: Accumulated Amortization on Disposals and Writedowns	220,765	-	-	-	-	-	-	-		220,765	257,451
Closing Accumulated Amortization	30,486,465	1,370,639	2,305,993	81,538	654,807	202,600	-	-		35,102,042	32,971,621
Net Tangible Capital Asset	40,450,411	770,939	1,614,349	68,646	334,214	808,150	12,531,174	-	9,951,455	66,529,338	57,710,829
Proceeds from Disposal of Capital As	-	-	1,500	-	-	-	-			1,500	1,000

* Includes network infrastructure.

SEVEN OAKS SCHOOL DIVISION

Notes to Consolidated Financial Statements

Year ended June 30, 2009

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) 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	$	(2,334)
Kildonan Youth Activity Centre		13,788
Seven Oaks Parents in Support of Aboriginal Education		(86,761)
Safe Youth Program - from Federal Government Grant		8,389
Immigrant Integration program		(11,548)
	$	(78,466)

The amounts contributed by the Division will be reimbursed by these organizations.

2. Significant accounting principles (continued).

(c) Basis of accounting:

These consolidated 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.

(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.

(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.

2. Significant accounting principles (continued).

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	5,000	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 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.

(g) 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.

2. Significant accounting principles (continued).

(h) 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.

(i) 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. Actual results could differ from those estimates.

3. Overdraft:

The Division has authorized revolving lines of credit with the Royal Bank of Canada (RBC) of $20,000,000 and $9,000,000 by way of overdrafts, flex financing, and letter of guarantee. The Division also has a $2,000,000 revolving lease line of credit, by way of leases. The loan is repayable on demand at RBC prime less .25 percent. Interest is paid monthly.

4. Commitments:

(a) The Division entered into a Land Development Agreement with the City of Winnipeg in September 2003. The development agreement was for the amount of $725,329 excluding GST. Of those costs, $259,689 relate to the future school site and will not be incurred until a school is constructed.

(b) On June 25, 2008, the Division received approval from the Public Schools Finance Board to proceed with the Garden City Collegiate 'addition and renovation' project, at a cost of $8,308,000 plus G.S.T. This project will be funded 100 percent by the Division.

(c) On September 22, 2008, the Division received approval from its Board of Trustees to proceed with the Edmund Partridge Community School "renovation and addition" project at a cost of $1,749,500 plus G.S.T. This project will be funded 100 percent by the Division.

5. Deferred revenue:

	Balance, June 30, 2008	Additions in the period	Revenue recognized in the period	Balance, June 30, 2009
Education property tax credit	$ 3,574,343	$ 11,030,898	$ 10,321,875	$ 4,283,366
Community school partnership initiative	20,080	48,537	68,617	–
Bus pass fees	39,876	294,178	307,834	26,220
Other special purpose funds:				
Capital - play structures	51,871	–	13,137	38,734
EAL program	9,707	45,246	54,953	–
Summer school fees	17,470	59,348	58,008	18,810
Summer Rec & Read - Urban Green Team	3,997	–	3,997	–
Summer Rec & Read - Federal government	3,787	2,939	6,726	–
My Camp	–	6,619	–	6,619
CGC Psychology from U of M	–	1,250	–	1,250
CVE fees	–	600	–	600
	$ 3,721,131	$ 11,489,615	$ 10,835,147	$ 4,375,599

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, 2009, school funds held in the Special Purpose Fund totaled $ 636,121 (2008 - $698,822).

The school generated funds liability of $ 521,683 at June 30, 2009 (2008 - $526,259) comprises the portion of the school generated funds that are not controlled.

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 2010 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.0 percent to 11.50 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2010	$ 2,280,835	$ 2,076,830	$ 4,357,665
2011	2,070,767	1,892,710	3,963,477
2012	2,168,261	1,734,615	3,902,876
2013	1,724,881	1,570,238	3,295,119
2014	1,815,101	1,454,187	3,269,288
Thereafter	22,885,212	9,514,139	32,399,351
	$ 32,945,057	$ 18,242,719	$ 51,187,776

During 2009 the Division had submitted claims for capital projects to the Public Schools Finance Board totaling $ 5,236,900 (2008 - $10,759,500) and received debenture proceeds of this amount in 2009.

8. Other borrowings:

The other borrowings of the Division are in the form of long-term capital leases held with the Royal Bank of Canada for the purchase of buses. The leases carry floating interest rates that range from 3.15 percent to 5.63 percent and the loan has a fixed rate of 5.15 percent. Principal and interest payments in the next five years and thereafter are as follows:

	Principal	Interest	Total
2010	$ 197,631	$ 41,619	$ 239,250
2011	167,348	31,970	199,318
2012	175,762	23,556	199,318
2013	184,602	14,716	199,318
2014	72,105	5,428	77,533
Thereafter	43,114	1,887	45,001
	$ 840,562	$ 119,176	$ 959,738

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

	Gross amount	Accumulated amortization	Net book value
Tangible capital assets	$ 99,442,669	$ 34,003,932	$ 65,438,737
Capital lease	2,188,711	1,098,110	1,090,601
	$ 101,631,380	$ 35,102,042	$ 66,529,338

10. Expense 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 2009	Budget* 2009 (Unaudited)	Actual 2008
Salaries	$ 64,794,849	$ 64,413,507	$ 62,103,913
Employees benefits and allowances	6,180,208	5,766,801	5,849,924
Services	6,516,461	6,626,613	5,978,592
Supplies, materials and minor equipment	4,328,396	5,059,440	4,273,401
Interest	144,011	150,000	145,785
Payroll tax	1,391,390	1,381,529	1,338,830
School divisions and other organizations	1,019,814	1,035,505	1,004,110
Total Operating Fund	84,375,129	84,433,395	80,694,555
Amortization	2,351,186		2,030,615
Debenture debt interest	2,010,309		2,342,070
Other interest	38,660		99,773
Other capital items	451,283		130,999
Total Capital Fund	4,851,438		4,603,457
Total school generated funds	171,139		99,926
	$ 89,397,706	$ 84,433,395	$ 85,397,938

*The 2009 budget includes operational expenses and is exclusive of the funds budgeted for capital purchases and debt financing of $ 1,599,005. The total 2009 budget is $ 86,032,400.

Budgeted figures are presented in accordance with FRAME, the prescribed method of accounting that the Division followed prior to the implementation of PSAB.

11. 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 2009, the Division provided a grant to the Foundation in the amount of $ 16,000 (2008 - $16,000).

12. Interest paid:

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

	2009	2008
Operating Fund:		
Overdraft interest	$ 144,011	$ –
Capital Fund:		
Debenture debt interest - PSFB funded	1,989,304	2,296,058
Debenture interest	21,005	46,012
Lease interest	38,660	99,773
	$ 2,192,980	$ 2,441,843

13. Accumulated surplus:

Opening accumulated surplus has been increased by $29,765 which is comprised of:

(i) a $68,556 charge to reflect the retroactive fee increase for the Tariff of Royalties charged by the Canadian Copyright Licensing Agency and approved by the Copyright Board of Canada; and

(ii) a $98,321 credit related to a capital addition on the Edmund Partridge Community School "renovation and addition" project which had been expensed in fiscal 2008.

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 Meyers Norris Penny 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.

Chairperson   Secretary-Treasurer

October 15, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Southwest Horizon School Division

We have audited the consolidated statement of financial position of the Southwest Horizon School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 15, 2009

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.

DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
1-800-446-0890 PH. (204) 727-0661 FAX (204) 726-1543 mnp.ca

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
	Short Term Investments	-	-
	Due from - Provincial Government	1,779,183	1,513,754
	- Federal Government	46,758	137,228
	- Municipal Government	6,575,596	6,522,760
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	133,135	130,335
	Accrued Investment Income	-	-
	Other Investments	-	-
		8,534,672	8,304,077
	Liabilities		
4	Overdraft	2,625,742	2,207,289
	Accounts Payable	933,478	831,991
	Accrued Liabilities	115,496	99,929
	Employee Future Benefits	-	-
	Accrued Interest Payable	408,504	433,131
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	7,642	-
	- First Nations	-	-
5	Deferred Revenue	4,018,821	3,903,581
6	Debenture Debt	15,311,132	15,777,650
7	Other Borrowings	419,095	470,205
	School Generated Funds Liability	-	-
		23,839,910	23,723,776
	Net Debt	(15,305,238)	(15,419,699)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	16,878,740	17,077,191
	Inventories	87,480	79,138
	Prepaid Expenses	248,748	106,713
		17,214,968	17,263,042
9	**Accumulated Surplus**	1,909,730	1,843,343

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT
OF REVENUE, EXPENSES
AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		12,639,439	12,241,925
	Federal Government		-	22,939
	Municipal Government	- Property Tax	6,620,453	6,533,449
		- Other	-	-
	Other School Divisions		109,800	101,010
	First Nations		-	-
	Private Organizations and Individuals		3,362	3,915
	Other Sources		169,612	113,665
	School Generated Funds		640,635	881,567
	Other Special Purpose Funds		-	-
			20,183,301	19,898,470
	Expenses			
	Regular Instruction		10,324,131	10,119,790
	Student Support Services		2,228,703	2,190,161
	Adult Learning Centres		-	-
	Community Education and Services		51,871	50,392
	Divisional Administration		726,788	629,274
	Instructional and Other Support Services		482,536	377,792
	Transportation of Pupils		1,553,180	1,512,151
	Operations and Maintenance		1,896,951	1,891,496
11	Fiscal	- Interest	959,903	1,133,774
		- Other	271,493	264,462
	Amortization		960,133	924,157
	Other Capital Items		-	-
	School Generated Funds		661,225	858,773
	Other Special Purpose Funds		-	-
			20,116,914	19,952,222
	Current Year Surplus (Deficit)		66,387	(53,752)
	Opening Accumulated Surplus		1,843,343	1,134,136
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	762,959
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		1,843,343	1,897,095
	Closing Accumulated Surplus		1,909,730	1,843,343

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	66,387	(53,752)
Amortization of Tangible Capital Assets	960,133	924,157
Acquisition of Tangible Capital Assets	(761,682)	(483,827)
(Gain) / Loss on Disposal of Tangible Capital Assets	(450)	(500)
Proceeds on Disposal of Tangible Capital Assets	450	500
	198,451	440,330
Inventories (Increase)/Decrease	(8,342)	(2,948)
Prepaid Expenses (Increase)/Decrease	(142,035)	32,420
	(150,377)	29,472
(Increase)/Decrease in Net Debt	114,461	416,050
Net Debt at Beginning of Year	(15,419,699)	(15,835,749)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(15,419,699)	(15,835,749)
Net Debt at End of Year	(15,305,238)	(15,419,699)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	66,387	(53,752)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	960,133	924,157
(Gain)/Loss on Disposal of Tangible Capital Assets	(450)	(500)
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(227,795)	(447,962)
Accounts Receivable & Accrued Income (Increase)/Decrease	(2,800)	(37,592)
Inventories and Prepaid Expenses - (Increase)/Decrease	(150,377)	29,472
Due to Other Organizations Increase/(Decrease)	7,642	(1,197)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	92,427	127,959
Deferred Revenue Increase/(Decrease)	115,240	212,481
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	860,407	753,066
Capital Transactions		
Acquisition of Tangible Capital Assets	(761,682)	(483,827)
Proceeds on Disposal of Tangible Capital Assets	450	500
Cash (Applied to)/Provided by Capital Transactions	(761,232)	(483,327)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(466,518)	(592,243)
Other Borrowings Increase/(Decrease)	(51,110)	(66,569)
Cash Provided by (Applied to) Financing Transactions	(517,628)	(658,812)
Cash and Bank / Overdraft (Increase)/Decrease	(418,453)	(389,073)
Cash and Bank (Overdraft) at Beginning of Year	(2,207,289)	(1,818,216)
Cash and Bank (Overdraft) at End of Year	(2,625,742)	(2,207,289)

Southwest Horizon School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	23,388,897	696,009	3,159,152	100,772	112,376	-	286,930	-	629,186	28,373,322	27,261,182
Adjustments	-	-	-	-	-	-	-	-	-	-	640,813
Opening Cost adjusted	23,388,897	696,009	3,159,152	100,772	112,376	-	286,930	-	629,186	28,373,322	27,901,995
Add: Additions during the year	24,598	-	190,273	-	732,518	54,097	-	-	(239,804)	761,682	483,827
Less: Disposals and write downs	-	-	37,500	-	-	-	-	-	-	37,500	12,500
Closing Cost	23,413,495	696,009	3,311,925	100,772	844,894	54,097	286,930	-	389,382	29,097,504	28,373,322
Accumulated Amortization											
Opening, as previously reported	8,564,535	652,301	1,974,374	66,019	38,902	-	-	-		11,296,131	10,506,620
Adjustments	-	-	-	-	-	-	-	-		-	(122,146)
Opening adjusted	8,564,535	652,301	1,974,374	66,019	38,902	-	-	-		11,296,131	10,384,474
Add: Current period Amortization	649,962	12,488	222,155	9,980	58,786	6,762	-	-		960,133	924,157
Less: Accumulated Amortization on Disposals and Writedowns	-	-	37,500	-	-	-	-	-		37,500	12,500
Closing Accumulated Amortization	9,214,497	664,789	2,159,029	75,999	97,688	6,762	-	-		12,218,764	11,296,131
Net Tangible Capital Asset	14,198,998	31,220	1,152,896	24,773	747,206	47,335	286,930	-	389,382	16,878,740	17,077,191
Proceeds from Disposal of Capital As	-	-	450	-	-	-	-			450	500

* Includes network infrastructure.

SOUTHWEST HORIZON SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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 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 & 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.

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 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 $6,200,000.00 by way of overdrafts and is repayable at prime less .25% interest paid monthly. Included in the overdraft are capital projects totaling approximately $396,475.00 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 30-Jun-08	Additions in the period	Revenue recognized in the period	Balance as at 30-Jun-09
ELC Project	-	14,737		14,737
Manitoba Textbook Bureau	-	49,149	49,149	-
Canadian Council Learners	-	6,000	6,000	-
Manitoba Council for Leadership in Education	5,000	3,100	-	8,100
Special Levy + Tax Incentive Grant	3,898,581	3,995,984	3,898,581	3,995,984
	$ 3,903,581	$ 4,068,970	$ 3,953,730	$ 4,018,821

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 2010 to 2029. 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 4.875% to 11.75%. Debenture interest expense payable as at June 30, 2009, 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
2010	721,335	889,668	1,611,003
2011	745,006	844,537	1,589,543
2012	781,310	798,612	1,579,922
2013	811,765	750,862	1,562,627
2014	843,469	701,838	1,545,307
	$3,902,885	$3,985,517	$7,888,402

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures. This includes a loan to complete a technology infrastructure upgrade including cabling and a new voip phone system. Loan bears 5.06% interest per annum, due in 2014 and a yearly payment of $92,124 principal and interest.

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

	Principal	Interest	Total
2010	$ 73,564	18,560	$ 92,124
2011	77,376	14,748	92,124
2012	81,384	10,740	92,124
2013	85,598	6,526	92,124
2014	82,354	2,093	84,447
	$ 400,276	$ 52,667	$ 452,943

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	2009 Net Book Value
Owned-tangible capital assets	$ 29,097,504	$ 12,218,764	$ 16,878,740
Capital lease	-	-	-
	$ 29,097,504	$ 12,218,764	$ 16,878,740

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	-
Undesignated Surplus	546,846
	546,846
Capital Fund	
Reserve Accounts	261,104
Equity in Tangible Capital Assets	937,323
	1,198,427
Special Purpose Fund	
School Generated Funds	164,457
Other Special Purpose Funds	-
	164,457
Total Accumulated Surplus	$1,909,730

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.

	2009
Bus reserves	261,104
Other reserves	
Capital Reserve	$ 261,104

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

	2009
Foundation - Scholarship	-
Other – School Funds	164,457
Other Special Purpose Funds	$ 164,457

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; 46% from 2008 tax year and 54% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 6,620,453	$ 6,533,449
Receivable-Due from Municipal-Property Tax	$ 6,575,596	$ 6,522,760

11. Interest Received and Paid

The Division received interest during the year of $3,062 (previous year $15,107); interest paid during the year was $959,903 (previous year $1,133,774).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 61,487
Capital Fund	
Debenture debt interest	898,416
Other interest	
	$959,903

The accrual portion of debenture debt interest expense of $408,504 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 2009	Budget 2009	Actual 2008
Salaries	12,803,541	$12,624,979	$12,196,593
Employees benefits & allowances	911,113	924,000	888,756
Services	1,888,661	1,716,782	1,922,970
Supplies, materials & minor equipment	1,558,782	1,641,043	1,663,074
Interest	959,903	55,000	1,133,774
Transfers	102,063	107,000	99,663
Payroll tax	271,493	250,000	264,462
Amortization	960,133	-	924,157
Other capital items	-	-	-
School generated funds	661,225	-	858,773
Other special purpose funds	-	-	-
	$20,116,914	$17,318,804	$19,952,222

13. School Generated Funds

School Generated Funds includes the controlled portion of school generated funds consolidated in the cash and bank balances in the amount of $164,457.

PRICEWATERHOUSECOOPERS

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October 20, 2009

Auditors' Report

To the Board of Trustees,
St. James-Assiniboia School Division

We have audited the consolidated statement of financial position of **St. James-Assiniboia School Division** as at June 30, 2009, the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the year then ended. These financial statements have been prepared to comply with Canadian generally accepted accounting principles established by the public sector accounting board of the Canadian Institute of Chartered Accountants. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of St. James-Assiniboia School Division as at June 30, 2009 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.

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.

Nov 3, 2009

Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	3,577,986	2,086,468
	Short Term Investments	-	-
	Due from - Provincial Government	2,200,016	1,076,892
	- Federal Government	79,596	140,814
	- Municipal Government	16,614,450	16,476,555
	- Other School Divisions	-	6,423
	- First Nations	27,630	8,631
	Accounts Receivable	66,663	49,237
	Accrued Investment Income	-	-
	Other Investments	-	-
		22,566,341	19,845,020
	Liabilities		
	Overdraft	-	-
	Accounts Payable	4,752,106	1,844,299
	Accrued Liabilities	4,398,306	5,444,937
4	Employee Future Benefits	1,175,941	826,387
	Accrued Interest Payable	166,699	172,311
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	5,650,438	5,378,029
7	Debenture Debt	9,787,199	9,746,520
	Other Borrowings	-	-
6	School Generated Funds Liability	159,849	189,573
		26,090,538	23,602,056
	Net Debt	(3,524,197)	(3,757,036)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	31,976,944	29,979,692
	Inventories	-	-
	Prepaid Expenses	371,440	264,981
		32,348,384	30,244,673
9	**Accumulated Surplus**	28,824,187	26,487,637

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		51,728,508	49,014,791
	Federal Government		6,325	7,655
	Municipal Government	- Property Tax	31,447,644	30,659,852
		- Other	-	-
	Other School Divisions		727,753	696,943
	First Nations		62,621	54,868
	Private Organizations and Individuals		2,096,243	2,123,544
	Other Sources		2,029,581	2,117,831
	School Generated Funds		925,258	933,106
	Other Special Purpose Funds		-	-
			89,023,933	85,608,590
	Expenses			
	Regular Instruction		48,088,237	45,734,886
	Student Support Services		15,606,540	13,650,030
	Adult Learning Centres		-	-
	Community Education and Services		659,432	708,911
	Divisional Administration		3,149,832	2,901,521
	Instructional and Other Support Services		3,284,144	3,256,606
	Transportation of Pupils		1,489,196	1,377,963
	Operations and Maintenance		9,360,728	8,841,351
11	Fiscal	- Interest	634,898	665,716
		- Other	1,392,507	1,293,594
	Amortization		1,900,717	1,815,804
	Other Capital Items		233,355	-
	School Generated Funds		887,797	957,525
	Other Special Purpose Funds		-	-
			86,687,383	81,203,907
	Current Year Surplus (Deficit)		2,336,550	4,404,683
	Opening Accumulated Surplus		26,487,637	22,082,954
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		26,487,637	22,082,954
	Closing Accumulated Surplus		28,824,187	26,487,637

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	2,336,550	4,404,683
Amortization of Tangible Capital Assets	1,900,717	1,815,804
Acquisition of Tangible Capital Assets	(4,367,205)	(4,215,298)
(Gain) / Loss on Disposal of Tangible Capital Assets	(936,820)	(757,065)
Proceeds on Disposal of Tangible Capital Assets	1,406,056	879,458
	(1,997,252)	(2,277,101)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(106,459)	28,407
	(106,459)	28,407
(Increase)/Decrease in Net Debt	232,839	2,155,989
Net Debt at Beginning of Year	(3,757,036)	(5,913,025)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(3,757,036)	(5,913,025)
Net Debt at End of Year	(3,524,197)	(3,757,036)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	2,336,550	4,404,683
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,900,717	1,815,804
(Gain)/Loss on Disposal of Tangible Capital Assets	(936,820)	(757,065)
Employee Future Benefits Increase/(Decrease)	349,554	107,277
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(1,212,377)	43,925
Accounts Receivable & Accrued Income (Increase)/Decrease	(17,426)	10,712
Inventories and Prepaid Expenses - (Increase)/Decrease	(106,459)	28,407
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,855,564	1,434,476
Deferred Revenue Increase/(Decrease)	272,409	604,552
School Generated Funds Liability Increase/(Decrease)	(29,724)	138,610
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	4,411,988	7,831,381
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,367,205)	(4,215,298)
Proceeds on Disposal of Tangible Capital Assets	1,406,056	879,458
Cash (Applied to)/Provided by Capital Transactions	(2,961,149)	(3,335,840)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	40,679	(328,641)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	40,679	(328,641)
Cash and Bank / Overdraft (Increase)/Decrease	1,491,518	4,166,900
Cash and Bank (Overdraft) at Beginning of Year	2,086,468	(2,080,432)
Cash and Bank (Overdraft) at End of Year	3,577,986	2,086,468

St. James - Assiniboia School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	46,732,402	6,663,433	564,740	311,145	2,228,773	396,670	7,408,854	1,825,387	2,955,930	69,087,334	65,465,909
Adjustments	661,871	(661,871)	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	47,394,273	6,001,562	564,740	311,145	2,228,773	396,670	7,408,854	1,825,387	2,955,930	69,087,334	65,465,909
Add: Additions during the year	4,810,501	272,617	-	229,929	373,434	150,051	-	318,863	(1,788,190)	4,367,205	4,215,298
Less: Disposals and write downs	-	1,781,011	-	-	48,819	-	176,278	-	-	2,006,108	593,873
Closing Cost	52,204,774	4,493,168	564,740	541,074	2,553,388	546,721	7,232,576	2,144,250	1,167,740	71,448,431	69,087,334
Accumulated Amortization											
Opening, as previously reported	30,504,122	5,909,965	397,952	139,908	1,501,301	255,650	-	398,744		39,107,642	37,763,318
Adjustments	570,644	(570,644)	-	-	-	-	-	-		-	-
Opening adjusted	31,074,766	5,339,321	397,952	139,908	1,501,301	255,650	-	398,744		39,107,642	37,763,318
Add: Current period Amortization	1,200,228	26,570	41,315	76,634	289,298	68,191	-	198,481		1,900,717	1,815,804
Less: Accumulated Amortization on Disposals and Writedowns	-	1,490,347	-	-	46,525	-	-	-		1,536,872	471,480
Closing Accumulated Amortization	32,274,994	3,875,544	439,267	216,542	1,744,074	323,841	-	597,225		39,471,487	39,107,642
Net Tangible Capital Asset	19,929,780	617,624	125,473	324,532	809,314	222,880	7,232,576	1,547,025	1,167,740	31,976,944	29,979,692
Proceeds from Disposal of Capital As	-	-	-	-	4,344	-	1,401,712			1,406,056	879,458

* 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 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 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 and charitable foundations 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) 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.

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.

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	5,000	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, donated capital assets and 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 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 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 prorated 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. Past service costs, plan amendments, changes in assumptions, the cumulative unrecognized net actuarial gains and losses are amortized to earnings on a straight-line basis over the expected average remaining service lives (13 years) of active plan members, and are adjusted for changes in the valuation allowance.

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.

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 (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 revenues 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 .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.

	2009 **$**	**2008** **$**
Employee future benefit liabilities		
Defined benefit pension plan - accrued benefit asset	-	-
Maternity leave earned	575,601	259,445
Vacation payable	600,340	566,942
Total employee future benefit liability	1,175,941	826,387

The Division sponsors a defined benefit plan for non-teaching employees that is actuarially valuated every three years using a number of assumptions about future events, including inflation rate (2%), wage and salary increases (4%), and employee turnover and mortality to determine the accrued benefit obligation (includes any related interest owing). The most recent actuarial report was prepared as at December 31, 2007. The net unamortized actuarial gain is amortized on a straight-line basis over the expected average remaining service life of the related employee groups (13 years). Pension plan assets are valued at market related values and the expected rate of return is 6%.

As at June 30, 2009, there were 503 active members, 133 deferred benefit members and 213 pensioners receiving payments.

	2009 $	2008 $
Change in accrued benefit obligation		
Balance - beginning of year	31,616,241	29,777,721
Current service cost		
School Division	789,117	730,106
Employees	836,053	773,532
Interest cost	1,894,756	1,788,174
Benefits paid	(1,606,734)	(1,362,703)
Non-investment expenses paid	(92,401)	(90,589)
Balance - end of year	33,437,032	31,616,241
Change in plan assets		
Market related value - beginning of year	31,842,453	32,608,228
Contributions		
School Division	1,436,053	773,532
Employees	836,053	773,532
Expected return on plan assets	1,927,736	1,959,307
Experience loss	(1,977,254)	(2,818,854)
Benefits paid	(1,606,734)	(1,362,703)
Non-investment expenses paid	(92,401)	(90,589)
Market related value - end of year	32,365,906	31,842,453
Funded status		
Plan assets greater (less) than benefit obligation	(1,071,126)	226,212
Unamortized net actuarial loss	1,977,254	2,818,854
Valuation allowance	(906,128)	(3,045,066)
Accrued benefit asset	-	-
Net benefit plan cost		
Current service cost - School Division	789,117	730,106
Interest cost	1,894,756	1,788,174
Expected return on plan assets	(1,927,736)	(1,959,307)
Amortization of actuarial gains/losses	841,600	(3,504,167)
Valuation allowance	(161,684)	3,718,726
Net benefit plan expense for the year	1,436,053	773,532

During the year, the School Division contributed an additional $600,000 to the plan assets of the benefit plan. This contribution may, at the School Division's discretion, be used to reduce or eliminate future contribution requirements if and when the plan assets are in a surplus position as determined by the actuary of the plan.

Plan assets in equities (includes real estate)	71.92%	74.39%
Plan assets in fixed income	28.08%	25.61%

	2009 %	2008 %
Significant assumptions		
Accrued benefit obligation as of June 30		
Discount rate	6.00	6.00
Rate of compensation increase	4.00	4.00
Net benefit plan cost for the year ended June 30		
Discount rate	6.00	6.00
Expected return on plan assets	6.00	6.00
Rate of compensation increase	4.00	4.00
Expected Average Remaining Service Life (EARSL)	13 years	13 years

Maternity leave earned and vacation payable are defined benefits that are recognized and recorded when earned (e.g. maternity top up).

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, 2008 $	Additions in the year $	Revenue recognized in the year $	Balance as at June 30, 2009 $
Continuing education	-	5,385	-	5,385
Donated capital assets	233,067	-	59,768	173,299
International education student fees	183,206	121,274	183,206	121,274
Leases	11,618	-	11,618	-
Property tax	4,950,138	5,350,480	4,950,138	5,350,480
	5,378,029	5,477,139	5,204,730	5,650,438

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 $159,849.

	2009 $	2008 $
Parent council funds	13,634	16,893
Student funds (including travel)	133,147	158,651
Other	13,068	14,029
	159,849	189,573

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 2008 to 2029 and is owing to public schools finance board ("PSFB"). 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 5% to 11.125%.

Debenture interest expense payable as at June 30, 2009, 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 $
2009 - 2010	587,703	612,865	1,200,568
2010 - 2011	593,429	570,152	1,163,581
2011 - 2012	571,911	527,956	1,099,867
2012 - 2013	572,766	489,617	1,062,383
2013 - 2014	593,103	452,553	1,045,656
	2,918,912	2,653,143	5,572,055

8 Net tangible capital assets

The Schedule of Tangible Capital Assets (schedule attached) of the audited consolidated financial statements provides a breakdown of cost, accumulated amortization and net book value by class.

A summary is as follows:

	2009			2008
Tangible capital assets	**Gross amount $**	**Accumulated amortization $**	**Net book value $**	**Net book value $**
	71,448,431	39,471,487	31,976,944	29,979,692

9 Accumulated surplus

The consolidated accumulated surplus is comprised of the following:

	2009 $	**2008 $**
Operating Fund		
Designated surplus	153,944	259,251
Undesignated surplus	2,422,892	2,831,006
	2,576,836	3,090,257
Capital Fund		
Reserve accounts	4,734,342	3,341,993
Equity in tangible capital assets	21,168,605	19,748,444
	25,902,947	23,090,437
Special Purpose Fund		
School generated funds	344,404	306,943
Total accumulated surplus	28,824,187	26,487,637

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.

	2009 $	2008 $
School budget carryovers by board policy	153,944	259,251
Designated surplus	153,944	259,251

Reserve accounts under the Capital Fund represents internally restricted reserves for specific approved by the Board of Trustees and PSFB.

	2009 $	2008 $
Undesignated	1,401,712	-
Information technology	1,200,000	-
Equipment/vehicle	200,000	-
School building reserve	1,200,000	1,200,000
School bus reserve	196,000	196,000
Other reserves - Sturgeon Heights Reserve	36,630	1,445,993
Lease reserve	500,000	500,000
Capital reserve	4,734,342	3,341,993

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 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; 54.4% from 2008 tax year and 45.6% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009 $	2008 $
Municipal Government revenue to be raised in following tax year	23,936,879	22,381,983
Less: Education property tax credit received prior to year end	(6,383,029)	(5,905,428)
Less: Tax Incentive Grant	(939,400)	-
Receivable due from Municipal Government - property tax	16,614,450	16,476,555

11 Interest received and paid

The Division received interest during the year of $238,877 (2008 - $346,847); interest paid during the year was $634,898 (2008 - $665,716).

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

	2009 $	2008 $
Operating Fund		
Fiscal short-term loan, interest and bank charges	14,694	8,633
Capital Fund		
Debenture debt interest	620,204	657,083
	634,898	665,716

The accrual portion of debenture debt interest expense of $166,699 is offset by an accrual of the debt servicing grant from the Province.

12 Expenses by object

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

	Actual 2009 $	Actual 2008 $
Salaries	62,521,725	59,397,403
Employees' benefits and allowances	5,583,404	4,502,298
Services	8,319,101	7,768,492
Supplies, materials and minor equipment	4,600,905	4,169,783
Interest and bank charges	14,694	8,633
Interest - debenture	620,204	657,083
Payroll tax	1,392,507	1,293,594
Transfers	612,974	633,292
Amortization	1,900,717	1,815,804
School generated funds	887,797	957,525
Other capital items	233,355	-
	86,687,383	81,203,907

13 Contractual obligations

Agreements respecting student transportation were entered into for terms ranging from one to five years. The specific costs for these services are approximately $941,834 for 2009 - 2010. 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 $631,653 from other sources relating to various unoccupied building space. Minimum payments under the lease terms over the next three years are as follows:

	$
2009 - 2010	672,412
2010 - 2011	314,667
2011 - 2012	305,861

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, 2009, the amount of this special levy was $281,405 (2008 - $227,289). These amounts are not included in the Division's consolidated financial statements.

16 Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Chairperson and Board of Trustees of
Sunrise School Division

We have audited the consolidated statement of financial position of **Sunrise School Division** as at June 30, 2009 and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flow for the year then ended. These financial statements are the responsibility of the School Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and its cash flows for the fiscal year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements, schedules and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
August 20, 2009

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. 26/2009
Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
*	Short Term Investments	1,432,128	1,230,094
	Due from - Provincial Government	4,366,924	2,046,583
	- Federal Government	218,421	206,386
	- Municipal Government	10,789,643	10,509,923
	- Other School Divisions	2,191	-
	- First Nations	473,204	67,525
	Accounts Receivable	230,933	109,561
	Accrued Investment Income	-	-
	Other Investments	-	300
		17,513,444	14,170,372
	Liabilities		
*	Overdraft	11,822,877	5,169,773
	Accounts Payable	1,229,189	1,868,086
	Accrued Liabilities	823,186	1,391,502
*	Employee Future Benefits	146,775	116,044
	Accrued Interest Payable	-	475,728
	Due to - Provincial Government	426,848	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	986,376	2,164,995
*	Debenture Debt	16,868,144	18,198,886
*	Other Borrowings	132,532	256,539
	School Generated Funds Liability	49,454	-
		32,485,381	29,641,553
	Net Debt	(14,971,937)	(15,471,181)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	27,092,099	26,657,531
	Inventories	239,232	202,712
	Prepaid Expenses	354,860	207,843
		27,686,191	27,068,086
*	**Accumulated Surplus**	12,714,254	11,596,905

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	35,243,571	33,151,773
	Federal Government	20,648	-
	Municipal Government - Property Tax	18,928,279	18,628,431
	- Other	-	-
	Other School Divisions	112,168	105,485
	First Nations	675,316	668,489
	Private Organizations and Individuals	222,138	238,630
	Other Sources	690,109	588,721
	School Generated Funds	1,173,936	1,251,819
	Other Special Purpose Funds	58,362	17,251
		57,124,527	54,650,599
	Expenses		
	Regular Instruction	27,924,030	25,917,686
	Student Support Services	9,292,006	9,153,615
	Adult Learning Centres	952,142	960,833
	Community Education and Services	177,826	169,575
	Divisional Administration	1,946,439	1,998,505
	Instructional and Other Support Services	1,690,414	1,542,626
	Transportation of Pupils	3,812,466	3,850,877
	Operations and Maintenance	5,092,933	5,231,558
*	Fiscal - Interest	1,253,900	1,402,060
	- Other	860,012	867,218
	Amortization	1,762,129	1,653,322
	Other Capital Items	20,737	21,406
	School Generated Funds	1,166,381	1,169,959
	Other Special Purpose Funds	55,541	18,790
		56,006,956	53,958,030
	Current Year Surplus (Deficit)	1,117,571	692,569
	Opening Accumulated Surplus	11,596,905	10,873,116
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
*	Other than Tangible Cap. Assets	(222)	31,220
	Opening Accumulated Surplus, as adjusted	11,596,683	10,904,336
	Closing Accumulated Surplus	12,714,254	11,596,905

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	1,117,571	692,569
Amortization of Tangible Capital Assets	1,762,129	1,653,322
Acquisition of Tangible Capital Assets	(2,196,697)	(2,705,376)
(Gain) / Loss on Disposal of Tangible Capital Assets	(5,541)	(9,301)
Proceeds on Disposal of Tangible Capital Assets	5,541	9,301
	(434,568)	(1,052,054)
Inventories (Increase)/Decrease	(36,520)	21,094
Prepaid Expenses (Increase)/Decrease	(147,017)	132,204
	(183,537)	153,298
(Increase)/Decrease in Net Debt	499,466	(206,187)
Net Debt at Beginning of Year	(15,471,181)	(15,296,214)
Adjustments Other than Tangible Cap. Assets	(222)	31,220
Net Debt at Beginning of Year as Adjusted	(15,471,403)	(15,264,994)
Net Debt at End of Year	(14,971,937)	(15,471,181)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	1,117,571	692,569
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,762,129	1,653,322
(Gain)/Loss on Disposal of Tangible Capital Assets	(5,541)	(9,301)
Employee Future Benefits Increase/(Decrease)	30,731	(245,364)
Short Term Investments (Increase)/Decrease	(202,034)	(24,581)
Due from Other Organizations (Increase)/Decrease	(3,019,966)	764,975
Accounts Receivable & Accrued Income (Increase)/Decrease	(121,372)	311,685
Inventories and Prepaid Expenses - (Increase)/Decrease	(183,537)	153,298
Due to Other Organizations Increase/(Decrease)	426,848	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(1,682,941)	34,121
Deferred Revenue Increase/(Decrease)	(1,178,619)	1,080,607
School Generated Funds Liability Increase/(Decrease)	49,454	(47,053)
Adjustments Other than Tangible Cap. Assets	(222)	31,220
Cash Provided by Operating Transactions	(3,007,499)	4,395,498
Capital Transactions		
Acquisition of Tangible Capital Assets	(2,196,697)	(2,705,376)
Proceeds on Disposal of Tangible Capital Assets	5,541	9,301
Cash (Applied to)/Provided by Capital Transactions	(2,191,156)	(2,696,075)
Investing Transactions		
Other Investments (Increase)/Decrease	300	(300)
Cash Provided by (Applied to) Investing Transactions	300	(300)
Financing Transactions		
Debenture Debt Increase/(Decrease)	(1,330,742)	860,187
Other Borrowings Increase/(Decrease)	(124,007)	(116,029)
Cash Provided by (Applied to) Financing Transactions	(1,454,749)	744,158
Cash and Bank / Overdraft (Increase)/Decrease	(6,653,104)	2,443,281
Cash and Bank (Overdraft) at Beginning of Year	(5,169,773)	(7,613,054)
Cash and Bank (Overdraft) at End of Year	(11,822,877)	(5,169,773)

Sunrise School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	44,572,428	1,910,925	7,247,840	186,023	244,402	1,105,437	222,673	103,278	25,761	55,618,767	53,455,260
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	44,572,428	1,910,925	7,247,840	186,023	244,402	1,105,437	222,673	103,278	25,761	55,618,767	53,455,260
Add: Additions during the year	400,976	-	817,527	-	257,537	195,628	-	-	525,029	2,196,697	2,705,376
Less: Disposals and write downs	-	-	375,213	-	-	-	-	-	-	375,213	541,869
Closing Cost	44,973,404	1,910,925	7,690,154	186,023	501,939	1,301,065	222,673	103,278	550,790	57,440,251	55,618,767
Accumulated Amortization											
Opening, as previously reported	22,608,334	1,326,793	4,444,491	158,533	66,113	336,925	-	20,047		28,961,236	27,849,783
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	22,608,334	1,326,793	4,444,491	158,533	66,113	336,925	-	20,047		28,961,236	27,849,783
Add: Current period Amortization	1,015,428	48,231	514,184	10,996	44,080	118,882	-	10,328		1,762,129	1,653,322
Less: Accumulated Amortization on Disposals and Writedowns	-	-	375,213	-	-	-	-	-		375,213	541,869
Closing Accumulated Amortization	23,623,762	1,375,024	4,583,462	169,529	110,193	455,807	-	30,375		30,348,152	28,961,236
Net Tangible Capital Asset	21,349,642	535,901	3,106,692	16,494	391,746	845,258	222,673	72,903	550,790	27,092,099	26,657,531
Proceeds from Disposal of Capital As	-	-	5,541	-	-	-	-			5,541	9,301

* Includes network infrastructure.

SUNRISE SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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 generally accepted accounting principles established by the Public Sector Accounting Board (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 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.

However, the Division provides retirement and other future benefits to its non-teaching employees as a defined contribution plan, under the Manitoba Association of School Trustees Pension Plan (MAST). 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.

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. Bank Overdraft

As of June 30, 2009, the Division's authorized line of credit with Sunova Credit Union was $12,000,000 by way of overdrafts. Subsequent to year-end, the authorized line of credit was increased to $20,000,000. The line of credit is repayable on demand at the bank's prime rate; interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba Association of School Trustees (MAST). 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 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. It includes the Division's contribution of $616,582 in 2009.

Employee future benefits recorded as a liability represents maternity/parental benefits of $146,775.

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Education Property Tax Credit	$ 2,082,580	$ 4,245,456	$ 5,464,473	$ 863,563
English Language Support	-	80,000	-	80,000
Grants from outside sources	82,215	56,208	105,307	33,116
Other	200	9,697	200	9,697
	$ 2,164,995	$ 4,391,361	$ 5,569,980	$ 986,376

6. School Generated Funds

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2009 covers a period of twelve months from July 1, 2008 to June 30, 2009.

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 2009 to 2028. 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 5.250% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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:

2010	$ 2,164,899
2011	2,120,391
2012	2,062,121
2013	1,974,409
2014	1,791,517
	$ 10,113,337

Interest on this debt and the related provincial government support is recorded in the period in which interest is paid.

8. Other Borrowings

	2009	2008
P.S.F.B., Capital Projects loan, repayable over 10 years in annual payments of $141,644 including interest at 6.875% per annum, due in 2010	$ 132,532	256,589

Required principal repayments over the next year is estimated to be as follows:

2010	$132,532

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 was nil).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$ -	$ -
Undesignated Surplus	2,056,296	2,041,506
	2,056,296	2,041,506
Capital Fund		
Reserve Accounts	1,470,439	1,271,978
Equity in Tangible Capital Assets	8,740,287	7,798,324
	10,210,726	9,070,302
Special Purpose Fund		
School Generated Funds	440,831	475,511
Other	6,401	9,586
	447,232	485,097
Total Accumulated Surplus	$12,714,254	$11,596,905

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; 57.5% from 2008 tax year and 42.5% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue – Municipal Government – Property Tax	$ 25,982,488	$ 24,286,189
Receivable – Due from Municipal – Property Tax	$ 10,789,643	$ 10,509,923

12. Interest Received and Paid

The Division received interest during the year of $24,986 (previous year $65,374); interest paid during the year was $1,253,900 (previous year $1,402,060).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 87,023	$ 182,155
Capital Fund		
Debenture interest	1,147,940	1,174,694
Other interest	18,937	45,211
	$ 1,253,900	$1,402,060

The accrual portion of debenture debt interest expense of $426,848 included under the Capital Fund-Debenture debt interest, and netted with 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 2009	Budget 2009	Actual 2008
Salaries	$37,629,049	$38,523,032	$ 36,631,753
Employees benefits and allowances	2,769,619	2,824,451	2,651,272
Services	5,802,143	4,793,533	5,401,040
Supplies, materials and minor equipment	4,123,642	4,178,853	3,561,355
Interest	1,253,900	140,000	1,402,060
Bad debts	14,112	-	95,898
Payroll tax	845,900	791,000	771,320
Amortization	1,762,129	-	1,653,322
Transfers	563,803	576,350	579,855
Other capital items	20,737	-	21,406
Loss (gain) on disposal of capital assets	-	-	-
School generated funds	1,166,381	-	1,169,959
Other special purpose funds	55,541	-	18,790
	$56,006,956	$ 51,827,219	$ 53,958,030

14. Commitments

The Division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2009 are as follows:

2010	$ 312,843
2011	48,238
2012	41,455
2013	40,149
2014	36,384

15. Other

A legal action had been 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. The Division has accordingly not drawn the required funds. The Division has recorded a liability for work completed and for the holdback on this completed work, but not for any non-compliant work performed. Another legal action has been initiated against the Division by the same contractor, who alleges that they are out of business due to the Division's holdback of funds. No amount has been accrued in the financial statements for this lawsuit.

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 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 Pacak Kowal Hardie & Company 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.

Chairperson

Secretary-Treasurer

October 26, 2009

AUDITOR'S REPORT

(in accordance with subsection 41(11) of the Public Schools Act)

SWAN VALLEY SCHOOL DIVISION
(Name of School Division/District)

TO THE CHAIRPERSON AND MEMBERS OF THE BOARD OF TRUSTEES

We have audited the consolidated statements of financial position of the Swan Valley School Division as at 30 June 2009 and the consolidated statements of revenues, expenditures and accumulated surplus and the consolidated statements of change in net debt, and consolidated statements of cash flow for the year then ended. These financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school division as at 30 June 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplemental information shown.

Swan River, Manitoba
26 October 2009

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.

October 26, 2009

Date

Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	1,513,686	1,723,920
	Short Term Investments	-	-
	Due from - Provincial Government	618,480	532,034
	- Federal Government	48,363	40,982
	- Municipal Government	2,446,324	2,419,113
	- Other School Divisions	8,325	14,522
	- First Nations	49,941	-
	Accounts Receivable	19,330	15,779
	Accrued Investment Income	-	-
3	Other Investments	571	905
		4,705,020	4,747,255
	Liabilities		
	Overdraft	-	-
	Accounts Payable	106,664	63,330
	Accrued Liabilities	1,604,021	1,555,866
5	Employee Future Benefits	55,841	210,446
	Accrued Interest Payable	153,097	160,968
	Due to - Provincial Government	43,804	26,006
	- Federal Government	684	303
	- Municipal Government	3,231	3,221
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	860,461	891,865
8	Debenture Debt	4,427,137	4,613,682
	Other Borrowings	-	-
	School Generated Funds Liability	-	521
		7,254,940	7,526,208
	Net Debt	(2,549,920)	(2,778,953)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	6,508,177	6,463,482
	Inventories	21,355	20,540
	Prepaid Expenses	120,512	117,490
		6,650,044	6,601,512
10	**Accumulated Surplus**	4,100,124	3,822,559

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		13,322,244	12,718,058
	Federal Government		22,012	2,492
	Municipal Government	- Property Tax	4,637,200	4,387,669
		- Other	-	-
	Other School Divisions		38,328	60,376
	First Nations		157,092	139,151
	Private Organizations and Individuals		260,917	311,929
	Other Sources		184,607	198,335
	School Generated Funds		399,293	300,830
	Other Special Purpose Funds		99,335	97,510
			19,121,028	18,216,350
	Expenses			
	Regular Instruction		9,793,442	9,567,372
	Student Support Services		2,893,589	2,685,762
	Adult Learning Centres		-	-
	Community Education and Services		59,142	56,275
	Divisional Administration		661,050	681,383
	Instructional and Other Support Services		425,563	351,425
	Transportation of Pupils		1,310,060	1,330,162
	Operations and Maintenance		1,897,566	1,740,775
12	Fiscal	- Interest	282,537	440,451
		- Other	272,438	268,981
	Amortization		756,424	718,927
	Other Capital Items		17,368	-
	School Generated Funds		376,560	319,002
	Other Special Purpose Funds		97,724	96,417
			18,843,463	18,256,932
	Current Year Surplus (Deficit)		277,565	(40,582)
	Opening Accumulated Surplus		3,822,559	3,863,141
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		3,822,559	3,863,141
	Closing Accumulated Surplus		4,100,124	3,822,559

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	277,565	(40,582)
Amortization of Tangible Capital Assets	756,424	718,927
Acquisition of Tangible Capital Assets	(808,284)	(1,121,028)
(Gain) / Loss on Disposal of Tangible Capital Assets	(24,685)	(7,799)
Proceeds on Disposal of Tangible Capital Assets	31,850	7,799
	(44,695)	(402,101)
Inventories (Increase)/Decrease	(815)	(1,698)
Prepaid Expenses (Increase)/Decrease	(3,022)	(46,344)
	(3,837)	(48,042)
(Increase)/Decrease in Net Debt	229,033	(490,725)
Net Debt at Beginning of Year	(2,778,953)	(2,288,228)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(2,778,953)	(2,288,228)
Net Debt at End of Year	(2,549,920)	(2,778,953)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	277,565	(40,582)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	756,424	718,927
(Gain)/Loss on Disposal of Tangible Capital Assets	(24,685)	(7,799)
Employee Future Benefits Increase/(Decrease)	(154,605)	138,645
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(164,782)	(237,367)
Accounts Receivable & Accrued Income (Increase)/Decrease	(3,551)	(11,459)
Inventories and Prepaid Expenses - (Increase)/Decrease	(3,837)	(48,042)
Due to Other Organizations Increase/(Decrease)	18,189	(20,601)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	83,618	(267,970)
Deferred Revenue Increase/(Decrease)	(31,404)	201,098
School Generated Funds Liability Increase/(Decrease)	(521)	(3,063)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	752,411	421,787
Capital Transactions		
Acquisition of Tangible Capital Assets	(808,284)	(1,121,028)
Proceeds on Disposal of Tangible Capital Assets	31,850	7,799
Cash (Applied to)/Provided by Capital Transactions	(776,434)	(1,113,229)
Investing Transactions		
Other Investments (Increase)/Decrease	334	73
Cash Provided by (Applied to) Investing Transactions	334	73
Financing Transactions		
Debenture Debt Increase/(Decrease)	(186,545)	333,234
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(186,545)	333,234
Cash and Bank / Overdraft (Increase)/Decrease	(210,234)	(358,135)
Cash and Bank (Overdraft) at Beginning of Year	1,723,920	2,082,055
Cash and Bank (Overdraft) at End of Year	1,513,686	1,723,920

Swan Valley School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	13,069,729	470,565	2,785,700	259,899	831,610	285,855	280,490	-	696,865	18,680,713	17,744,814
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	13,069,729	470,565	2,785,700	259,899	831,610	285,855	280,490	-	696,865	18,680,713	17,744,814
Add: Additions during the year	-	-	174,640	25,955	92,135	400,186	-	-	115,368	808,284	1,121,028
Less: Disposals and write downs	-	-	169,474	-	-	-	-	-	-	169,474	185,129
Closing Cost	13,069,729	470,565	2,790,866	285,854	923,745	686,041	280,490	-	812,233	19,319,523	18,680,713
Accumulated Amortization											
Opening, as previously reported	9,192,689	434,547	1,647,746	205,153	555,713	181,383	-	-		12,217,231	11,683,433
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	9,192,689	434,547	1,647,746	205,153	555,713	181,383	-	-		12,217,231	11,683,433
Add: Current period Amortization	346,621	2,729	215,777	18,955	110,529	61,813	-	-		756,424	718,927
Less: Accumulated Amortization on Disposals and Writedowns	-	-	162,309	-	-	-	-	-		162,309	185,129
Closing Accumulated Amortization	9,539,310	437,276	1,701,214	224,108	666,242	243,196	-	-		12,811,346	12,217,231
Net Tangible Capital Asset	3,530,419	33,289	1,089,652	61,746	257,503	442,845	280,490	-	812,233	6,508,177	6,463,482
Proceeds from Disposal of Capital As	-	-	31,850	-	-	-	-			31,850	7,799

* 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 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 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 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	5,000	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.

3. Other Investments

	2009	2008
Swan Valley Credit Union Patronage Shares	$571	$905

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 $55,841 for maternity/parental benefits 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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Healthy Child Manitoba Grant	$ 12,700	$ 40,800	$ 37,098	$ 16,402
Technical Vocational Initative Grant	12,602	-	12,602	-
Making Education Work	12,992	52,143	55,182	9,953
Education Property Tax Credit	622,123	1,427,641	1,407,326	642,438
Other Province of Manitoba Grants	5,790	29,500	30,221	5,069
Grants from outside sources	3,900	5,918	1,829	7,989
Capital Fund	68,579	43,783	19,618	92,744
Charitable Scholarship and Other Fund	96,610	53,879	100,024	50,465
School Generated Funds	56,569	35,401	56,569	35,401
	$ 891,865	$ 1,689,065	$ 1,720,469	$ 860,461

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 nil for 2009, $521 in 2008.

School generated funds revenue and expenses reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus as at June 30, 2009 covers a period of twelve months from July 1, 2008 to June 30, 2009.

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 2009 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 4.875% to11.125%. Debenture interest expense payable as at June 30, 2009, 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**
2010	$ 251,843	$ 274,400	$ 526,243
2011	253,493	256,914	510,407
2012	270,603	239,804	510,407
2013	277,055	221,475	498,530
2014	295,407	203,073	498,480
	$ 1,348,401	$1,195,666	$ 2,544,067

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 $75 (previous year $199).

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	14,831	15,949
Undesignated Surplus	646,294	649,729
	661,125	665,678
Capital Fund		
Reserve Accounts	1,322,465	1,266,321
Equity in Tangible Capital Assets	1,968,574	1,765,333
	3,291,039	3,031,654
Special Purpose Fund		
School Generated Funds	147,960	125,227
Other Special Purpose Funds	-	-
	147,960	125,,227
Total Accumulated Surplus	$ 4,100,124	3,822,559

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.

	2009	2008
Board approved appropriation by motion	-	-
School budget carryovers by Board policy	14,831	15,949
Designated surplus	$ 14,831	15,949

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.

	2009	2008
Bus reserves	671,681	639,021
Other reserves	650,784	627,300
Capital Reserve	$ 1,322,465	1,266,321

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 2008 tax year and 55% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue - Municipal Government-Property Tax	$ 4,637,200	$ 4,387,669
Receivable - Due from Municipal-Property Tax	$ 2,446,324	$ 2,419,113

12. Interest Received and Paid

The Division received interest during the year of $39,499 (previous year $98,928); interest paid during the year was $75 (previous year $199).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ -
Capital Fund	
Debenture debt interest	282,537
Other interest	75
	$ 282,612

The accrual portion of debenture debt interest expense of $153,097 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 2009	Budget 2009	Actual 2008
Salaries	$ 12,779,736	$ 13,165,477	$ 12,423,152
Employees benefits & allowances	1,180,517	1,263,832	1,113,466
Services	1,518,123	1,547,219	1,380,492
Supplies, materials & minor equipment	1,545,736	1,445,741	1,489,094
Interest	282,537	20,000	440,451
Bad debts	-	-	-
Payroll tax	272,438	281,339	268,981
Transfers	16,300	7,600	6,950
Amortization	756,424	-	718,927
Other capital items	17,368	-	-
School generated funds	376,560	-	319,002
Other special purpose funds	97,724	-	96,417
	$ 18,843,463	$ 17,731,208	$ 18,256,932

14. Commitment

As a result of a resolution approved at the 25 May 2009 school trustees meeting the Division is committed to purchase three new school buses in the amount of approximately $318,209 during 2009/2010 fiscal year end.

As a result of a resolution approved at the 24 August 2009 school trustees meeting the Division is committed to purchase three new school buses in the amount of approximately $299,695 during 2010/2011 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 Meyers Norris Penny 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.

Chairperson	Secretary-Treasurer

October 9, 2009

MNP
MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Turtle Mountain School Division

We have audited the consolidated statement of financial position of the Turtle Mountain School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP
AUDITOR

Brandon, Manitoba
October 9, 2009

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 28 2009
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	426,345	-
	Short Term Investments	-	-
	Due from - Provincial Government	225,675	287,445
	- Federal Government	31,583	36,245
	- Municipal Government	2,043,336	2,084,355
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	94,320	46,614
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,821,259	2,454,659
	Liabilities		
	Overdraft	-	48,545
	Accounts Payable	1,786,627	1,537,609
	Accrued Liabilities	13,149	6,610
5	Employee Future Benefits	191,779	-
	Accrued Interest Payable	90,561	105,849
	Due to - Provincial Government	11,509	-
	- Federal Government	-	-
	- Municipal Government	39,468	36,827
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	401,442	355,169
7	Debenture Debt	3,529,375	3,867,277
	Other Borrowings	-	-
	School Generated Funds Liability	64,142	95,138
		6,128,052	6,053,024
	Net Debt	(3,306,793)	(3,598,365)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	4,031,522	4,256,332
	Inventories	41,996	38,740
	Prepaid Expenses	89,233	89,847
		4,162,751	4,384,919
12	**Accumulated Surplus**	855,958	786,554

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		7,539,966	7,348,190
	Federal Government		18,276	18,535
	Municipal Government	- Property Tax	3,432,907	3,538,829
		- Other	-	-
	Other School Divisions		30,550	31,460
	First Nations		16,532	7,843
	Private Organizations and Individuals		107,261	139,882
	Other Sources		102,831	38,658
	School Generated Funds		328,139	176,149
	Other Special Purpose Funds		-	-
			11,576,462	11,299,546
	Expenses			
	Regular Instruction		5,714,080	5,659,887
	Student Support Services		1,874,569	1,750,460
	Adult Learning Centres		205,394	173,976
	Community Education and Services		12,281	9,488
	Divisional Administration		612,423	575,914
	Instructional and Other Support Services		292,734	319,904
	Transportation of Pupils		811,740	801,390
	Operations and Maintenance		849,528	860,583
14	Fiscal	- Interest	276,577	316,658
		- Other	164,610	167,356
	Amortization		413,188	399,363
	Other Capital Items		-	-
	School Generated Funds		283,431	200,613
	Other Special Purpose Funds		-	-
			11,510,555	11,235,592
	Current Year Surplus (Deficit)		65,907	63,954
	Opening Accumulated Surplus		786,554	717,300
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	5,300
13		Other than Tangible Cap. Assets	3,497	0
	Opening Accumulated Surplus, as adjusted		790,051	722,600
	Closing Accumulated Surplus		855,958	786,554

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	65,907	63,954
Amortization of Tangible Capital Assets	413,188	399,363
Acquisition of Tangible Capital Assets	(191,639)	(280,945)
(Gain) / Loss on Disposal of Tangible Capital Assets	(7,319)	9,022
Proceeds on Disposal of Tangible Capital Assets	10,580	10,125
	224,810	137,565
Inventories (Increase)/Decrease	(3,256)	2,449
Prepaid Expenses (Increase)/Decrease	614	(67,994)
	(2,642)	(65,545)
(Increase)/Decrease in Net Debt	288,075	135,974
Net Debt at Beginning of Year	(3,598,365)	(3,734,339)
Adjustments Other than Tangible Cap. Assets	3,497	-
Net Debt at Beginning of Year as Adjusted	(3,594,868)	(3,734,339)
Net Debt at End of Year	(3,306,793)	(3,598,365)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	65,907	63,954
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	413,188	399,363
(Gain)/Loss on Disposal of Tangible Capital Assets	(7,319)	9,022
Employee Future Benefits Increase/(Decrease)	191,779	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	107,451	202,159
Accounts Receivable & Accrued Income (Increase)/Decrease	(47,706)	280
Inventories and Prepaid Expenses - (Increase)/Decrease	(2,642)	(65,545)
Due to Other Organizations Increase/(Decrease)	14,150	8,795
Accounts Payable & Accrued Liabilities Increase/(Decrease)	240,269	92,353
Deferred Revenue Increase/(Decrease)	46,273	208,791
School Generated Funds Liability Increase/(Decrease)	(30,996)	87,116
Adjustments Other than Tangible Cap. Assets	3,497	-
Cash Provided by Operating Transactions	993,851	1,006,288
Capital Transactions		
Acquisition of Tangible Capital Assets	(191,639)	(280,945)
Proceeds on Disposal of Tangible Capital Assets	10,580	10,125
Cash (Applied to)/Provided by Capital Transactions	(181,059)	(270,820)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(337,902)	(310,467)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(337,902)	(310,467)
Cash and Bank / Overdraft (Increase)/Decrease	474,890	425,001
Cash and Bank (Overdraft) at Beginning of Year	(48,545)	(473,546)
Cash and Bank (Overdraft) at End of Year	426,345	(48,545)

Turtle Mountain School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	6,934,499	580,476	1,983,197	42,215	86,624	20,467	45,451	320,207	-	10,013,136	10,014,886
Adjustments	-	-	-	-	-	-	-	-	-	-	5,300
Opening Cost adjusted	6,934,499	580,476	1,983,197	42,215	86,624	20,467	45,451	320,207	-	10,013,136	10,020,186
Add: Additions during the year	-	-	171,161	20,478	-	-	-	-	-	191,639	280,945
Less: Disposals and write downs	-	-	103,515	10,871	-	-	-	-	-	114,386	287,995
Closing Cost	6,934,499	580,476	2,050,843	51,822	86,624	20,467	45,451	320,207	-	10,090,389	10,013,136
Accumulated Amortization											
Opening, as previously reported	4,025,336	372,920	1,105,744	13,005	20,282	2,559	-	216,958		5,756,804	5,626,289
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	4,025,336	372,920	1,105,744	13,005	20,282	2,559	-	216,958		5,756,804	5,626,289
Add: Current period Amortization	183,339	9,225	163,114	8,317	12,055	5,117	-	32,021		413,188	399,363
Less: Accumulated Amortization on Disposals and Writedowns	-	-	103,515	7,610	-	-	-	-		111,125	268,848
Closing Accumulated Amortization	4,208,675	382,145	1,165,343	13,712	32,337	7,676	-	248,979		6,058,867	5,756,804
Net Tangible Capital Asset	2,725,824	198,331	885,500	38,110	54,287	12,791	45,451	71,228	-	4,031,522	4,256,332
Proceeds from Disposal of Capital As	-	-	4,085	6,495	-	-	-			10,580	10,125

* Includes network infrastructure.

TURTLE MOUNTAIN SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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) 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 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 & 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.

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 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 with Westoba Credit Union of $2,500,000.00 by way of overdrafts and is repayable on demand at prime less 0.5%; 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	Balance at June 30, 2009
Provincial Education Property Tax Credit Advance	$394,337
Professional Development Seminar Prepaid	0
Green Manitoba ECO Solutions Grant	1812
Sustainable Development Grant	3813
Healthy Schools Grant	1480
	$401,442

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 2010 to 2027. 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 5.125% to 11.75%. Debenture interest expense payable as at June 30, 2009, 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.

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 $64,142.

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; 59.5% from 2008 tax year and 59.5% from 2009 tax year. Below are the related revenue and receivable amounts:

Description	2009	2008
Revenue-Municipal Government-Property Tax	$3,432,907	$3,538,829
Receivable-Due from Municipal-Property Tax	$2,043,336	$2,084,355

11. Commitments

Agreements respecting photocopiers were entered into for terms ranging from one to five years. The cost for the lease of this equipment is $71,041 for 2008-2009.

12. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	111,986
Undesignated Surplus(Deficit)	-8,057
	103,929
Capital Fund	
Reserve Accounts	155,314
Equity in Tangible Capital Assets	502,146
	657,460
Special Purpose Fund	
School Generated Funds	94,569
Other Special Purpose Funds	0
	94,569
Total Accumulated Surplus	$855,958

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.

	2009
Board approved appropriation by motion	40,402
School budget carryovers by board policy	71,584
Designated surplus	$111,986

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.

	2009
Bus reserves	155,314
Other reserves	0
Capital Reserve	$155,314

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

	2009
School generated funds	94,569
Other	0
Other Special Purpose Funds	$94,569

13. Restatement of Opening Accumulated Surplus

Restatement of Opening Accumulated Surplus is comprised of:

	2009
Operating Fund	
Employee Future Benefits	$0
Capital Fund	
Tangible Capital Assets	0.000
Accumulated Amortization	0
	0.000
Special Purpose Fund	
School Generated Funds	3,497
Other Special Purpose Funds	0
	3,497
Total Restatement of Opening Accumulated Surplus	3,497

Restatements of the above accounts are related to opening bank balances for School Related Activity Funds.

14. Interest Received and Paid

The Division received interest during the year of $5,535 (previous year $13,590); interest paid during the year was $276,577 (previous year $316,658).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$18,749
Capital Fund	
Debenture debt interest	257,828
Other interest	0
	$276,577

The accrual portion of debenture debt interest expense of $90,561 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

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:

Description	Actual 2009	Budget 2009	Actual 2008
Salaries	$8,059,024	$7,815,352	$7,841,094
Employee benefits and allowances	587,998	580,059	612,848
Services	992,192	868,312	947,215
Supplies, materials & minor equip.	706,836	865,005	717,523
Interest	276,577	26,000	316,658
Payroll tax / Transfers/Bad Dept Exp	191,309	183,000	200,278
Amortization	413,188	0	399,363
School generated funds	283,431	0	200,613
Total	$11,510,555	$10,337,728	$11,235,592

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

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 Meyers Norris Penny 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.

Chairperson

Secretary-Treasurer

October 20, 2009

MEYERS NORRIS PENNY LLP

AUDITOR'S REPORT

(In accordance with subsection 41(11) of the Public Schools Act)

To the Board of Trustees
Turtle River School Division

We have audited the consolidated statement of financial position of the Turtle River School Division as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, change in net debt and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the School Division as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with Canadian generally accepted accounting principles.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

Meyers Norris Penny LLP

Brandon, Manitoba
October 2, 2009

AUDITOR

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.

OCTOBER 20, 2009
DATE

CHAIRPERSON

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
1401 PRINCESS AVE., BRANDON, MB R7A 7L7
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	72,514	797,366
	Short Term Investments	-	-
	Due from - Provincial Government	399,420	357,888
	- Federal Government	86,422	69,466
	- Municipal Government	2,050,590	2,114,566
	- Other School Divisions	32,952	28,757
	- First Nations	41,426	1,558
	Accounts Receivable	7,646	29,001
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,690,970	3,398,602
	Liabilities		
	Overdraft	-	-
	Accounts Payable	519,656	479,563
	Accrued Liabilities	678,217	656,390
	Employee Future Benefits	-	-
	Accrued Interest Payable	83,766	92,075
	Due to - Provincial Government	140	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	60,610
	- First Nations	-	-
6	Deferred Revenue	1,428,962	1,464,942
8	Debenture Debt	2,633,914	2,856,881
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		5,344,655	5,610,461
	Net Debt	(2,653,685)	(2,211,859)
	Non-Financial Assets		
3	Net Tangible Capital Assets (TCA Schedule)	4,069,269	3,616,502
	Inventories	72,775	112,671
	Prepaid Expenses	129,699	61,028
		4,271,743	3,790,201
9	**Accumulated Surplus**	1,618,058	1,578,342

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		7,059,175	6,541,820
	Federal Government		23,486	9,681
	Municipal Government	- Property Tax	2,215,411	1,809,639
		- Other	-	-
	Other School Divisions		11,700	13,000
	First Nations		64,868	26,703
	Private Organizations and Individuals		7,576	6,003
	Other Sources		6,547	(157,141)
	School Generated Funds		328,327	351,593
	Other Special Purpose Funds		-	-
			9,717,090	8,601,298
	Expenses			
	Regular Instruction		4,986,182	4,432,144
	Student Support Services		1,317,913	1,210,685
	Adult Learning Centres		-	-
	Community Education and Services		6,823	10,924
	Divisional Administration		322,436	335,381
	Instructional and Other Support Services		240,765	213,979
	Transportation of Pupils		831,395	794,777
	Operations and Maintenance		894,962	907,864
11	Fiscal	- Interest	196,467	206,531
		- Other	134,236	113,887
	Amortization		416,343	427,467
	Other Capital Items		-	-
	School Generated Funds		329,852	337,674
	Other Special Purpose Funds		-	-
			9,677,374	8,991,313
	Current Year Surplus (Deficit)		39,716	(390,015)
	Opening Accumulated Surplus		1,578,342	1,968,357
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		1,578,342	1,968,357
	Closing Accumulated Surplus		1,618,058	1,578,342

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	39,716	(390,015)
Amortization of Tangible Capital Assets	416,343	427,467
Acquisition of Tangible Capital Assets	(869,110)	(254,820)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,810)	172,777
Proceeds on Disposal of Tangible Capital Assets	3,810	1,800
	(452,767)	347,224
Inventories (Increase)/Decrease	39,896	(18,229)
Prepaid Expenses (Increase)/Decrease	(68,671)	(15,657)
	(28,775)	(33,886)
(Increase)/Decrease in Net Debt	(441,826)	(76,677)
Net Debt at Beginning of Year	(2,211,859)	(2,135,182)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(2,211,859)	(2,135,182)
Net Debt at End of Year	(2,653,685)	(2,211,859)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	39,716	(390,015)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	416,343	427,467
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,810)	172,777
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	(38,575)	(303,542)
Accounts Receivable & Accrued Income (Increase)/Decrease	21,355	29,907
Inventories and Prepaid Expenses - (Increase)/Decrease	(28,775)	(33,886)
Due to Other Organizations Increase/(Decrease)	(60,470)	8,150
Accounts Payable & Accrued Liabilities Increase/(Decrease)	53,611	(6,467)
Deferred Revenue Increase/(Decrease)	(35,980)	278,591
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	363,415	182,982
Capital Transactions		
Acquisition of Tangible Capital Assets	(869,110)	(254,820)
Proceeds on Disposal of Tangible Capital Assets	3,810	1,800
Cash (Applied to)/Provided by Capital Transactions	(865,300)	(253,020)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(222,967)	139,358
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(222,967)	139,358
Cash and Bank / Overdraft (Increase)/Decrease	(724,852)	69,320
Cash and Bank (Overdraft) at Beginning of Year	797,366	728,046
Cash and Bank (Overdraft) at End of Year	72,514	797,366

Turtle River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	8,088,457	411,192	1,692,819	95,968	57,229	107,695	36,325	-	21,334	10,511,019	10,879,042
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	8,088,457	411,192	1,692,819	95,968	57,229	107,695	36,325	-	21,334	10,511,019	10,879,042
Add: Additions during the year	-	-	353,993	-	-	-	-	-	515,117	869,110	254,820
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	622,843
Closing Cost	8,088,457	411,192	2,046,812	95,968	57,229	107,695	36,325	-	536,451	11,380,129	10,511,019
Accumulated Amortization											
Opening, as previously reported	5,369,308	411,192	954,337	58,767	30,044	70,869	-	-		6,894,517	6,915,316
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	5,369,308	411,192	954,337	58,767	30,044	70,869	-	-		6,894,517	6,915,316
Add: Current period Amortization	210,306	-	169,347	16,135	9,480	11,075	-	-		416,343	427,467
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	448,266
Closing Accumulated Amortization	5,579,614	411,192	1,123,684	74,902	39,524	81,944	-	-		7,310,860	6,894,517
Net Tangible Capital Asset	2,508,843	-	923,128	21,066	17,705	25,751	36,325	-	536,451	4,069,269	3,616,502
Proceeds from Disposal of Capital As	-	-	3,810	-	-	-	-			3,810	1,800

* Includes network infrastructure.

TURTLE RIVER SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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. Comparative Figures

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. 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.

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 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 & 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 MAST (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 4.7% to 6.7% (dependant on age) of earnings to the plan. The Division matches this contribution and remits both contributions monthly.

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 $158,798.

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 $1,500,000 line of credit with the Royal Bank of Canada by way of overdraft. (By-Law #169) The Division does not receive any 2009 property taxation until October 31 each year.

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Municipal Revenue	$1,166,086	$1,123,216	$1,166,086	$1,123,216
Eduction Property Tax Credit	298,481	305,746	298,481	305,746
Prepaid Transportation Fees	375	-	375	-
	$ 1,464,942	$ 1,428,962	$ 1,464,942	$ 1,428,962

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, 2009 covers a period of twelve months from July 1, 2008 to June 30, 2009.

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 2010 to 2028. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.125% to 12.125%. Debenture interest expense payable as at June 30, 2009, 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
2010	$ 235,933	$ 184,129	420,062
2011	255,524	164,538	420,062
2012	269,262	143,243	412,505
2013	282,141	121,009	403,150
2014	160,482	97,843	258,325
	$ 1,203,342	$ 710,762	$ 1,914,104

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	45,871
Undesignated Surplus	421,024
	466,895
Capital Fund	
Reserve Accounts	158,798
Equity in Tangible Capital Assets	892,812
	1,051,610
Special Purpose Fund	
School Generated Funds	99,553
Other Special Purpose Funds	-
	99,553
Total Accumulated Surplus	$ 1,618,058

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.

	2009
School budget carryovers by board policy	45,871
Designated surplus	$ 45,871

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.

	2009
Bus reserves	158,798
Other reserves	-
Capital Reserve	$ 158,798

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; 50% from 2008 tax year and 50% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 2,215,411	$ 1,809,639
Receivable-Due from Municipal-Property Tax	$ 2,050,590	$ 2,114,566

11. Interest Received and Paid

The Division received interest during the year of $2,737 (previous year $15,636).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 2,078
Capital Fund	
Debenture debt interest	194,389
Other interest	-
	$ 196,467

The accrual portion of debenture debt interest expense of $83,766 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 2009	Budget 2009	Actual 2008
Salaries	$ 6,257,962	$ 6,046,058	$ 5,617,812
Employees benefits & allowances	495,326	512,661	435,930
Services	868,599	869,723	894,296
Supplies, materials & minor equipment	866,491	906,574	804,490
Interest	196,467	198,202	206,531
Transfers	112,098	168,300	153,226
Payroll tax	134,236	127,217	113,887
Amortization	416,343	-	427,467
Other capital items	-	-	-
School generated funds	329,852	-	337,674
Other special purpose funds	-	-	-
	$ 9,677,374	$ 8,828,735	$ 8,991,313

WESTERN
School Division
Morden, Manitoba

"Rooted In Caring: Committed To Learning"

215-12th Street
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E-mail: divoff@westernsd.mb.ca
www.westernsdmb.ca

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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Chairperson

Secretary-Treasurer

September 17, 2009

gtp Gislason Targownik Peters
Certified General Accountants
720 Norquay Drive • Box 2430 • Winkler • Manitoba R6W 4C1 • Tel: (204) 325-7579 • Fax (204) 325-7318

AUDITORS' REPORT

To the board of trustees
Western School Division

We have audited the Consolidated Statement of Financial Position for the Operating Fund, Capital Fund and Special Fund of Western School Division as at June 30, 2009, and the Consolidated Statements of Revenue, Expenses and Accumulated Surplus and Cash Flow for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2009 and the results of operations and cash flow of the organization for the year then ended, in accordance with Canadian generally accepted accounting principles.

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

CERTIFIED GENERAL ACCOUNTANTS

Winkler, Manitoba
September 17, 2009

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 30, 2009
Date

Chairperson

Partners Dale R. Gislason, FCGA* Saul Targownik, CMA, CGA* Ernest Peters, CGA* Robert J. Friesen, B. Comm. (Hons.), CGA* Darren Funk, CGA*
Associates Carol Wadge, CGA Tracey M. Fehr, CGA
*Professional Corporation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	810,482
	Short Term Investments	-	-
	Due from - Provincial Government	337,598	577,830
	- Federal Government	54,217	37,432
	- Municipal Government	2,140,489	2,151,323
	- Other School Divisions	70,403	63,849
	- First Nations	-	-
	Accounts Receivable	26,458	21,575
	Accrued Investment Income	-	-
	Other Investments	-	-
		2,629,165	3,662,491
	Liabilities		
3	Overdraft	97,542	-
	Accounts Payable	494,577	575,584
	Accrued Liabilities	133,281	228,058
	Employee Future Benefits	-	-
	Accrued Interest Payable	128,639	149,323
	Due to - Provincial Government	5,185	-
	- Federal Government	12,016	206
	- Municipal Government	-	-
	- Other School Divisions	200,448	186,100
	- First Nations	-	-
4	Deferred Revenue	717,461	654,730
5	Debenture Debt	3,460,307	3,943,758
	Other Borrowings	-	401,788
6	School Generated Funds Liability	85,653	86,438
		5,335,109	6,225,985
	Net Debt	(2,705,944)	(2,563,494)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	6,338,488	5,792,518
	Inventories	21,957	-
	Prepaid Expenses	118,516	49,944
		6,478,961	5,842,462
8	**Accumulated Surplus**	3,773,017	3,278,968

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		10,549,262	9,621,850
	Federal Government		19,532	35,242
	Municipal Government	- Property Tax	3,638,297	3,663,644
		- Other	3,200	3,200
	Other School Divisions		27,950	28,600
	First Nations		-	-
	Private Organizations and Individuals		276,427	297,249
	Other Sources		65,540	1,314,057
	School Generated Funds		34,142	51,030
	Other Special Purpose Funds		-	-
			14,614,350	15,014,872
	Expenses			
	Regular Instruction		7,927,215	7,779,705
	Student Support Services		1,913,041	1,547,383
	Adult Learning Centres		352,168	340,820
	Community Education and Services		30,160	43,132
	Divisional Administration		456,078	444,866
	Instructional and Other Support Services		472,190	433,373
	Transportation of Pupils		583,705	495,537
	Operations and Maintenance		1,324,165	1,270,198
10	Fiscal	- Interest	356,107	400,311
		- Other	216,324	204,077
	Amortization		451,531	458,385
	Other Capital Items		-	35,900
	School Generated Funds		37,617	46,214
	Other Special Purpose Funds		-	-
			14,120,301	13,499,901
	Current Year Surplus (Deficit)		494,049	1,514,971
	Opening Accumulated Surplus		3,278,968	1,763,997
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		3,278,968	1,763,997
	Closing Accumulated Surplus		3,773,016	3,278,968

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	494,049	1,514,971
Amortization of Tangible Capital Assets	451,531	458,385
Acquisition of Tangible Capital Assets	(998,469)	(136,043)
(Gain) / Loss on Disposal of Tangible Capital Assets	968	77,368
Proceeds on Disposal of Tangible Capital Assets	-	1,850
	(545,970)	401,560
Inventories (Increase)/Decrease	(21,957)	-
Prepaid Expenses (Increase)/Decrease	(68,572)	(19,674)
	(90,529)	(19,674)
(Increase)/Decrease in Net Debt	(142,450)	1,896,857
Net Debt at Beginning of Year	(2,563,494)	(4,460,351)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(2,563,494)	(4,460,351)
Net Debt at End of Year	(2,705,944)	(2,563,494)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	494,049	1,514,971
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	451,531	458,385
(Gain)/Loss on Disposal of Tangible Capital Assets	968	77,368
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	744,690
Due from Other Organizations (Increase)/Decrease	227,727	(220,487)
Accounts Receivable & Accrued Income (Increase)/Decrease	(4,883)	32,836
Inventories and Prepaid Expenses - (Increase)/Decrease	(90,529)	(19,674)
Due to Other Organizations Increase/(Decrease)	31,343	28,062
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(196,468)	277,449
Deferred Revenue Increase/(Decrease)	62,731	(1,148,066)
School Generated Funds Liability Increase/(Decrease)	(785)	16,173
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	975,684	1,761,707
Capital Transactions		
Acquisition of Tangible Capital Assets	(998,469)	(136,043)
Proceeds on Disposal of Tangible Capital Assets	-	1,850
Cash (Applied to)/Provided by Capital Transactions	(998,469)	(134,193)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(483,451)	(404,316)
Other Borrowings Increase/(Decrease)	(401,788)	(36,384)
Cash Provided by (Applied to) Financing Transactions	(885,239)	(440,700)
Cash and Bank / Overdraft (Increase)/Decrease	(908,024)	1,186,814
Cash and Bank (Overdraft) at Beginning of Year	810,482	(376,332)
Cash and Bank (Overdraft) at End of Year	(97,542)	810,482

Western School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2009 Totals	2008 Totals
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	10,864,028	409,660	1,227,098	28,992	107,641	152,449	533,717	33,888	0	13,357,474	13,472,659
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	10,864,028	409,660	1,227,098	28,992	107,641	152,449	533,717	33,888	0	13,357,474	13,472,659
Add: Additions during the year	-	-	90,802	-	26,064	-	95,337	-	786,266	998,469	136,043
Less: Disposals and write downs	-	-	-	-	9,678	-	-	-	-	9,678	251,228
Closing Cost	10,864,028	409,660	1,317,900	28,992	124,027	152,449	629,054	33,888	786,266	14,346,265	13,357,474
Accumulated Amortization											
Opening, as previously reported	6,373,575	194,944	794,206	22,465	54,847	123,225	-	1,694		7,564,956	7,278,581
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	6,373,575	194,944	794,206	22,465	54,847	123,225	-	1,694		7,564,956	7,278,581
Add: Current period Amortization	301,347	13,494	88,599	2,611	22,199	19,892	-	3,389		451,531	458,385
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	8,710	-	-	-		8,710	172,010
Closing Accumulated Amortization	6,674,922	208,438	882,805	25,076	68,336	143,117	-	5,083		8,007,777	7,564,956
Net Tangible Capital Asset	4,189,106	201,222	435,095	3,916	55,691	9,332	629,054	28,805	786,266	6,338,488	5,792,518
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	1,850

* Includes network infrastructure.

WESTERN SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

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.

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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.

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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	5,000	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.

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.

3. Overdraft

The Division has an authorized line of credit with Agassiz Credit Union Limited of $2,800,000 by way of overdrafts and is repayable on demand at prime less 0.5%.

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, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Manitoba Textbook Bureau	$ 27,305	$ 45,585	$ 38,313	$ 34,577
Education & Property Tax Credit	553,094	1,307,096	1,236,279	623,911
Other	74,331	195,711	211,069	58,973
	$ 654,730	$ 1,548,392	$ 1,485,661	$ 717,461

5. 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 2010 to 2028. 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 5.375% to 11.875%. Debenture interest expense payable as at June 30, 2009, 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
2010	530,385	288,324	$ 818,709
2011	382,496	237,372	619,868
2012	374,734	202,968	577,702
2013	400,577	170,331	570,908
2014	362,509	135,539	498,048
	$ 2,050,701	$ 1,034,534	$ 3,085,235

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 $86,653.

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	2009 Net Book Value
Owned-tangible capital assets	$ 14,346,264	$ 8,007,776	$ 6,338,488

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009
Operating Fund	
Designated Surplus	-
Undesignated Surplus	322,261
	322,261
Capital Fund	
Reserve Accounts	920,640
Equity in Tangible Capital Assets	2,526,376
	3,447,016
Special Purpose Fund	
School Generated Funds	3,740
Other Special Purpose Funds	-
	3,740
Total Accumulated Surplus	$ 3,773,017

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.

	2009
Bus reserves	235,218
Backstage Vocation Theatre Program	685,422
	$ 920,640

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

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 2008 tax year and 60% from 2009 tax year. Below are the related revenue and receivable amounts:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 3,638,297	$ 3,663,644
Receivable-Due from Municipal-Property Tax	$ 2,140,488	$ 2,151,323

10. Interest Received and Paid

The Division received interest during the year of $6,276 (previous year $75,649); interest paid during the year was $376,791 (previous year $416,943).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 9,732
Capital Fund	
Debenture debt interest	355,401
Other interest	11,658
	$ 376,791

The accrual portion of debenture debt interest expense of $128,639 included under the Capital Fund-Debenture debt interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

11. 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 2009	Budget 2009	Actual 2008
Salaries	$ 10,035,579	$ 9,980,964	$ 9,431,238
Employees benefits & allowances	702,387	709,778	644,087
Services	1,241,802	1,204,765	1,173,524
Supplies, materials & minor equipment	908,161	889,665	942,314
Interest	356,107	23,000	400,311
Payroll tax	216,324	214,591	204,077
Amortization	451,531	-	458,385
Other capital items	-	-	35,900
School generated funds	37,617	-	46,214
Transfers	170,793	151,600	163,851
	$ 14,120,301	$ 13,174,363	$ 13,499,901

12. Contractual Obligations

The Division has entered into a lease agreement for its Adult Learning Centre premises with monthly payments expiring November 2012.

The minimum annual lease payments for the next four years are as follows:

2010	$55,601
2011	$57,254
2012	$58,953
2013	$20,035

During the year the Division entered into an agreement for the construction of an addition to the Morden Collegiate Institute building of $3,697,547. $1,250,000 of this project will be debentured by the Province in the 2010 fiscal year end. During the year the Division also entered into an agreement for the addition of a wheelchair accessible entrance for $103,561. This project will be debentured by the Province.

During the year the Division entered into an agreement to purchase a commercial condominium unit in order to relocate the Division office and subsequent to year end into a contract for interior construction. The commitments are for $655,200 and $255,386 respectively. The Division will finance these commitments in part with a new loan of $630,000 with the Access Credit Union Limited.

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Whiteshell School District are the responsibility of the District 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. 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 Meyers Norris Penny 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.

Chairperson

Secretary-Treasurer

December 15, 2009

Auditors' Report

To the Board of Trustees
Whiteshell School District

We have audited the consolidated statement of financial position of the Whiteshell School District as at June 30, 2009 and the consolidated statements of revenue, expenses, and accumulated surplus, consolidated change in net debt and consolidated cash flow for the year then ended. These consolidated financial statements are the responsibility of the District's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations, certain revenues are not susceptible to satisfactory audit verification for completeness. Accordingly, our verification of revenue for the special purpose fund was limited to the amounts recorded by the District and we were not able to determine whether any adjustments might be necessary to special purpose fund revenue, net current year surplus (deficit) and closing accumulated surplus.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of special purpose fund revenue referred to in the preceding paragraph, these consolidated financial statements present fairly in all material respects, the financial position of the School District as at June 30, 2009 and the results of its operations and cash flow for that fiscal year in accordance with accepted accounting principles for school divisions in Manitoba as set out in note 2 to the financial statements.

Further, in our opinion, the other statements and reports, when considered in relation to the aforementioned financial statements, present fairly, in all material respects, the supplemental information shown.

Meyers Norris Penny LLP

Winnipeg, Manitoba

December 15, 2009

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 Whiteshell School District

2009.12.15
DATE

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	621,320	825,591
	Short Term Investments	-	-
	Due from - Provincial Government	95,799	149,180
	- Federal Government	10,990	13,079
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	-	793
	Accrued Investment Income	-	-
	Other Investments	-	-
		728,109	988,643
	Liabilities		
	Overdraft	-	-
	Accounts Payable	16,898	386,972
	Accrued Liabilities	219,101	147,245
	Employee Future Benefits	-	-
	Accrued Interest Payable	8,937	7,779
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
	Deferred Revenue	164,508	133,685
5	Debenture Debt	127,149	184,862
6	Other Borrowings	25,000	150,000
	School Generated Funds Liability	-	-
		561,593	1,010,543
	Net Debt	166,516	(21,900)
	Non-Financial Assets		
7	Net Tangible Capital Assets (TCA Schedule)	1,187,347	1,240,638
	Inventories	-	-
	Prepaid Expenses	-	-
		1,187,347	1,240,638
8	**Accumulated Surplus**	1,353,863	1,218,738

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes		2009	2008
	Revenue		
	Provincial Government	1,202,281	1,200,880
	Federal Government	-	-
	Municipal Government - Property Tax	1,662,196	1,615,080
	- Other	-	-
	Other School Divisions	42,849	42,900
	First Nations	-	-
	Private Organizations and Individuals	-	115
	Other Sources	28,987	37,920
	School Generated Funds	68,749	35,918
	Other Special Purpose Funds	-	-
		3,005,062	2,932,813
	Expenses		
	Regular Instruction	1,541,604	1,735,011
	Student Support Services	524,713	440,681
	Adult Learning Centres	-	-
	Community Education and Services	9,000	5,500
	Divisional Administration	133,281	115,341
	Instructional and Other Support Services	60,241	70,282
	Transportation of Pupils	26,949	27,089
	Operations and Maintenance	386,017	386,978
10	Fiscal - Interest	23,340	25,483
	- Other	22,553	61,086
	Amortization	78,158	67,471
	Other Capital Items	-	-
	School Generated Funds	64,081	32,836
	Other Special Purpose Funds	-	-
		2,869,937	2,967,758
	Current Year Surplus (Deficit)	135,125	(34,945)
	Opening Accumulated Surplus	1,218,738	1,090,289
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	0
3	Accounting Adjustment-Operating Fund	-	163,394
	Opening Accumulated Surplus, as adjusted	1,218,738	1,253,683
	Closing Accumulated Surplus	1,353,863	1,218,738

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	135,125	(34,945)
Amortization of Tangible Capital Assets	78,158	67,471
Acquisition of Tangible Capital Assets	(24,867)	-
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	53,291	67,471
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	-	-
	0	0
(Increase)/Decrease in Net Debt	188,416	32,526
Net Debt at Beginning of Year	(21,900)	(217,820)
Accounting Adjustment-Operating Fund (Note # 3)	-	163,394
Net Debt at Beginning of Year as Adjusted	(21,900)	(54,426)
Net Debt at End of Year	166,516	(21,900)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	135,125	(34,945)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	78,158	67,471
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	-	-
Short Term Investments (Increase)/Decrease	-	-
Due from Other Organizations (Increase)/Decrease	55,470	(41,530)
Accounts Receivable & Accrued Income (Increase)/Decrease	793	(711)
Inventories and Prepaid Expenses - (Increase)/Decrease	-	-
Due to Other Organizations Increase/(Decrease)	-	-
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(297,060)	190,515
Deferred Revenue Increase/(Decrease)	30,823	(123,898)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	163,394
Cash Provided by Operating Transactions	3,309	220,296
Capital Transactions		
Acquisition of Tangible Capital Assets	(24,867)	-
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(24,867)	0
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	(57,713)	(54,127)
Other Borrowings Increase/(Decrease)	(125,000)	(25,000)
Cash Provided by (Applied to) Financing Transactions	(182,713)	(79,127)
Cash and Bank / Overdraft (Increase)/Decrease	(204,271)	141,169
Cash and Bank (Overdraft) at Beginning of Year	825,591	684,422
Cash and Bank (Overdraft) at End of Year	621,320	825,591

Whiteshell School District

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	3,002,001	-	-	-	-	-	15,400	-	-	3,017,401	3,017,401
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	3,002,001	-	-	-	-	-	15,400	-	-	3,017,401	3,017,401
Add: Additions during the year	-	-	-	-	-	24,867	-	-	-	24,867	-
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	3,002,001	-	-	-	-	24,867	15,400	-	-	3,042,268	3,017,401
Accumulated Amortization											
Opening, as previously reported	1,776,763	-	-	-	-	-	-	-		1,776,763	1,709,292
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	1,776,763	-	-	-	-	-	-	-		1,776,763	1,709,292
Add: Current period Amortization	75,050	-	-	-	-	3,108	-	-		78,158	67,471
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	1,851,813	-	-	-	-	3,108	-	-		1,854,921	1,776,763
Net Tangible Capital Asset	1,150,188	-	-	-	-	21,759	15,400	-	-	1,187,347	1,240,638
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The School District (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 (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 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 District.

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

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 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 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) 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. Theses benefits include supplemental employment benefits and sick leave. These benefits are event driven and the costs are recognized when the event becomes known.

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.

2. Significant Accounting Policies - Continued

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 Institution's designation of such instruments.

Classification:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Long-term 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, their carrying value approximates fair value. The fair value of the long-term debt also approximates its carrying value.

Interest, currency and credit risk:

It is management's opinion that the District is not exposed to significant currency or credit 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.

3. Accounting adjustment – operating fund

During the year, the District identified the following errors pertaining to prior periods; a $163,394 overstatement of deferred revenue, and a $163,394 understatement of the accumulated surplus. The retroactive application of this correction of an error did not have a material impact on the operating fund surplus for 2008. However, as correcting the errors in the current year would have materially distorted the current year surplus the District has corrected this error by increasing the opening accumulated surplus by $163,394, decreasing the deferred revenue by $163,394 for the year ended June 30, 2008.

4. Overdraft

The District has an authorized line of credit with the Canadian Imperial Bank of Commerce 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.

5. Debenture Debt

The debenture debt of the District is in the form of ten-year debentures payable, principal and interest, in ten equal yearly installments and maturing June 15, 2011. The debentures carry interest at 6.625%. Debenture interest expense payable as at June 30, 2009, is accrued and recorded in Accrued Interest Payable, and is funded by the Operating Fund as an annual transfer. The debenture repayments in the next two years are:

	Principal	Interest	Total
2010	$61,536	$8,424	$69,960
2011	65,613	4,347	69,960
	$127,149	$12,771	$139,920

6. Other borrowing

Other borrowings are debts other than overdrafts or debentures. This includes a loan to finance a boiler replacement project. The loan bears interest at 6.50% per annum, with an annual payment of $25,000 principal plus interest. The loan is secured by way of a borrowing By-law. The loan is due in 2013 however the full balance of this loan is expected to be paid by June 30, 2010.

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	2009 Net Book Value	2008 Net Book Value
Owned-tangible capital assets	$ 3,229,705	$ 2,042,358	$ 1,187,347	$ 1,240,638

8. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Undesignated Surplus	$ 302,679	$ 137,470
Capital Fund		
Equity in Tangible Capital Assets	1,026,691	898,049
Special Purpose Fund		
School Generated Funds	24,493	19,825
Accounting adjustment		
Operating fund (note 3)	-	163,394
Total Accumulated Surplus	$ 1,353,863	$ 1,218,738

School Generated 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 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; 44% from 2008 tax year and 56% from 2009 tax year. Below is the related revenue amount:

	2009	2008
Revenue-Municipal Government-Property Tax	$ 314,031	$ 279,306

10. Interest Received and Paid

The District received interest during the year of $22,470 (2008; $31,879); interest paid during the year was $23,340 (2008; $25,483).

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

	2009	2008
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 2,157	44
Capital Fund		
Debenture debt interest	12,246	15,686
Other Interest	8,937	9,753
	$ 23,340	$ 25,483

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 2009	Budget 2009	Actual 2008
Salaries	$ 1,973,823	$ 2,100,238	$ 2,050,185
Employees benefits and allowances	126,128	141,898	125,709
Services	467,507	448,227	469,272
Supplies, materials and minor equipment	114,347	134,000	135,716
Interest	23,340	-	25,483
Payroll tax	22,553	17,500	61,086
Amortization	78,158	-	67,471
School generated funds	64,081	-	32,836
	$ 2,869,937	$ 2,841,863	$ 2,967,758

12. Budget Figures and Non Financial Information

The 2009 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.

13. Capital management

The District'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 $1,353,863 (2008 - $1,218,738). 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 period.

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 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.

Chairperson

Secretary-Treasurer

September 25, 2009

KPMG LLP
Chartered Accountants
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Winnipeg MB R3B 0X3
Canada

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Fax (204) 957-0808
Internet www.kpmg.ca

AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the consolidated statement of financial position of The Winnipeg School Division as at June 30, 2009 and the consolidated statements of revenues, expenses and accumulated surplus, changes in net debt and cash flow for the year then ended. These financial statements have been prepared to comply with the Public Schools Act. These financial statements are the responsibility of the Division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Division as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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 the 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. Budgeted figures provided for information purposes are unaudited.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

September 25, 2009

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.

November 2, 2009

Chairperson of the Board Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	-	-
(4)	Short Term Investments	2,896,489	2,481,803
	Due from - Provincial Government	10,016,924	10,098,906
	- Federal Government	632,937	653,988
	- Municipal Government	63,421,263	64,014,558
	- Other School Divisions	155,575	609,137
	- First Nations	895,920	1,190,600
	Accounts Receivable	1,251,424	2,176,701
	Accrued Investment Income	2,702	3,486
	Other Investments	2,560,058	2,896,770
		81,833,292	84,125,949
	Liabilities		
(3)	Overdraft	16,707,526	11,066,895
	Accounts Payable	10,024,977	9,034,590
	Accrued Liabilities	13,561,544	9,362,203
(5)	Employee Future Benefits	3,755,579	3,643,222
	Accrued Interest Payable	2,122,610	2,333,541
	Due to - Provincial Government	1,332,500	2,895,413
	- Federal Government	13,422,406	13,220,548
	- Municipal Government	-	-
	- Other School Divisions	721,577	585,917
	- First Nations	-	-
(6)	Deferred Revenue	12,436,905	11,210,340
(8)	Debenture Debt	70,855,845	73,206,834
	Other Borrowings	-	-
(7)	School Generated Funds Liability	2,060,893	2,063,576
		147,002,362	138,623,079
	Net Debt	(65,169,070)	(54,497,130)
	Non-Financial Assets		
(2)	Net Tangible Capital Assets (TCA Schedule)	111,095,419	107,297,779
	Inventories	932,133	903,936
	Prepaid Expenses	3,084,594	873,276
		115,112,146	109,074,991
	Accumulated Surplus	49,943,076	54,577,861

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		211,863,652	205,239,864
	Federal Government		9,070	8,310
	Municipal Government	- Property Tax	103,652,887	105,992,512
		- Other	312,872	216,506
	Other School Divisions		2,206,795	2,257,290
	First Nations		2,380,475	2,528,157
	Private Organizations and Individuals		887,016	824,245
	Other Sources		1,466,766	2,663,811
	School Generated Funds		274,319	695,320
	Other Special Purpose Funds		203,212	195,279
			323,257,064	320,621,294
	Expenses			
	Regular Instruction		164,118,953	160,988,538
	Student Support Services		73,591,890	66,920,374
	Adult Learning Centres		483,880	452,382
	Community Education and Services		7,425,701	6,936,763
	Divisional Administration		8,368,235	7,643,875
	Instructional and Other Support Services		10,131,568	10,602,185
	Transportation of Pupils		4,767,675	4,408,721
	Operations and Maintenance		42,045,872	39,290,585
	Fiscal	- Interest	5,071,313	8,271,405
		- Other	5,290,166	5,107,508
	Amortization		5,667,782	5,486,563
	Other Capital Items		-	-
	School Generated Funds		372,646	868,013
	Other Special Purpose Funds		337,180	234,209
			327,672,861	317,211,121
	Current Year Surplus (Deficit)		(4,415,797)	3,410,173
	Opening Accumulated Surplus		54,577,861	51,167,688
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	(218,988)	0
	Opening Accumulated Surplus, as adjusted		54,358,873	51,167,688
	Closing Accumulated Surplus		49,943,076	54,577,861

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	(4,415,797)	3,410,173
Amortization of Tangible Capital Assets	5,667,782	5,486,563
Acquisition of Tangible Capital Assets	(9,465,422)	(4,612,308)
(Gain) / Loss on Disposal of Tangible Capital Assets	(37,778)	(857,240)
Proceeds on Disposal of Tangible Capital Assets	37,778	860,380
	(3,797,640)	877,395
Inventories (Increase)/Decrease	(28,197)	158,262
Prepaid Expenses (Increase)/Decrease	(2,211,318)	(258,558)
	(2,239,515)	(100,296)
(Increase)/Decrease in Net Debt	(10,452,952)	4,187,272
Net Debt at Beginning of Year	(54,497,130)	(58,684,402)
Adjustments Other than Tangible Cap. Assets	(218,988)	-
Net Debt at Beginning of Year as Adjusted	(54,716,118)	(58,684,402)
Net Debt at End of Year	(65,169,070)	(54,497,130)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	(4,415,797)	3,410,173
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	5,667,782	5,486,563
(Gain)/Loss on Disposal of Tangible Capital Assets	(37,778)	(857,240)
Employee Future Benefits Increase/(Decrease)	112,357	91,739
Short Term Investments (Increase)/Decrease	(414,686)	(176,798)
Due from Other Organizations (Increase)/Decrease	1,444,570	37,343
Accounts Receivable & Accrued Income (Increase)/Decrease	926,061	(819,988)
Inventories and Prepaid Expenses - (Increase)/Decrease	(2,239,515)	(100,296)
Due to Other Organizations Increase/(Decrease)	(1,225,395)	(97,654)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	4,978,797	3,879,737
Deferred Revenue Increase/(Decrease)	1,226,565	1,367,179
School Generated Funds Liability Increase/(Decrease)	(2,683)	117,380
Adjustments Other than Tangible Cap. Assets	(218,988)	-
Cash Provided by Operating Transactions	5,801,290	12,338,138
Capital Transactions		
Acquisition of Tangible Capital Assets	(9,465,422)	(4,612,308)
Proceeds on Disposal of Tangible Capital Assets	37,778	860,380
Cash (Applied to)/Provided by Capital Transactions	(9,427,644)	(3,751,928)
Investing Transactions		
Other Investments (Increase)/Decrease	336,712	215,815
Cash Provided by (Applied to) Investing Transactions	336,712	215,815
Financing Transactions		
Debenture Debt Increase/(Decrease)	(2,350,989)	(4,855,451)
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	(2,350,989)	(4,855,451)
Cash and Bank / Overdraft (Increase)/Decrease	(5,640,631)	3,946,574
Cash and Bank (Overdraft) at Beginning of Year	(11,066,895)	(15,013,469)
Cash and Bank (Overdraft) at End of Year	(16,707,526)	(11,066,895)

Winnipeg School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	173,888,457	4,359,922	5,747,343	413,271	3,521,519	1,019,051	17,613,275	404,750	1,296,346	208,263,934	203,942,425
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	173,888,457	4,359,922	5,747,343	413,271	3,521,519	1,019,051	17,613,275	404,750	1,296,346	208,263,934	203,942,425
Add: Additions during the year	2,675,858	-	548,483	52,431	751,069	146,865	(7,777)	549,830	4,748,663	9,465,422	4,612,308
Less: Disposals and write downs	-	-	255,020	-	-	-		-	-	255,020	290,799
Closing Cost	176,564,315	4,359,922	6,040,806	465,702	4,272,588	1,165,916	17,605,498	954,580	6,045,009	217,474,336	208,263,934
Accumulated Amortization											
Opening, as previously reported	92,061,002	2,859,499	3,410,214	250,252	1,810,444	529,347	-	45,397		100,966,155	95,767,251
Adjustments	-	-	-	-	-	-	-	-		-	-
Opening adjusted	92,061,002	2,859,499	3,410,214	250,252	1,810,444	529,347	-	45,397		100,966,155	95,767,251
Add: Current period Amortization	4,310,380	77,454	493,603	56,943	495,764	165,672	-	67,966		5,667,782	5,486,563
Less: Accumulated Amortization on Disposals and Writedowns	-	-	255,020	-	-	-	-	-		255,020	287,659
Closing Accumulated Amortization	96,371,382	2,936,953	3,648,797	307,195	2,306,208	695,019	-	113,363		106,378,917	100,966,155
Net Tangible Capital Asset	80,192,933	1,422,969	2,392,009	158,507	1,966,380	470,897	17,605,498	841,217	6,045,009	111,095,419	107,297,779
Proceeds from Disposal of Capital As	-	14,123	23,655	-	-	-	-			37,778	860,380

* 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, 2008 were $530,466 (2007 - $682,966).

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, 2009 funds on hand in these schools for this purpose totaled $21,991 (2008 - $126,670).

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 $1,187,643 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	5,000	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) 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.

(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.

2. Significant accounting principles (continued).

(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 in conformity with generally accepted accounting principles 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. Actual subsequent results could differ from these estimates.

3. Overdraft:

The Division has an authorized overdraft limit with a chartered bank of $55,000,000. As at June 30, 2009 $23,000,000 of the authorized overdraft has been utilized in the form of fixed rate promissory notes, bearing interest at rates ranging from 1.11 percent to 1.92 percent, due July 2009.

Included in the overdraft are capital projects totaling approximately $2,874,362 which will be submitted to PSFB for debenture funding, funds held on behalf of the Winnipeg Teachers Association’s dental plan totaling $2,141,606 (2008 - $2,128,695) and funds on behalf of the Winnipeg Teachers Association and the Winnipeg Association of Non Teaching employees extended health care plan as at June 30, 2009 totaling $1,512,985 (2008 - $1,380,470).

Overdrafts are secured by borrowing By-Law No. 1158.

4. Short-term investments:

Short-term investments consist of Federal, Provincial and Corporate bonds and debentures, and mortgage backed securities. All short-term investments are recorded at the lower of cost or market. As at June 30, 2009, the cost of short-term investments was $2,896,489 (2008 - $2,481,803); investment income (loss) during the year was ($62,607) (2008 - $176,799).

5. 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
2006	5.50%	7.00%
2007	6.00%	7.40%
2008	6.50%	7.80%
2009	7.00%	8.20%

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

The benefit plans are actuarially valued every two years. The most recent actuarial report was prepared on December 31, 2008.

Information about the Division's benefit plans in aggregate, is as follows:

Benefit plan assets:	
Fair value, beginning of year	$ 257,853,890
Expected return	14,863,417
Actuarial investment gain/(loss)	(17,301,026)
Employer contributions	4,500,319
Employee contributions	3,798,022
Benefits paid	(11,460,172)
Fair value, end of year	$ 252,254,450
Accrued benefit plan obligations:	
Balance, beginning of year	$ 231,694,663
Current service costs	9,082,732
Interest costs	14,090,406
Benefits paid	(11,460,172)
Actuarial gain/loss	(25,416)
Actuarial assumption change	1,350,500
Balance, end of year	$ 244,732,713

5. Employee future benefits (continued):

Surplus of plan assets versus plan obligations	$	7,521,737

Unamortized net actuarial gain (loss)	$	–
Benefit plan surplus		7,521,737
Less: valuation allowance		(7,521,737)
Net accrued benefits plan asset	$	–

Pursuant to the Division's by-laws it does not have any access to any benefit plan surplus'. As such, a valuation allowance has been recorded to offset the benefit plan asset.

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.

The total net cost for the Division's benefit plans is as follows:

Net defined benefit plan's costs:	
Current service cost less employee contributions	$ 5,284,710
Interest on plan obligations	14,090,406
Expected return on plan assets	(14,863,417)
Amortization of actuarial (gains) and losses	–
Valuation allowance increase (decrease)	(11,380)
Net defined benefit plans cost	$ 4,500,319

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

Discount rate	6.00%
Rate of compensation increase	4.00%

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

Discount rate	6.00%
Expected long-term rate of return on plan assets	6.00%
Rate of compensation increase	4.00%

5. **Employee future benefits (continued):**

The benefit plan assets are held in trust and are invested as follows:

Equities	40%
Bonds	47%
Cash and cash equivalents	13%

(ii) Other future benefits:

The Division promotes 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, 2009, the Division has recorded an estimated liability of $3,755,579 (2008 - $3,643,222) in respect of these benefits.

6. **Deferred revenue:**

	Balance as at June 30, 2008	Additions in the period	Revenue recognized in the period	Balance as at June 30, 2009
Educational property tax credit	$ 9,824,821	$ 10,593,814	$ 9,824,821	$ 10,593,814
Manitoba Textbook Bureau	548,657	891,033	738,782	700,908
Other special purpose funds	836,862	1,095,878	790,557	1,142,183
	$ 11,210,340	$ 12,580,725	$ 11,354,160	$ 12,436,905

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, 2009, school funds held totaled $2,114,432 (2008 - $2,215,442).

The school generated funds liability of $2,060,893 (2008 - $2,063,576) comprises the portion of school generated funds that are not controlled and included in the cash and bank balances noted above.

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 2010 to 2029. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 5.5 percent to 12.25 percent. The debenture principal and interest repayments in the next five years and thereafter are:

	Principal	Interest	Total
2010	$ 6,311,317	$ 4,786,802	$ 11,098,119
2011	5,930,512	4,258,790	10,189,302
2012	5,687,289	3,782,464	9,469,753
2013	5,430,138	3,347,622	8,777,760
2014	4,983,845	2,950,064	7,933,909
Thereafter	42,512,744	14,509,157	57,021,901
	$ 70,855,845	$ 33,634,899	$ 104,490,744

As June 30, 2009, the Division has submitted claims for capital projects to the Public Schools Finance Board totaling $2,874,362 (2008 - $809,114).

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

	Gross amount	Accumulated amortization	Net book value
Tangible capital assets	$217,474,336	$106,378,917	$111,095,419

10. Expenditures by type:

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

11. Contractual obligations:

The Division is committed to payments under operating leases for equipment and buildings through 2014 in the amount of $1,422,395. Annual payments are; 2010 - $743,839; 2011 - $301,132; 2012 - $162,018, 2013 - $165,046, 2014 - $50,360.

The Division has entered into a memorandum of understanding for the construction of certain network assets. Total estimated cost of this project is $4,106,000. As at June 30, 2009, expenditures in the amount of $2,085,962 have been incurred.

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 la Division Scolaire Franco-Manitobaine. As at June 30, 2009, the amount of this special levy was $1,048,503 (2008 - $847,880). 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 Winnipeg Technical College are the responsibility of the College 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. College 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 College 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 independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the College's consolidated financial statements.

Chair | Vice President, Finance and Administrator

November 18, 2009

TOTAL P.02

Grant Thornton

Auditors' Report

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To the Chair and Members of the Governing Board of
Winnipeg Technical College

We have audited the consolidated statements of financial position of **Winnipeg Technical College** as at June 30, 2009 and the consolidated statements of revenues, expenses and accumulated surplus, change in net debt, and cash flow for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and changes in its financial position for the year then ended in accordance with the generally accepted accounting principles as established by the Public Sector Accounting Board.

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 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 examination did not include the budget figures and we do not express any opinion concerning them.

Winnipeg, Manitoba

Grant Thornton LLP

October 21, 2009

Chartered 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 Winnipeg Technical College.

Chair of the Board

November 18, 2009

Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2009	2008
	Financial Assets		
	Cash and Bank	930,565	1,695,142
*	Short Term Investments	1,253,200	-
	Due from - Provincial Government	567,066	759,460
	- Federal Government	32,872	23,322
	- Municipal Government	-	-
	- Other School Divisions	103,051	49,990
	- First Nations	19,733	-
	Accounts Receivable	105,178	103,762
	Accrued Investment Income	-	-
	Other Investments	-	-
		3,011,665	2,631,676
	Liabilities		
	Overdraft	-	-
	Accounts Payable	151,318	219,525
	Accrued Liabilities	7,044	(467)
*	Employee Future Benefits	757,169	614,671
	Accrued Interest Payable	48,010	42,351
	Due to - Provincial Government	-	-
	- Federal Government	5,538	6,456
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
*	Deferred Revenue	295,696	316,067
*	Debenture Debt	2,539,030	1,591,145
*	Other Borrowings	21,903	26,336
	School Generated Funds Liability	-	-
		3,825,708	2,816,084
	Net Debt	(814,043)	(184,408)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	7,083,920	6,010,782
	Inventories	-	-
	Prepaid Expenses	79,612	61,177
		7,163,532	6,071,959
*	**Accumulated Surplus**	6,349,489	5,887,551

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2009	2008
	Revenue			
	Provincial Government		8,723,176	7,882,354
	Federal Government		-	-
	Municipal Government	- Property Tax	-	-
		- Other	-	-
	Other School Divisions		1,684,080	1,788,274
	First Nations		-	27,494
	Private Organizations and Individuals		3,318,119	2,991,509
	Other Sources		566,519	169,704
	School Generated Funds		-	-
	Other Special Purpose Funds		-	723
			14,291,894	12,860,058
	Expenses			
	Regular Instruction		5,165,386	4,795,264
	Student Support Services		775,464	760,676
	Adult Learning Centres		2,083,763	1,895,153
	Community Education and Services		3,107,582	2,506,307
	Divisional Administration		873,013	668,647
	Instructional and Other Support Services		391,254	296,163
	Transportation of Pupils		-	-
	Operations and Maintenance		923,553	858,085
*	Fiscal	- Interest	109,744	136,432
		- Other	100,314	111,179
	Amortization		298,174	282,925
	Other Capital Items		-	-
	School Generated Funds		-	-
	Other Special Purpose Funds		1,708	4,505
			13,829,955	12,315,336
	Current Year Surplus (Deficit)		461,939	544,722
	Opening Accumulated Surplus		5,887,551	5,342,829
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	0
		Other than Tangible Cap. Assets	-	0
	Opening Accumulated Surplus, as adjusted		5,887,551	5,342,829
	Closing Accumulated Surplus		6,349,489	5,887,551

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2009

	2009	2008
Current Year Surplus (Deficit)	461,939	544,722
Amortization of Tangible Capital Assets	298,174	282,925
Acquisition of Tangible Capital Assets	(1,371,312)	(112,053)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(1,073,138)	170,872
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(18,435)	3,482
	(18,435)	3,482
(Increase)/Decrease in Net Debt	(629,634)	719,076
Net Debt at Beginning of Year	(184,408)	(903,484)
Adjustments Other than Tangible Cap. Assets	-	-
Net Debt at Beginning of Year as Adjusted	(184,408)	(903,484)
Net Debt at End of Year	(814,043)	(184,408)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2009

	2009	2008
Operating Transactions		
Current Year Surplus/(Deficit)	461,939	544,722
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	298,174	282,925
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	142,498	133,363
Short Term Investments (Increase)/Decrease	(1,253,200)	-
Due from Other Organizations (Increase)/Decrease	110,050	(433,721)
Accounts Receivable & Accrued Income (Increase)/Decrease	(1,416)	(2,410)
Inventories and Prepaid Expenses - (Increase)/Decrease	(18,435)	3,482
Due to Other Organizations Increase/(Decrease)	(918)	1,853
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(55,037)	82,303
Deferred Revenue Increase/(Decrease)	(20,371)	9,986
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by Operating Transactions	(336,716)	622,502
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,371,312)	(112,053)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash (Applied to)/Provided by Capital Transactions	(1,371,312)	(112,053)
Investing Transactions		
Other Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	0	0
Financing Transactions		
Debenture Debt Increase/(Decrease)	947,885	(81,562)
Other Borrowings Increase/(Decrease)	(4,433)	(11,347)
Cash Provided by (Applied to) Financing Transactions	943,452	(92,909)
Cash and Bank / Overdraft (Increase)/Decrease	(764,576)	417,541
Cash and Bank (Overdraft) at Beginning of Year	1,695,142	1,277,602
Cash and Bank (Overdraft) at End of Year	930,565	1,695,142

Winnipeg Technical College

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2009

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2009	2008
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	Totals	Totals
Tangible Capital Asset Cost											
Opening Cost, as previously reported	9,376,456	-	-	-	227,575	82,467	899,310	-	-	10,585,808	10,479,405
Adjustments	-	-	-	-	-	-	-	-	-	-	(5,650)
Opening Cost adjusted	9,376,456	-	-	-	227,575	82,467	899,310	-	-	10,585,808	10,473,755
Add: Additions during the year	428,768	-	-	-	73,564	-	-	-	868,980	1,371,312	112,053
Less: Disposals and write downs	-	-	-	-	-	-	-	-	-	-	-
Closing Cost	9,805,224	-	-	-	301,139	82,467	899,310	-	868,980	11,957,120	10,585,808
Accumulated Amortization											
Opening, as previously reported	4,437,956	-	-	-	113,683	23,387	-	-		4,575,026	4,297,751
Adjustments	-	-	-	-	-	-	-	-		-	(5,650)
Opening adjusted	4,437,956	-	-	-	113,683	23,387	-	-		4,575,026	4,292,101
Add: Current period Amortization	247,583	-	-	-	40,932	9,659	-	-		298,174	282,925
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	-	-	-	-		-	-
Closing Accumulated Amortization	4,685,539	-	-	-	154,615	33,046	-	-		4,873,200	4,575,026
Net Tangible Capital Asset	5,119,685	-	-	-	146,524	49,421	899,310	-	868,980	7,083,920	6,010,782
Proceeds from Disposal of Capital As	-	-	-	-	-	-	-			-	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Winnipeg Technical College is a public body that provides vocational training to adults and secondary students. The division is funded primarily through a five year agreement with the Province of Manitoba and the Pembina Trails School Division which details operational requirements of the College. The Pembina Trails School Division contributed $829,029 to the partnership relationship recorded in ‘Other School Division Revenue’ on page 10: Operating Fund – Revenue Detail.

The College is exempt from income tax and operates a registered charity.

The College is economically dependent on the Province and Pembina Trails School Division for the majority of its revenue and capital financing requirements. Without this funding, continued operation of the College 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).

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 College. The College reporting entity includes funds associated with the SWTC Scholarship/ Trust Fund controlled by the College.

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 College 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 College.

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 College 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 College 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	5,000	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 College. The College does not contribute to TRAF, and no costs relating to this plan are included in the College's financial statements.

The College 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 College adopted the following policies with respect to accounting for these employee future benefits:

(i) Defined contribution/ insured benefit plans

The Retirement Plan offered non-certified staff is a money-purchase plan administered by the Manitoba Association of School Trustees (MAST). The plan requires the College to make a specific fixed contribution each period. The College 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 College 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 yearend.

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 yearend.

(iii) Accumulated Sick Days

The College offers sick leave to its employees which do not vest, but accumulate for use by the employee beyond the current period. The College concurs with the Province of Manitoba that the liability for accumulated sick days would not be material; therefore a liability has not been recorded for this benefit.

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.

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 College 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 College has an authorized demand facility with the Royal Bank of Canada of $ 625,000 by way of overdraft and loan and is repayable on demand at RB Prime less .75 % (interest is paid monthly in arrears).

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.

The College 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 College 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.

5. Debenture Debt

PS 3230.15, 3230.17-18 (Reference)

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 2010 to 2027. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for debenture debt on one self-funded capital project which matures in 2018 and 2029. The debentures carry interest rates that range from 4.875 % to 10.25 %. Debenture interest expense payable as at June 30, 2008, 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:

2010	120,174	142,980	263,154
2011	122,876	135,976	258,852
2012	129,855	128,997	258,852
2013	137,233	121,619	258,852
2014	145,031	113,821	258,852
	$655,169	$643,393	$1,298,562

6. Tangible Capital Assets

PS 3150.40-41, 3150.42, PSG-2 24(a) (Reference)

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	2008 Net Book Value
Owned-tangible capital assets	$11,911,935	$4,860,433	$7,051,502
Capital lease	45,185	12,767	32,418.
	$11,957,120	$4,873,200	$7,083,920

7. Accumulated Surplus

PSG-4 7-8 (Reference)

The consolidated accumulated surplus is comprised of the following:

	2009	2008
Operating Fund		
Designated Surplus	$1,010,369.00	$1,234,097.00
Undesignated Surplus	$527,743.00	$263,827.00
	$1,538,112.00	$1,497,924.00
Capital Fund		
Reserve Accounts	-	-
Equity in Tangible Capital Assets	$4,811,195.00	$4,387,736.00
	$4,811,195.00	$4,387,736.00
Special Purpose Fund		
School Generated Funds	-	-
Other Special Purpose Funds	$182.00	$1,890.00
	$182.00	$1,890.00
Total Accumulated Surplus	$6,349,490.00	$5,887,550.00

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.

	2009
Board approved appropriation by motion	$1,010,369
School budget carryovers by board policy	
Designated surplus	$1,010,369

School Generated Funds and Other Special Purpose Funds are externally restricted moneys for school and (*provide details of Other Special Purpose Funds*) use.

	2009
Foundation-Scholarship	$ 182
Other - *Specify*	-
Other Special Purpose Funds	$ 182

8. Interest Received and Paid

PS 1200.106-7 (Reference)

The Division received interest during the year of $62,779 (previous year $86,980); interest paid during the year was $109,744 (previous year $136,432).

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

	2009
Operating Fund	
Fiscal-short term loan, interest and bank charges	$ 13,839
Capital Fund	
Debenture debt interest	91,373
Other interest	4,532
	$ 109,744

The accrual portion of debenture debt interest expense of $29,165 included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

9. Expenses by object

PS 1200.085; PS 2500.014 (Reference)

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 2009	Budget 2009	Actual 2008
Salaries	$ 8,519,153	$ 7,764,459	$ 7,463,857
Employees benefits & allowances	788,790	691,004	654,673
Services	1,901,368	1,978,659	1,845,118
Supplies, materials & minor equipment	1,614,061	1,563,492	1,393,516
Interest	13,839	31,275	25,001
Bad debts	-		-
Payroll tax	100,314	105,224	111,179
Amortization	298,174	-	282,925
Other capital items	95,905		111,431
School generated funds	-	-	-
Other special purpose funds	1,708	-	4,505
	$ 13,333,312		$ 11,892,205

10. Contractual Obligations

An agreement providing guaranteed access to training spaces for students from the Louis Riel School Division was concluded in late June 2006. The agreement covers the period July 1, 2006 through June 30, 2011 and outlines certain rights granted to the Louis Riel School Division and their students as a result of withdrawal from governance of the College. The College will guarantee access to 71 FTE students from the Louis Riel School Division and charge a fee for these services of $699,203for 2008-09.

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the statement of financial position of The Public Schools Finance Board as at June 30, 2009, and the statements of revenue and expenditure and education support fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
November 20, 2009

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Financial Position

As at June 30, 2009

	2009	2008
	(in thousands of dollars)	
Assets		
Cash	$ 1,546	$ 1,369
Funds on deposit with the Province of Manitoba	355	45
Accounts receivable:		
Province of Manitoba	459	-
Municipal corporations - Education Support Levy	76,260	75,359
Other	1,206	294
	$ 79,826	**$ 77,067**
Liabilities and Education Support Fund		
Support payable to school divisions	$ 3,662	$ 4,467
Accrued interest	333	734
Funds advanced from the Province of Manitoba	-	411
Notes payable - Province of Manitoba (Note 8)	71,817	70,575
Other payables	469	169
	76,281	**76,356**
Education Support Fund	**3,545**	**711**
	$ 79,826	**$ 77,067**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenses and Education Support Fund for the year ended June 30, 2009

	2009	2008
	(in thousands of dollars)	
Revenue:		
Province of Manitoba - Funding of Schools Program	$ 803,989	$ 772,259
Municipal corporations - Education Support Levy	126,407	124,715
Miscellaneous Revenue	8	14
	930,404	**896,988**
Expenses:		
Operational support program (Note 9)	880,113	846,235
Capital support program (Note 10)	44,758	50,484
Administrative and other expenses (Note 11)	2,699	3,049
	927,570	**899,768**
Excess (deficiency) of revenue over expenses	**2,834**	**(2,780)**
Education Support Fund		
Balance, beginning of year	711	3,491
Balance, end of year	$ **3,545**	$ **711**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flow
for the year ended June 30, 2009

	2009	2008
	(in thousands of dollars)	
Cash Flows from Operating Activities:		
Excess (deficiency) of revenue over expenses	$ 2,834	$ (2,780)
Changes in working capital:		
Accounts receivable:		
Province of Manitoba	(459)	7,536
Municipal Corporations - Education Support Levy	(901)	(1,325)
Other	(912)	62
Accounts payable:		
Support payable to school divisions	(805)	1,171
Accrued interest	(401)	(395)
Other	300	34
	(344)	4,303
Cash Flows from Financing Activities:		
Funds advanced from the Province of Manitoba	(411)	411
Notes payable - Province of Manitoba	1,242	(4,631)
	831	(4,220)
Net increase(decrease) in cash	487	83
Cash - beginning of year	1,414	1,331
Cash - end of year	**$ 1,901**	**$ 1,414**
Consisting of:		
Cash	$ 1,546	$ 1,369
Funds on deposit with the Province of Manitoba	355	45
	$ 1,901	**$ 1,414**

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2009

1. Nature of the Board's operations

The Public Schools Finance Board was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the capital support program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the operational support program in amounts as determined by the Minister of Education.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The financial statements of the Board have been prepared in accordance with Canadian generally accepted accounting principles using accounting standards for not-for-profit organizations.

(b) Province of Manitoba Funding of Schools Program revenue is recognized as funds are drawn from Province of Manitoba appropriations. The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 2008 levy to the July to December period and 60% of the 2009 levy to the January to June period.

(c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 those estimated.

(d) CICA Accounting Handbook Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the statement of financial position and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Board is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and fund balances, respectively. All other financial instruments are subsequently measured at amortized cost.

Significant Accounting Policies (continued)

The Board's financial instruments consist of cash, funds on deposit with the Province of Manitoba, accounts receivable, support payable to school divisions, accrued interest, funds advanced from the Province of Manitoba, notes payable - Province of Manitoba, and other payables. The Board has designated its financial instruments as follows:

Cash and funds on deposit with the Province of Manitoba are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. These financial assets are recorded at a carrying value that approximates their fair value.

Accounts Receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Support payable to school divisions, accrued interest, funds advanced from the Province of Manitoba, notes payable - Province of Manitoba and other payables are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The fair value of accounts receivable, support payable to school divisions, accrued interest, funds advanced from the Province of Manitoba, notes payable - Province of Manitoba and other payables approximates their carrying values due to their short-term maturity.

3. New Accounting Policies

Effective July 1, 2008 the Board adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation

Sections 3862 and 3863 are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. These sections were subsequently amended to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These entities are permitted to continue to apply Section 3861 Financial Instruments - Disclosure and Presentation in place of Sections 3862 and 3863. An entity that does so must disclose this fact.

4. Future Accounting Policy Changes

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs).

CICA 4400 Financial Statement Presentation by Not-For-Profit Organizations was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 Cash Flow Statements applicable to NFPOs; and
- make Section 1751 Interim Financial Statements applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 *Related Party Transactions*.

These new requirements are effective July 1, 2009 and will only require additional disclosure in the financial statements.

5. Capital management

The Board's objective when managing capital is to maintain sufficient capital to cover its responsibility for the capital program as defined under The Public Schools Act and The Public Schools Finance Board Act. The Board's capital is part of the Education Support Fund.

The Board manages its capital through an approved operating budget process.

The Board is not subject to externally imposed capital requirements. There were no changes in the Board's approach to capital management during the period.

6. Related party transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

7. Pension costs and obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board reflects no provision in the financial statements relating to its participation in the pension plan.

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. Operational support program

	2009	2008
	(in thousands of dollars)	
Instructional Support	$ 322,001	$ 317,021
Sparsity Support	11,308	11,439
Curricular Materials	10,038	10,079
Information Technology	7,529	6,719
Library Services	15,392	15,454
Student Services Grant	61,331	61,395
Counselling and Guidance	13,719	13,774
Professional Development	8,177	8,131
Occupancy	84,833	83,934
Physical Education	2,074	-
Transportation	43,230	41,557
Board and Room	459	649
Special Needs	93,904	90,487
Senior Years Technology Education	8,786	8,608
English as an Additional Language	8,518	7,455
Aboriginal Academic Achievement	7,526	6,993
Heritage Language	214	226
French Language Programs / Instruction	6,115	6,002
Small Schools	1,845	1,835
Enrolment Change Support	6,610	9,374
Northern Allowance	4,561	4,674
Early Childhood Development Initiative	1,595	1,595
Early Literacy Intervention	6,186	6,174
Early Numeracy	828	828
Experiential Learning	536	544
Education for Sustainable Development	479	-
Equalization Support	146,047	128,039
Formula Guarantee	3,258	-
Adjustment of previous years' support to school divisions from estimated to actual	(158)	(122)
Amalgamated School Division Guarantee	366	665
Miscellaneous (Pipeline)	(88)	(88)
Vocational Equipment Replacement	2,200	2,200
Vocational Equipment Upgrade	694	594
	$ 880,113	**$ 846,235**

10. Capital support program

	2009	2008
	(in thousands of dollars)	
Capital grants:		
Major school construction	$ 38,597	$ 44,263
Minor capital projects	161	221
School buildings "D" support	6,000	6,000
Total capital support program	**$ 44,758**	**$ 50,484**

11. Administrative and other expenses

	2009	2008
	(in thousands of dollars)	
Board administration:		
Staff salaries	$ 1,214	$ 850
Service agreement	169	169
Professional services	61	78
Meetings and travel	39	22
Desktop management	90	42
Rent	69	42
Printing, stationery, postage and supplies	44	23
Telephone and fax	13	11
Professional Development	24	14
Computers, software and minor equipment	78	16
Total Board administration Expenses	**1,801**	**1,267**
Interest charges on notes payable to the Province of Manitoba	**898**	**1,782**
	$ 2,699	**$ 3,049**

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AUDITORS' REPORT

To the Board of Governors of Red River College

We have audited the statement of financial position of Red River College as at June 30, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our examination did not extend to the budget which has been provided as additional information and therefore we do not express any opinion concerning the budget.

Signed **"KPMG LLP"**

Chartered Accountants

Winnipeg, Canada

September 3, 2009

RED RIVER COLLEGE

Statement of Financial Position
(In thousands of dollars)

June 30, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash and short-term investments - trust and endowment (note 4)	$ 3,107	$ 1,223
Cash and short-term investments (note 4)	10,310	19,369
Accounts receivable (note 5)	5,820	4,377
Current portion of note receivable - RRC Students' Association [note 22(a)]	120	100
Inventories (note 6)	839	936
Prepaid expenses (note 7)	2,516	2,454
	22,712	28,459
Long term investments - trust and endowment (note 8)	10,474	10,454
Due from Province of Manitoba (note 9)	9,253	9,253
Note receivable - RRC Students' Association [note 22(a)]	130	235
Capital assets (note 10)	88,349	75,732
Intangible asset	8	8
	$ 130,926	$ 124,141
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 11)	$ 740	$ 1,715
Accounts payable and accrued liabilities (note 12)	24,632	25,654
Current portion of obligations under capital leases (note 13)	1,609	1,731
Deferred revenue	7,519	16,388
	34,500	45,488
Obligations under capital leases (note 13)	1,431	1,716
Deferred contributions (note 14)	6,744	5,880
Deferred capital campaign contributions (note 15)	3,354	3,300
Deferred contributions related to capital assets (note 16)	66,996	51,589
Net assets:		
Invested in capital and intangible assets (note 17)	14,967	17,404
Restricted for endowments (note 18)	11,124	9,689
Internally restricted (note 18)	2,889	3,116
Unrestricted net assets	(11,079)	(14,041)
	17,901	16,168
Commitments (note 21)		
Subsequent event (note 26)		
	$ 130,926	$ 124,141

See accompanying notes to financial statements.

Approved by the Board of Governors:

_______________________ Chair _______________________ Vice Chair

RED RIVER COLLEGE

Statement of Operations
(In thousands of dollars)

Year ended June 30, 2009, with comparative figures for 2008

	Budget (Unaudited)	2009	2008
Revenue:			
Academic training fees	$ 26,884	$ 29,165	$ 28,138
Grants and reimbursements	76,612	78,893	72,514
International education	1,250	1,046	918
Continuing education	7,800	7,889	7,813
Sundry and other revenue	14,648	14,427	12,138
Gain on disposal of capital assets	–	34	45
Amortization of deferred contributions	4,047	4,893	4,654
	131,241	136,347	126,220
Expenses:			
Instruction	72,024	78,142	71,449
Library	1,945	2,086	1,921
Administration and general	27,459	23,960	23,029
Physical plant	15,375	16,760	15,495
Student services	4,595	5,858	4,665
Amortization of capital and intangible assets	8,403	8,361	8,563
	129,801	135,167	125,122
Excess of revenue over expenses before the undernoted	1,440	1,180	1,098
Other:			
Net increase in accrued vacation and severance liability	1,440	882	1,401
Excess (deficiency) of revenue over expenses	$ –	$ 298	$ (303)

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Changes in Net Assets
(In thousands of dollars)

Year ended June 30, 2009, with comparative figures for 2008

	Invested in capital and intangible assets	Restricted for endowments	Internally restricted	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	$ 17,404	$ 9,689	$ 3,116	$ (14,041)	$ 16,168	$ 14,987
Change in accounting policy	–		–	–	–	4
Endowment gifts	–	1,420	–	–	1,420	1,392
Amounts restricted for endowments	–	15	–	–	15	88
Transfer to internally restricted	–	–	(227)	227	–	–
Excess (deficiency) of revenue over expenses	(4,279)	–	–	4,577	298	(303)
Investment in capital assets	1,842	–	–	(1,842)	–	–
Balance, end of year	$ 14,967	$ 11,124	$ 2,889	$ (11,079)	$ 17,901	$ 16,168

See accompanying notes to financial statements.

RED RIVER COLLEGE

Statement of Cash Flows
(In thousands of dollars)

Year ended June 30, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 298	$ (303)
Adjustments for:		
Amortization of intangible assets	–	2
Amortization of capital assets	8,361	8,561
Amortization of deferred capital contributions	(4,049)	(4,220)
Other deferred contributions recognized as revenue	(4,576)	(2,170)
Other deferred contributions received	5,455	4,633
Gain on disposal of capital assets	(34)	(45)
Changes in fair value of investments	(134)	(187)
Changes in non-cash working capital balances (note 19)	(11,299)	13,850
	(5,978)	20,121
Investing activities:		
Purchase of capital assets	(18,969)	(11,118)
Long-term investment for trust and endowment	(910)	(3,143)
Proceeds on disposal of capital assets	42	83
Proceeds on disposal of long-term investments for trust and endowment	1,024	1,649
Note advanced to RRC Students' Association	–	(125)
Note principal repayments by RRC Students' Association	85	40
	(18,728)	(12,614)
Financing activities:		
Endowment gifts received	1,420	1,392
Contributions received for capital purposes	19,129	4,746
Capital campaign contributions	341	256
Repayment of obligations under capital leases	(2,384)	(2,308)
	18,506	4,086
Increase (decrease) in cash and short-term investments	(6,200)	11,593
Cash and short-term investments, beginning of year	18,877	7,284
Cash and short-term investments, end of year	$ 12,677	$ 18,877
Comprised of:		
Cash and short-term investments - trust and endowment	$ 3,107	$ 1,223
Cash and short-term investments	10,310	19,369
Bank indebtedness	(740)	(1,715)
	$ 12,677	$ 18,877

The following have been excluded from the financing and investing 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 $1,977 (2008 - $2,868).

See accompanying notes to financial statements.

1. General:

Red River College (the College) operates under the authority of *The Colleges Act of Manitoba*. This legislation, which established the College as a board-governed institution on April 1, 1993, allowed for the transfer of assets, liabilities, investment in capital assets and contributed surplus from the Province of Manitoba (the Province). The College is a registered charity under the *Income Tax Act.*

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(b) Long-term investments:

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.

(c) 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

2. Significant accounting policies (continued):

(d) Donations:

Donations are recorded when received. Donations of materials and equipment are recorded at fair value.

(e) 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 recognized. 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized.

(f) Intangible asset:

The intangible asset is recorded at cost and is amortized on a straight-line basis using an annual rate of 10 percent.

(g) Deferred contributions:

Debt owing to the Province is reflected as deferred contributions related to capital assets in the statement of financial position. The related revenue earned from the Council on Post-Secondary Education (COPSE) to offset the principal repayment and the related interest expense are both excluded from the statement of operations.

2. Significant accounting policies (continued):

(h) Financial instruments:

All financial instruments are recorded at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial instruments are classified as one of the following: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Financial instruments classified as held-for-trading are measured at fair value with gains and losses recognized in the statement of operations. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost using the effective interest rate method. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

Cash and bank indebtedness and long-term investments are designated as held-for-trading; accounts receivable due from Province of Manitoba and note receivable from the RRC Students' Association as loans and receivables; accounts payable and accrued liabilities, and long-term liabilities as other liabilities.

The College does not have any held-to-maturity instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(i) 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.

(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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Significant accounting policies (continued):

(k) Future accounting policy changes:

Not-for-Profit Organizations:

The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs) and issued a new standard, CICA 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations*.

CICA 4400, *Financial Statement Presentation by Not-for-Profit Organizations*, was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a NFPO to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a NFPO is acting as a principal in transactions;
- make *Cash Flow Statements*, Section 1540 applicable to NFPOs; and
- make *Interim Financial Statements*, Section 1751, applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

CICA 4430, *Capital Assets Held by Not-for-Profit Organizations*, was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

CICA 4460, *Disclosure of Related Party Transactions by Not-for-Profit Organizations,* was amended to make the language in Section 4460 consistent with *Related Party Transactions*, Section 3840.

2. Significant accounting policies (continued):

New standard CICA 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations,* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. the main features of the new section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and

- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective July 1, 2009 and will only require additional disclosure in the financial statements.

3. Change in accounting policy:

Effective July 1, 2008, the College adopted the following new CICA accounting standards:

Inventories:

Section 3031 establishes standards for determining the cost of inventories. The standard requires that inventories be measured at the lower of cost and net realizable value, and provides guidance on the types of costs that are to be assigned to inventories. There was no material effect on the College's financial statements as a result of implementing the new standard (note 6).

Financial Instruments, Disclosures and Presentation:

CICA Section 3862, *Financial Instruments - Disclosure* and Section 3863, *Financial Instruments - Presentation* were to replace the existing Section 3861, *Financial Instruments - Disclosure and Presentation*, effective July 1, 2009 for the College. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. As such, the College has decided to not implement Sections 3862 and 3863.

(In thousands of dollars)

3. Change in accounting policy (continued):

Capital Disclosures:

Section 1535 establishes standards for disclosing information about an entity's capital to enable an evaluation of the entity's objectives, policies and processes for managing capital. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance. Adoption of this new standard has resulted in additional note disclosure (note 24).

4. 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 0.25 percent and 0.9 percent. Short-term investments mature between July 2009 and September 2009.

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.

5. Accounts receivable:

	2009	2008
Trust and endowment receivables	$ 182	$ 160
Other accounts receivable	5,638	4,217
	$ 5,820	$ 4,377

6. Inventories:

Inventories consist of finished goods comprised primarily of books purchased for resale. During the year ended June 30, 2009, inventories totaling $3,611 were expensed (2008 - $3,661).

7. Prepaid expenses:

	2009	2008
Prepaid property taxes	$ 1,330	$ 1,332
Other prepaid expenses	1,175	1,076
Datatel flexible spending account	11	46
	$ 2,516	$ 2,454

(In thousands of dollars)

8. Long-term investments:

	2009		2008	
	Fair value	Cost	Fair value	Cost
Cash and fixed term instruments	$ 7,864	$ 7,331	$ 8,282	$ 8,010
Equity investments	2,229	2,355	1,768	1,865
Debentures	381	381	404	404
	$ 10,474	$ 10,067	$ 10,454	$ 10,279

Fair value as represented above was derived from the quoted market value of investments.

9. 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 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 severance liability, including the interest accretion, is reflected in the funding for severance expense. The portion of the receivable related to the vacation pay is paid annually through the operating grants.

10. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Equipment and furniture	$ 36,648	$ 22,816	$ 13,832	$ 10,333
Computer equipment and software	19,040	16,497	2,543	3,386
Major renovations	6,336	2,436	3,900	3,940
Buildings	64,992	6,404	58,588	43,341
Vehicles	310	159	151	74
Aircraft	1,716	527	1,189	1,275
Leasehold improvements	6,654	3,520	3,134	2,459
Construction in progress	236	–	236	5,867
Assets under capital leases	11,841	8,288	3,553	3,834
Library holdings	1,223	–	1,223	1,223
	$ 148,996	$ 60,647	$ 88,349	$ 75,732

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 $2,258 (2008 - $2,094).

(In thousands of dollars)

10. Capital assets (continued):

The increase in net book value of capital assets is due to the following:

	2009	2008
Balance, beginning of year	$ 75,732	$ 70,166
Purchase of capital assets:		
Funded by deferred capital contributions	19,129	4,746
Funded by deferred capital campaign contributions	341	256
Internally funded	1,841	8,338
Financed through capital lease proceeds	(407)	560
Donations of capital assets	40	182
Gain on disposal of capital assets	34	45
Amortization of capital assets	(8,361)	(8,561)
Balance, end of year	$ 88,349	$ 75,732

11. Bank indebtedness:

Bank indebtedness of $740 (2008 - $1,715) represents cheques issued in excess of cash on deposit with Royal Bank of Canada.

In addition, the College has a $5,000 operating line of credit with the Province, bearing interest at prime. At June 30, 2009, there had been no withdrawals on this operating line.

12. Accounts payable and accrued liabilities:

	2009	2008
Trade payables	$ 3,325	$ 4,890
Trust and endowment payables	1	1
Accrued salaries and benefits	3,812	4,151
Accrued retirement severance pay	8,093	7,310
Accrued vacation pay	9,401	9,302
	$ 24,632	$ 25,654

Significant actuarial assumptions used in the severance obligations at June 30, 2009 and 2008 as follows:

	2009	2008
Interest rate on obligations	7.00%	7.00%
Employer current service cost as a percentage of salary	.64%	.62%

(In thousands of dollars)

13. Obligations under capital leases:

The following is a schedule of future minimum lease payments under capital leases expiring between July 2009 and April 2013 together with the balances of the obligations under capital leases:

2010	$ 1,744
2011	1,013
2012	463
2013	12
Total minimum lease payments	3,232
Less amount representing interest (ranging from 2.5% to 16.3%)	(192)
Balance of obligations	3,040
Current portion	1,609
	$ 1,431

Interest expense on the lease obligations amounted to $257 (2008 - $257).

14. Deferred contributions:

Deferred contributions represent the portion of the provincial operating grant and other contributions that pertains to expenditures of the following year and donations for various scholarships, bursaries and other specific purposes to be paid out in future years.

	2009	2008
Deferred provincial operating grant:		
Balance, beginning of year	$ 3,732	$ 1,738
Amount recognized as revenue during the year	(3,732)	(1,738)
Amount received related to following year	4,137	3,732
Balance, end of year	4,137	3,732
Deferred other contributions:		
Balance, beginning of year	2,148	1,657
Amount recognized as revenue during the year	(844)	(434)
Amount restricted for endowment	(15)	(88)
Amount received related to following year	1,318	1,013
Balance, end of year	2,607	2,148
	$ 6,744	$ 5,880

(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:

	2009	2008
Balance, beginning of year	$ 3,300	$ 3,342
Less amortization of deferred capital campaign contributions during the year	(287)	(298)
Add donations received during the year	341	256
Balance, end of year	$ 3,354	$ 3,300

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:

	2009	2008
Balance, beginning of year	$ 51,589	$ 50,583
Less amortization of deferred contributions	(3,762)	(3,922)
Add:		
Contributions received for capital purposes	19,129	4,746
Donations-in-kind	40	182
Balance, end of year	$ 66,996	$ 51,589

Unamortized capital contributions of $66,996 (2008 - $51,589) 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 COPSE.

(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:

	2009	2008
Princess Street campus:		
Phase 1 - 6.3% interest, maturing July 31, 2042, repayable in monthly instalments ranging from $86-94 including principal and interest	$ 11,666	$ 11,998
Phase 2 - 6.3% interest, maturing July 31, 2043, repayable in monthly instalments ranging from $146-158 including principal and interest	20,242	20,800
Phase 3 - 6.3% interest, maturing March 31, 2044, repayable in monthly instalments ranging from $50-66 including principal and interest	8,447	8,558
Heavy Equipment Transportation Centre of Excellence:		
5.5% interest, maturing January 31, 2048, repayable in monthly instalments of $60 including principal and interest	11,581	11,666
	$ 51,936	$ 53,022

17. Investment in capital and intangible assets:

The investment in capital and intangible assets consists of the following:

	2009	2008
Capital assets, net book value	$ 88,349	$ 75,732
Intangible assets, net book value	8	8
Less:		
Amounts financed by deferred capital campaign contributions	(3,354)	(3,300)
Deferred capital contributions	(66,996)	(51,589)
Amounts financed by capital lease	(3,040)	(3,447)
Balance, end of year	$ 14,967	$ 17,404

(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:

		2009		2008
Purchase of capital assets internally financed	$	1,841	$	8,338
Amortization of:				
Capital and intangible assets		(8,361)		(8,563)
Deferred capital contributions		3,762		3,922
Deferred capital campaign contributions		287		298
Gain on disposal of capital assets		34		45
Increase (decrease) in investment in capital and intangible assets	$	(2,437)	$	4,040

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:

		2009		2008
Princess Street campus structural reserve	$	585	$	537
Notre Dame campus structural reserve		160		200
Contract training net proceeds		2,144		1,579
Campus renovations reserve		–		800
Balance, end of year	$	2,889	$	3,116

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.

(In thousands of dollars)

19. Change in non-cash working capital balances:

		2009		2008
Accounts receivable	$	(1,443)	$	(1,206)
Inventories		97		(243)
Prepaid expenses		(62)		135
Accounts payable and accrued liabilities		(1,022)		2,926
Deferred revenue		(8,869)		12,238
Changes in non-cash working capital	$	(11,299)	$	13,850

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 Institute of Chartered Accountants Handbook, Section 3461.

The expense related to the pension plan was $1,741 (2008 - $1,120). 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 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:

2010	$	3,296
2011		2,531
2012		2,443
2013		1,930
2014		987
	$	11,187

(In thousands of dollars)

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 to 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. In 2007, the College agreed to loan $375 to SABF that was used to construct a new student lounge on the Notre Dame campus. The note receivable is unsecured and non-interest bearing.

Repayment began in February 2008 and the balance will be repaid as follows:

2010	$	120
2011		105
2012		25
	$	250

The net assets and results of operations of the Students' Association and SABF are not included in the statements of the College.

(b) Crecomm Radio Inc.:

Crecomm Radio Inc. (Crecomm), is an organization controlled and partially funded by the College. It operates a campus radio station and provides training and educational opportunities for Creative Communication students. Crecomm is incorporated under the *Corporations Act* of Manitoba and is exempt from income taxes. As at June 30, 2009, net assets of Crecomm amount to a deficit of $130 and there is a net receivable owing to the College of $12.

The net assets and results from operations of Crecomm are not included in the statements of the College.

22. Related parties (continued):

(c) 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 who 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, 2009, net resources of the Blood Bank amount to $162.

The net assets and results of operations of the Blood Bank are not included in the statements of the College.

23. Financial instruments:

(a) Fair value:

The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of their fair values because of the short maturity of these instruments. Short-term financial assets are comprised of cash, short-term investments and accounts receivable. Short-term financial liabilities are comprised of bank indebtedness, accounts payable and accrued liabilities and current portion of obligations under capital leases. The fair value of obligations under capital leases are also approximately equal to their carrying amounts. The fair value of the long-term investments is disclosed in note 8.

The fair value of the note receivable from the Red River College Students' Association and the balance due from the Province of Manitoba is not readily determinable due to the underlying terms and conditions.

(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.

23. Financial instruments (continued):

(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.

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, 2009, the College has met its externally imposed capital requirements.

25. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

26. Subsequent event:

On July 24, 2009, the College acquired the property at 500-504 Main Street, the former Union Bank Tower, for nominal consideration. Under the federal Knowledge Infrastructure Program, the College will receive federal and provincial funding to assist in the redevelopment of the facility to accommodate the Culinary Arts and Hospitality & Tourism programs and a 100-bed student residence. The project is estimated to cost $27 million and is expected to be substantially completed March 2011 with its first intake of students in September 2011.