Independent Auditors' Report

To the Board of Trustees of Seine River School Division:

Opinion

We have audited the consolidated financial statements of Seine River School Division (the "Division"), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Division as at June 30, 2023, and the results of its consolidated operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Division in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Division to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Winnipeg, Manitoba

November 16, 2023

MNP LLP

Chartered Professional Accountants

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

_____
DATE

_____
CHAIRPERSON

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Seine River School Division (the "Division") are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

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

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

The consolidated financial statements have been audited by MNP LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Chairperson	Secretary-Treasurer

November 16, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2023	2022
	Financial Assets		Restated (Note 3)
4	Cash and Bank	4,517,183	1,174,679
	Due from - Provincial Government	538,658	2,955,212
	- Federal Government	275,923	314,029
12	- Municipal Government	11,902,366	12,205,097
	- Other School Divisions	503,183	45,310
	- First Nations	-	-
	Accounts Receivable	54,652	48,302
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		17,791,965	16,742,629
	Liabilities		
	Overdraft	-	-
	Accounts Payable	2,909,143	2,009,210
	Accrued Liabilities	5,711,823	4,053,892
5	Employee Future Benefits	281,062	291,066
13	Accrued Interest Payable	504,356	527,644
	Due to - Provincial Government	160,743	3,718
	- Federal Government	3,233,630	2,696,240
	- Municipal Government	65,710	65,710
	- Other School Divisions	-	-
	- First Nations	-	-
6	Deferred Revenue	1,064,411	157,300
7	Borrowings from the Provincial Government	39,125,745	36,325,829
	Other Borrowings	-	-
10	Asset Retirement Obligations	548,212	525,863
8	School Generated Funds Liability	45,258	59,513
		53,650,093	46,715,985
	Net Assets (Debt)	(35,858,128)	(29,973,356)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	46,525,114	44,760,966
	Inventories	-	-
	Prepaid Expenses	2,708	8,306
		46,527,822	44,769,272
11	**Accumulated Surplus**	10,669,694	14,795,916

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2023	2022 Restated (Note 3)
	Revenue			
	Provincial Government		44,809,842	42,552,892
	Federal Government		8,833	31,323
12	Municipal Government	- Property Tax	19,451,459	19,516,162
		- Other	-	-
	Other School Divisions		347,186	403,384
	First Nations		-	26,148
	Private Organizations and Individuals		64,685	38,740
	Other Sources		200,861	314,780
	School Generated Funds		634,262	435,306
	Other Special Purpose Funds		-	-
			65,517,128	63,318,735
	Expenses			
	Regular Instruction		34,329,617	33,553,714
	Student Support Services		13,152,866	10,909,247
	Adult Learning Centres		321,869	306,551
	Community Education and Services		802,733	610,973
	Divisional Administration		2,153,782	1,697,530
	Instructional and Other Support Services		1,793,268	1,623,431
	Transportation of Pupils		4,451,192	3,925,174
	Operations and Maintenance		6,116,059	5,600,130
13	Fiscal	- Interest	2,017,259	1,238,691
		- Other	1,140,607	748,557
	Amortization		2,684,944	2,708,407
	Other Capital Items		22,349	21,438
	School Generated Funds		666,809	348,865
	Other Special Purpose Funds		-	-
			69,653,354	63,292,708
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(4,136,226)	26,027
	Less: Non-vested Sick Leave Expense (Recovery)		(10,004)	85,223
	Net Current Year Surplus (Deficit)		(4,126,222)	(59,196)
	Opening Accumulated Surplus		14,795,916	15,246,061
3	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	113,476
10		Other than Tangible Cap. Assets (incl ARO)	-	(504,425)
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		14,795,916	14,855,112
	Closing Accumulated Surplus		10,669,694	14,795,916

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2023

	2023	2022 Restated (Note 3)
Net Current Year Surplus (Deficit)	(4,126,222)	(59,196)
Amortization of Tangible Capital Assets	2,684,944	2,708,407
Acquisition of Tangible Capital Assets	(4,449,092)	(1,547,844)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	(189,660)
Proceeds on Disposal of Tangible Capital Assets	-	4,450
	(1,764,148)	975,353
Inventories (Increase)/Decrease	-	15,610
Prepaid Expenses (Increase)/Decrease	5,598	(7,798)
	5,598	7,812
(Increase)/Decrease in Net Debt	(5,884,772)	923,969
Net Debt at Beginning of Year	(29,973,356)	(30,392,900)
Adjustments Other than Tangible Cap. Assets	-	(504,425)
	(29,973,356)	(30,897,325)
Net Assets (Debt) at End of Year	(35,858,128)	(29,973,356)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2023

	2023	2022 Restated (Note 3)
Operating Transactions		
Net Current Year Surplus (Deficit)	(4,126,222)	(59,196)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,684,944	2,708,407
(Gain)/Loss on Disposal of Tangible Capital Assets	-	(189,660)
Employee Future Benefits Increase/(Decrease)	(10,004)	85,223
Due from Other Organizations (Increase)/Decrease	2,299,518	(2,193,392)
Accounts Receivable & Accrued Income (Increase)/Decrease	(6,350)	2,204
Inventories and Prepaid Expenses - (Increase)/Decrease	5,598	7,812
Due to Other Organizations Increase/(Decrease)	694,415	(1,008,930)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	2,534,576	(1,451,845)
Deferred Revenue Increase/(Decrease)	907,111	(872,545)
School Generated Funds Liability Increase/(Decrease)	(14,255)	19,715
Adjustments Other than Tangible Cap. Assets (incl accretion) Increase/(Decrease)	22,349	21,438
Cash Provided by (Applied to) Operating Transactions	4,991,680	(2,930,769)
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,449,092)	(1,547,844)
Proceeds on Disposal of Tangible Capital Assets	-	4,450
Cash Provided by (Applied to) Capital Transactions	(4,449,092)	(1,543,394)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	2,799,916	2,624,884
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	2,799,916	2,624,884
Cash and Bank / Overdraft (Increase)/Decrease	3,342,504	(1,849,279)
Cash and Bank (Overdraft) at Beginning of Year	1,174,679	3,023,958
Cash and Bank (Overdraft) at End of Year	4,517,183	1,174,679

OPERATING FUND
SCHEDULE OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

	2023 Actual	2023 Budget	2022 Actual
Revenue			
Provincial Government - Core	40,413,159	40,069,460	39,001,623
Federal Government	8,833	15,000	31,323
Municipal Government - Property Tax	19,451,459	19,370,620	19,516,162
- Other	-	-	-
Other School Divisions	347,186	250,000	403,384
First Nations	-	-	26,148
Private Organizations and Individuals	64,685	-	38,740
Other Sources	119,488	56,000	122,696
	60,404,810	59,761,080	59,140,076
Expenses			
Regular Instruction	34,329,617	33,462,019	33,553,714
Student Support Services	13,152,866	10,831,780	10,909,247
Adult Learning Centres	321,869	316,499	306,551
Community Education and Services	802,733	706,044	610,973
Divisional Administration	2,153,782	1,785,763	1,697,530
Instructional and Other Support Services	1,793,268	1,879,947	1,623,431
Transportation of Pupils	4,451,192	3,818,128	3,925,174
Operations and Maintenance	6,116,059	5,560,900	5,600,130
Fiscal	1,227,067	930,000	693,696
	64,348,453	59,291,080	58,920,446
Current Year Surplus (Deficit) before Non-vested Sick Leave	(3,943,643)	470,000	219,630
Less: Non-vested Sick Leave Expense (Recovery)	(10,004)		85,223
Current Year Surplus (Deficit) after Non-vested Sick Leave	(3,933,639)	470,000	134,407
Net Transfers from (to) Capital Fund	(546,436)	(470,000)	(292,441)
Transfers from Special Purpose Funds	-		-
Net Current Year Surplus (Deficit)	(4,480,075)	0	(158,034)
Opening Accumulated Surplus (Deficit)	3,024,343		3,182,377
Adjustments: Liabilty for Contaminated Sites	-		-
	-		-
Non-vested sick leave - prior years	-		-
Opening Accumulated Surplus (Deficit), as adjusted	3,024,343		3,182,377
Closing Accumulated Surplus (Deficit)	(1,455,732)		3,024,343

1. Nature of Organization and Economic Dependence

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

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

2. Significant Accounting Policies

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

a) Reporting Entity and Consolidation

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

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

b) Basis of Accounting

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

c) Fund Accounting

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

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

d) School Generated Funds

School generated funds are moneys raised by the school, or under the auspices of the school, through extracurricular activities for the sole use of the school that the Principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

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

2. Significant Accounting Policies – Continued

d) School Generated Funds - Continued

Year end cash balances of all school generated funds are included in the Consolidated Statement of Financial Position. The uncontrolled portion of this amount is reflected in the School Generated Funds Liability account. Examples of uncontrolled school generated funds are parent council funds, other parent group funds, student council funds and travel club funds. Revenues and expenses of uncontrolled school generated funds are not included in the consolidated financial statements.

e) Tangible Capital Assets

Tangible capital assets are non-financial assets that are used by the Division to provide services to the public and have an economic life beyond one fiscal year. Tangible capital assets include land, buildings, buses, other vehicles, furniture and equipment and assets under construction.

To be classified as tangible capital assets, each asset other than land must individually meet the capitalization threshold for its class.

Asset Description	Capitalization Threshold ($)	Estimated Useful Life (years)
Land Improvements	50,000	10
Buildings - bricks, mortar and steel	50,000	40
Buildings - wood frame	50,000	25
School buses	50,000	10
Vehicles	10,000	5
Equipment	10,000	5
Network Infrastructure	25,000	10
Computer Hardware, Servers & Peripherals	10,000	4
Computer Software	10,000	4
Furniture and Fixtures	10,000	10
Leasehold Improvements	25,000	Over term of lease

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

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

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

For buildings acquired prior to June 30, 2005 where the actual cost was not known, the replacement value for insurance purposes as at June 30, 2005 was regressed to the date of acquisition using a regression index based on Southam and Cana Data 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. Land is not amortized.

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

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

2. Significant Accounting Policies – Continued

f) Employee Future Benefits

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

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

Defined contribution plan

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

Defined benefit/self-insured employee future benefit plans

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

Non-vested sick leave benefits are estimated using a net present value technique on the expected future utilization of sick benefits in excess of the amounts earned per year, to a maximum entitlement.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Employee future benefits are based on estimates of future obligations to the Division.

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 Division's designation of such instruments.

Classification:

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

Held for trading:

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

Loans and receivables:

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

Interest, currency and credit risk:

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

2. Significant Accounting Policies – Continued

i) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Division is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activity and is reduced by expected net recoveries based on information available at June 30, 2023.

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

j) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Division to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at June 30, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Division reviews the carrying amount of the liability. The Division recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Division continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

k) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. At the inception of a capital lease, an asset and payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset’s fair market value. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

3. Change in Accounting Policy

Effective July 1, 2021, the Division adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements.

Pursuant to the recommendations, the change was applied using a modified retroactive application approach and prior periods have been restated. On adoption, the Division recognized:

- A liability for any existing asset retirement obligations, adjusted for accumulated accretion to date;
- An asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets;
- Accumulated amortization on the capitalized asset retirement cost; and
- An adjustment to opening accumulated deficit.

The cumulative effect in the current year of adopting this new standard is to increase liabilities by $548,211, increase the associated tangible capital assets by $91,862, increase expenses by $33,156, and increase accumulated operating deficit by $423,194. The effect of the change on the prior period is to increase liabilities by $525,863, increase the associated tangible capital assets by $102,669, increase expenses by $32,245, and increase opening accumulated operating deficit by $390,949.

4. Cash and bank / Overdraft

The Division has an authorized line of credit with Royal Bank of Canada of $11,000,000 (2022 – $11,000,000) by way of overdrafts and is repayable on demand at prime less 0.75%; interest is paid monthly. Overdrafts are secured by temporary borrowing by-laws. As at June 30, 2023, the prime rate was 6.95%.

Cash and bank also includes an amount of $254,470 (2022 - $254,470) relating to the Local Area Network (LAN) upgrade completed in 2019. This amount will be recovered by transfers from the operating fund and can be recovered at any time. The planned annual recovery is $150,000. The annual recovery amount may change year to year based on available financing and budget and is planned to be retired in 2024.

5. 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 $641,979 in 2023 ($567,877 in 2022).

Non-vested accumulating sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick leave benefits used over earned per year, to maximum entitlement. The non-vested sick leave expense (recovery) for the year is $(10,004) ($85,223 in 2022).

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, 2022	Additions for the year	Revenue recognized during year	Balance as at June 30, 2023
Education Property Tax Credit ("EPTC")	-	$ 1,064,411	-	$ 1,064,411
Other amounts	$ 157,300	-	$157,300	-
	$ 157,300	$ 1,064,411	$ 157,300	$ 1,064,411

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 2024 to 2042. 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 2.375% to 6.250% per annum. Debenture interest expense payable as at June 30, 2023, 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
2024	$ 4,270,334
2025	4,180,288
2026	3,972,043
2027	3,940,494
2028	3,821,252
	$ 20,184,411

8. School Generated Funds Liability

The cash and bank balance in the statement of financial position includes the non-controlled portion of school generated funds in the amount of $45,258 ($59,513 in 2022).

9. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $nil in 2023 ($nil in 2022).

10. Asset Retirement Obligations

The Division is legally required to perform closure, post-closure and remediation activities on sites containing asbestos, fuel storage sites and other asset related obligations meeting the criteria of PS 3280. The expected future cash outflows have been determined using an inflation rate of 2.00% and estimated to be $182,795 in the years that the retirement costs are expected to occur. The years of expected future cash flow have been determined using the assets' useful life or planned remediation date with estimated dates ranging from 2023 to 2046.

The Division recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the related asset. The asset retirement cost is amortized on a straight-line basis over the useful life of the related asset.

The Division estimated the amount of the liability using a present value technique with the discount rate set at 4.25% which represents the Province of Manitoba's average cost of borrowing.

	2023	2022
Balance beginning of year	525,863	504,425
Accretion	22,349	21,438
Balance end of year	$ 548,212	$ 525,863

11. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2023	2022
Operating Fund		
Undesignated Surplus (Deficit)	$ (1,455,732)	$ 3,024,343
Capital Fund		
Reserved Accounts	$ 39,482	$ 34,813
Equity in Tangible Capital Assets	11,799,190	11,417,459
	11,838,672	11,452,272
Special Purpose Fund		
School Generated Funds	$ 286,754	$ 319,301
Total Accumulated Surplus	$ 10,669,694	$ 14,795,916

12. Municipal Government - Property Tax and related Due from Municipal Government

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students' resident in the Division. The Municipal Government-Property Tax shown on the Consolidated Statements of Revenue, Expenses and Accumulated Surplus is raised over the two calendar (tax) years; 58% from the 2023 tax year and 42% from 2022 tax year. Below are the related revenue and receivable amounts:

	2023	2022
Revenue - Municipal Government - Property Tax	$ 19,451,459	$ 19,516,162
Receivable - Due from Municipal - Property Tax	$ 11,902,366	$ 12,205,097

13. Interest Received and Paid

The Division received interest during the year of $50,928 ($13,992 in 2022). Interest paid is comprised of interest expense of $2,017,259 ($1,238,691 in 2022) as outlined below.

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

	2023	2022
Operating Fund		
Fiscal-short term loan, interest and bank charges (recovery)	$ 86,460	$ (54,861)
Capital Fund		
Debenture interest	1,930,799	1,293,552
Total	$ 2,017,259	$ 1,238,691

The accrual portion of debenture debt interest expense of $504,356 ($527,644 in 2022) included under the Capital Fund – Debenture interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. Expenses by Object

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

	Actual 2023	Budget 2023	Actual 2022
Salaries	48,933,247	46,020,106	$ 44,961,368
Employees benefits and allowances	3,784,141	3,012,371	3,371,579
Services	5,174,494	4,794,759	4,931,441
Supplies, materials and minor equipment	4,594,999	3,999,244	4,385,434
Interest	2,017,259	30,000	1,238,691
Payroll tax	1,140,607	900,000	748,557
Amortization	2,684,944	-	2,708,407
Transfers	634,505	534,600	576,928
School generated funds	666,809	-	348,865
Accretion	22,349	-	21,438
	69,653,354	59,291,080	$ 63,292,708

15. Non-Financial Information

The 2023 student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

16. 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 $10,669,694 ($14,795,916 in 2022). The Division is not subject to externally imposed capital requirements. There have been no changes in the Division's approach to capital management during the year.

17. 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, 2023 the amount of this special levy was $6,506,340 ($6,735,853 in 2022). These amounts are not included in the Division's consolidated financial statements.

18. Commitments

The Division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2023 are as follows:

2023/24	294,692
2024/25	226,831
2025/26	194,913
2026/27	2,385
Thereafter	596