Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Border Land School Division ("the Division") are the responsibility of the Division's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants 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 to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Original Document Signed

Secretary-Treasurer
October 23, 2019

BDO

Tel: 204-956-7200
Fax: 204-926-7201
Toll-Free: 866-863-6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Border Land School Division, and its group reporting entities ("the Division") which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of revenue, expenses, and accumulated surplus, consolidated statement of change in net debt, and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 2019, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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.

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

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

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 Consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Division to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
October 23, 2019

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

Original Document Signed

Chairperson

October 23, 2019

Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	2,223,564	2,201,238
	- Federal Government	138,175	179,869
	- Municipal Government	7,357,662	7,131,797
	- Other School Divisions	553,356	559,663
	- First Nations	23,303	15,068
	Accounts Receivable	111,771	243,957
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		10,407,831	10,331,592
	Liabilities		
*	Overdraft	1,415,540	286,053
	Accounts Payable	1,864,549	1,894,405
	Accrued Liabilities	298,717	354,567
	Employee Future Benefits	-	-
	Accrued Interest Payable	203,404	192,826
	Due to - Provincial Government	104,275	-
	- Federal Government	55,286	52,627
	- Municipal Government	14,487	88,364
	- Other School Divisions	324,558	313,130
	- First Nations	-	-
*	Deferred Revenue	1,126,438	1,147,319
*	Borrowings from the Provincial Government	12,952,331	11,962,046
	Other Borrowings	-	-
	School Generated Funds Liability	-	-
		18,359,585	16,291,337
	Net Assets (Debt)	(7,951,754)	(5,959,745)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	23,171,052	21,181,431
	Inventories	119,861	144,096
	Prepaid Expenses	51,670	109,072
		23,342,583	21,434,599
*	**Accumulated Surplus**	15,390,829	15,474,854

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2019	2018
	Revenue			
	Provincial Government		22,898,432	23,233,313
	Federal Government		1,000	6,617
	Municipal Government	- Property Tax	12,182,959	11,789,910
		- Other	-	-
	Other School Divisions		575,292	596,393
	First Nations		1,046,644	1,237,306
	Private Organizations and Individuals		147,637	151,337
	Other Sources		416,540	637,152
	School Generated Funds		435,162	498,724
	Other Special Purpose Funds		-	-
			37,703,666	38,150,752
	Expenses			
	Regular Instruction		19,703,767	19,917,455
	Student Support Services		5,271,697	5,247,866
	Adult Learning Centres		535,601	551,946
	Community Education and Services		76,076	54,612
	Divisional Administration		1,165,356	1,205,585
	Instructional and Other Support Services		795,380	820,857
	Transportation of Pupils		2,530,572	2,546,423
	Operations and Maintenance		3,792,880	3,632,440
*	Fiscal	- Interest	596,573	511,775
		- Other	525,378	534,727
	Amortization		2,371,353	2,216,202
	Other Capital Items		-	-
	School Generated Funds		423,058	489,312
	Other Special Purpose Funds		-	-
			37,787,691	37,729,200
	Current Year Surplus (Deficit) before Non-vested Sick Leave		(84,025)	421,552
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		(84,025)	421,552
	Opening Accumulated Surplus		15,474,854	15,053,302
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		15,474,854	15,053,302
	Closing Accumulated Surplus		15,390,829	15,474,854

See accompanying notes to the Financial Statements

* NOTE REQUIRED

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2019

	2019	2018
Net Current Year Surplus (Deficit)	(84,025)	421,552
Amortization of Tangible Capital Assets	2,371,353	2,216,202
Acquisition of Tangible Capital Assets	(4,364,117)	(5,173,196)
(Gain) / Loss on Disposal of Tangible Capital Assets	(19,857)	(3,525)
Proceeds on Disposal of Tangible Capital Assets	23,000	17,171
	(1,989,621)	(2,943,348)
Inventories (Increase)/Decrease	24,235	(16,281)
Prepaid Expenses (Increase)/Decrease	57,402	(11,920)
	81,637	(28,201)
(Increase)/Decrease in Net Debt	(1,992,009)	(2,549,997)
Net Debt at Beginning of Year	(5,959,745)	(3,409,748)
Adjustments Other than Tangible Cap. Assets	-	-
	(5,959,745)	(3,409,748)
Net Assets (Debt) at End of Year	(7,951,754)	(5,959,745)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	(84,025)	421,552
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,371,353	2,216,202
(Gain)/Loss on Disposal of Tangible Capital Assets	(19,857)	(3,525)
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	(208,425)	1,685,084
Accounts Receivable & Accrued Income (Increase)/Decrease	132,186	(127,814)
Inventories and Prepaid Expenses - (Increase)/Decrease	81,637	(28,201)
Due to Other Organizations Increase/(Decrease)	44,485	102,135
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(75,128)	962,959
Deferred Revenue Increase/(Decrease)	(20,881)	(73,356)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	2,221,345	5,155,036
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,364,117)	(5,173,196)
Proceeds on Disposal of Tangible Capital Assets	23,000	17,171
Cash Provided by (Applied to) Capital Transactions	(4,341,117)	(5,156,025)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	990,285	2,229,103
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	990,285	2,229,103
Cash and Bank / Overdraft (Increase)/Decrease	(1,129,487)	2,228,114
Cash and Bank (Overdraft) at Beginning of Year	(286,053)	(2,514,167)
Cash and Bank (Overdraft) at End of Year	(1,415,540)	(286,053)

Border Land School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2019

	Buildings and Leasehold Improvements		School	Other	Furniture / Fixtures &	Computer Hardware &		Land	Assets Under	2019	2018
	School	Non-School	Buses	Vehicles	Equipment	Software *	Land	Improvements	Construction	TOTALS	TOTALS
Tangible Capital Asset Cost											
Opening Cost, as previously reported	27,581,379	908,129	4,365,745	127,308	4,491,601	3,771,731	207,919	784,452	4,166,205	46,404,469	41,672,761
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	27,581,379	908,129	4,365,745	127,308	4,491,601	3,771,731	207,919	784,452	4,166,205	46,404,469	41,672,761
Add:											
Additions during the year	7,349,060	16,900	251,848	19,613	634,355	157,002	-	101,544	(4,166,205)	4,364,117	5,173,196
Less:											
Disposals and write downs	-	-	267,753	34,957	37,867	-	-	-	-	340,577	441,488
Closing Cost	34,930,439	925,029	4,349,840	111,964	5,088,089	3,928,733	207,919	885,996	-	50,428,009	46,404,469
Accumulated Amortization											
Opening, as previously reported	17,730,939	496,117	2,182,124	127,308	2,841,401	1,537,096		308,053		25,223,038	23,434,678
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	17,730,939	496,117	2,182,124	127,308	2,841,401	1,537,096		308,053		25,223,038	23,434,678
Add:											
Current period Amortization	1,042,085	36,436	388,217	1,961	458,520	360,612		83,522		2,371,353	2,216,202
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	267,753	34,957	34,724	-		-		337,434	427,842
Closing Accumulated Amortization	18,773,024	532,553	2,302,588	94,312	3,265,197	1,897,708		391,575		27,256,957	25,223,038
Net Tangible Capital Asset	16,157,415	392,476	2,047,252	17,652	1,822,892	2,031,025	207,919	494,421	-	23,171,052	21,181,431
Proceeds from Disposal of Capital Assets	-	-	4,000	17,000	2,000	-				23,000	17,171

* 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. Summary of Significant Accounting Policies

Basis of Accounting

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

Reporting Entity and Consolidation

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

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

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 a school, or under the auspices of a school, through extra curricular activities for the sole use of the school that the principal of each school, subject to the rules of the Division, may raise, hold, administer and expend for the purposes of the school.

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

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

Tangible Capital Assets

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

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

Asset Description	Capitalization Threshold ($)	Estimated Useful Life
Land improvements	50,000	10 years
Buildings – bricks, mortar, steel	50,000	40 years
Buildings – wood frame	50,000	25 years
School buses	50,000	10 years
Vehicles	10,000	5 years
Equipment	10,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	10,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	10,000	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 consolidated financial statements.

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

Defined Contribution Pension Plan

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

Defined Benefit/Self-Insured Employee Future Benefit Plans

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

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

Capital Reserve

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

Use of Estimates

The preparation of consolidated financial statements in conformity with PSAS 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Authorized Line of Credit

The Division has an authorized lines of credit of $7,000,000 and $6,500,000 by way of overdrafts and are repayable on demand at prime minus .625% with an effective rate of 3.325% at June 30, 2019; interest is paid monthly. Overdrafts are secured by a line of credit agreement and borrowing by-laws.

4. Employee Future Benefits

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

Effective January 1, 2019, the pension plan was amended by changing the scheduled contribution rates for both members and school boards to 8% of "earnings for the year" as defined under the plan.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2019 year was $514,539 ($520,199 in 2018).

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 table presents a summary of transactions for the year and deferred revenue at June 30, 2019 and 2018:

	Balance as at June 30, 2018	Additions in the year	Revenue recognized in the year	Balance as at June 30, 2019
Education Property Tax Credit (EPTC)	$ 952,101	$ 932,549	$ 952,101	$ 932,549
Professional development	83,735	1,279	11,472	73,542
Girls in Trade	-	500	-	500
Special Levy (DSFM)	31,692	44,321	31,692	44,321
Manitoba Learning and Resource Centre	-	59,283	59,103	180
Donations and Special Purpose Funds	72,427	63,267	64,860	70,834
Green Team	4,270	2,551	4,270	2,551
Rhineland Child Care	3,094	184,769	185,902	1,961
	$1,147,319	$ 1,288,519	$1,309,400	$1,126,438

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from fiscal years ending June 30, 2020 to 2039. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.38% to 7.25%. Debenture interest expense payable as at June 30, 2019, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five fiscal years ending June 30 are:

2020	$ 1,552,692
2021	1,501,488
2022	1,428,156
2023	1,308,872
2024	1,179,763

7. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds. At June 30, 2019, an amount equal to the liability of $nil ($nil in 2018) is included in cash and bank on the Consolidated Statement of Financial Position.

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $nil ($nil in 2018).

9. Accumulated Surplus

The accumulated surplus is comprised of the following:

	2019	2018
Operating Fund		
Designated Surplus	$ 138,446	$ 467,401
Undesignated Surplus	1,176,971	875,949
	1,315,417	1,343,350
Capital Fund		
Reserve Accounts	3,344,438	5,713,806
Equity in Tangible Capital Assets	10,320,822	8,019,650
	13,665,260	13,733,456
Special Purpose Fund		
School Generated Funds	410,152	398,048
Other	-	-
	410,152	398,048
Total Accumulated Surplus	$ 15,390,829	$ 15,474,854

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

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. A Schedule of Capital Reserve Accounts is provided on pages 24 to 24c of the consolidated financial statements.

	2019	2018
Building Additions or Renovations	$ 1,946,792	$ 4,514,973
Software Conversion Projects	-	107,792
Bus Reserve	1,389,834	1,091,041
Capital Reserve	$ 3,336,626	$ 5,713,806

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 revenue and expense is raised over the two calendar (tax) years; 40% from 2018 tax year and 60% from 2019 tax year. Below are the related revenue and receivable amounts:

	2019	2018
Revenue – Municipal Government – Property Tax	$ 12,182,959	$ 11,789,910
Receivable – Due from Municipal – Property Tax	$ 7,357,662	$ 7,131,797

11. Interest Received and Paid

The Division received interest during the year of $39,227 ($46,242 in 2018); interest paid during the year was $596,573 ($511,775 in 2018).

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

	2019	2018
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 24,873	$ 29,648
Capital Fund		
Fiscal-short term loan, interest and bank charges	10,238	1,159
Debenture interest	561,462	480,968
	$ 596,573	$ 511,775

The accrual portion of debenture debt interest expense of $203,404 ($192,826 in 2018) 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:

	2019	2018
Salaries	$ 24,774,399	$ 24,987,226
Employees benefits and allowances	2,026,637	1,991,755
Services	3,412,520	3,485,392
Supplies, materials & minor equipment	3,125,995	3,016,307
Interest	596,573	511,775
Bad debts	-	-
Payroll tax	525,378	534,727
Amortization	2,371,353	2,216,202
Transfers	531,778	496,504
School generated funds	423,058	489,312
	$ 37,787,691	$ 37,729,200

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 of la Division scolaire franco-manitobaine. As at June 30, 2019, the amount of this special levy was $99,262 ($75,318 in 2018). These amounts are not included in the Division's consolidated financial statements.

14. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $138,446 at June 30, 2019 ($467,401 at June 30, 2018). The details of the Designated Surplus are disclosed at Note 9 and page 5 of the consolidated financial statements.

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

15. Trust Funds

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

16. Financial Instruments Risk Management

There are no significant terms and conditions related to financial instruments that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal.