DIVISION SCOLAIRE
FRANCO-MANITOBAINE

Bernard Lesage
Chair
CSFM

Alain Laberge
Superintendent
DSFM

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the *Division scolaire franco-manitobaine* (the “Division”) are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is included 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 an internal audit system 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 Division's school board met with management to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to its approval of the consolidated financial statements.

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

[signed]
Deputy Secretary-Treasurer

October 30, 2019

1263 Dawson Road
Lorette, MB R5K 0S1
204-878-9399 204-878-9407
www.dsfm.mb.ca

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 Board of Trustees of the *Division scolaire franco-manitobaine*

Opinion

We have audited the attached consolidated financial statements of the *Division scolaire franco-manitobaine* (the "Division"), which include the consolidated statement of financial position as at June 30, 2019, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt, and cash flow for the period then ended, as well as the notes, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the Division's financial position as at June 30, 2019, and the results of its operations, change in net debt, and cash flow for the year then ended, in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of this 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 form 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 concerning the financial information of the entities and group activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and assume full responsibility 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.

BDP Canada s.r.l/LLP
Chartered Professional Accountants

Winnipeg, Manitoba
October 30, 2019

I hereby certify that this report as well as the audited consolidated financial statements and the supplementary information were presented to the members of the Board of the *Division scolaire franco-manitobaine*.

"Bernard Lesage" — "October 30, 2019"

Chair of the Board — Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	3,986,744	2,074,370
	Due from - Provincial Government	2,872,620	2,996,990
	- Federal Government	327,122	746,622
	- Municipal Government	15,421,089	14,969,789
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	115,232	105,349
	Accrued Investment Income	-	-
*	Portfolio Investments	53,679	52,583
		22,776,486	20,945,703
	Liabilities		
	Overdraft	-	-
	Accounts Payable	3,887,181	4,693,509
	Accrued Liabilities	670,846	782,393
*	Employee Future Benefits	1,216,573	1,113,610
	Accrued Interest Payable	843,772	859,911
	Due to - Provincial Government	344,916	335,443
	- Federal Government	3,394,156	3,316,724
	- Municipal Government	15,619	6,130
	- Other School Divisions	113,800	134,244
	- First Nations	-	-
*	Deferred Revenue	2,576,323	2,505,044
*	Borrowings from the Provincial Government	48,078,544	45,754,356
*	Other Borrowings	1,392,056	1,684,433
	School Generated Funds Liability	296,651	266,558
		62,830,437	61,452,355
	Net Assets (Debt)	(40,053,951)	(40,506,652)
	Non-Financial Assets		
*	Net Tangible Capital Assets (TCA Schedule)	84,490,785	82,014,816
	Inventories	-	-
	Prepaid Expenses	1,261,186	1,658,156
		85,751,971	83,672,972
*	**Accumulated Surplus**	45,698,020	43,166,320

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		72,131,924	69,855,465
	Federal Government		267,958	156,278
	Municipal Government	- Property Tax	25,397,239	24,307,644
		- Other	-	-
	Other School Divisions		2,034,964	1,963,968
	First Nations		-	-
	Private Organizations and Individuals		163,003	155,979
	Other Sources		285,962	338,084
	School Generated Funds		1,365,874	1,257,412
	Other Special Purpose Funds		33,935	38,937
			101,680,859	98,073,767
	Expenses			
	Regular Instruction		51,561,637	49,872,089
	Student Support Services		10,821,587	10,381,241
	Adult Learning Centres		252,544	251,299
	Community Education and Services		1,245,216	1,225,901
	Divisional Administration		3,338,120	3,334,580
	Instructional and Other Support Services		3,286,490	3,128,441
	Transportation of Pupils		9,597,597	9,377,120
	Operations and Maintenance		10,818,212	10,036,208
*	Fiscal	- Interest	2,082,502	2,165,580
		- Other	1,328,393	1,282,505
	Amortization		3,255,802	3,179,192
	Other Capital Items		-	327,048
	School Generated Funds		1,420,738	1,264,587
	Other Special Purpose Funds		38,756	68,239
			99,047,594	95,894,030
	Current Year Surplus (Deficit) before Non-vested Sick Leave		2,633,265	2,179,737
	Less: Non-vested Sick Leave Expense (Recovery)		101,565	3,040
	Net Current Year Surplus (Deficit)		2,531,700	2,176,697
	Opening Accumulated Surplus		43,166,320	40,989,623
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		43,166,320	40,989,623
	Closing Accumulated Surplus		45,698,020	43,166,320

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)	2,531,700	2,176,697
Amortization of Tangible Capital Assets	3,255,802	3,179,192
Acquisition of Tangible Capital Assets	(5,785,637)	(2,626,407)
(Gain) / Loss on Disposal of Tangible Capital Assets	5,866	-
Proceeds on Disposal of Tangible Capital Assets	48,000	-
	(2,475,969)	552,785
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	396,970	241,957
	396,970	241,957
(Increase)/Decrease in Net Debt	452,701	2,971,439
Net Debt at Beginning of Year	(40,506,652)	(43,478,091)
Adjustments Other than Tangible Cap. Assets	-	-
	(40,506,652)	(43,478,091)
Net Assets (Debt) at End of Year	(40,053,951)	(40,506,652)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	2,531,700	2,176,697
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,255,802	3,179,192
(Gain)/Loss on Disposal of Tangible Capital Assets	5,866	-
Employee Future Benefits Increase/(Decrease)	102,963	23,913
Due from Other Organizations (Increase)/Decrease	92,570	(921,758)
Accounts Receivable & Accrued Income (Increase)/Decrease	(9,883)	(46,332)
Inventories and Prepaid Expenses - (Increase)/Decrease	396,970	241,957
Due to Other Organizations Increase/(Decrease)	75,950	3,217,292
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(934,014)	1,147,975
Deferred Revenue Increase/(Decrease)	71,279	82,233
School Generated Funds Liability Increase/(Decrease)	30,093	21,719
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	5,619,296	9,122,888
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,785,637)	(2,626,407)
Proceeds on Disposal of Tangible Capital Assets	48,000	-
Cash Provided by (Applied to) Capital Transactions	(5,737,637)	(2,626,407)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	(1,096)	(828)
Cash Provided by (Applied to) Investing Transactions	(1,096)	(828)
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	2,324,188	(1,811,440)
Other Borrowings Increase/(Decrease)	(292,377)	(279,917)
Cash Provided by (Applied to) Financing Transactions	2,031,811	(2,091,357)
Cash and Bank / Overdraft (Increase)/Decrease	1,912,374	4,404,296
Cash and Bank (Overdraft) at Beginning of Year	2,074,370	(2,329,926)
Cash and Bank (Overdraft) at End of Year	3,986,744	2,074,370

la Division scolaire franco-manitobaine

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	103,245,824	980,471	126,201	334,594	2,904,359	1,424,319	13,042,737	1,578,079	1,879,529	125,516,113	122,889,706
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	103,245,824	980,471	126,201	334,594	2,904,359	1,424,319	13,042,737	1,578,079	1,879,529	125,516,113	122,889,706
Add: Additions during the year	3,068,574	-	-	-	234,657	-	-	185,512	2,296,894	5,785,637	2,626,407
Less: Disposals and write downs	-	-	-	-	400,521		33,196	-	-	433,717	-
Closing Cost	106,314,398	980,471	126,201	334,594	2,738,495	1,424,319	13,009,541	1,763,591	4,176,423	130,868,033	125,516,113
Accumulated Amortization											
Opening, as previously reported	39,118,998	337,127	6,310	224,708	1,833,917	1,033,730		946,507		43,501,297	40,322,105
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	39,118,998	337,127	6,310	224,708	1,833,917	1,033,730		946,507		43,501,297	40,322,105
Add: Current period Amortization	2,608,760	37,126	12,620	49,123	233,031	187,543		127,599		3,255,802	3,179,192
Less: Accumulated Amortization on Disposals and Writedowns	-	-	-	-	379,851	-		-		379,851	-
Closing Accumulated Amortization	41,727,758	374,253	18,930	273,831	1,687,097	1,221,273		1,074,106		46,377,248	43,501,297
Net Tangible Capital Asset	64,586,640	606,218	107,271	60,763	1,051,398	203,046	13,009,541	689,485	4,176,423	84,490,785	82,014,816
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-	48,000			48,000	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

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

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

2. Summary of Significant Accounting Policies

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

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Operating Fund, Capital Fund and Special Purpose Fund of the Division. The Division reporting entity includes school generated funds and the entity controlled by the Division. The controlled entity is a Charitable Organization.

All inter-fund balances and transactions were eliminated upon consolidation.

School Generated Funds

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

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

The balances of cash monies, short-term investments, and the accumulated surplus 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. Only revenue and expenses of school generated funds controlled by the Division are included in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus. Revenue and expenses of non-controlled school generated funds are not included in the consolidated financial statements.

Charitable Organization

The Charitable Organization has as its objective to promote fundraising for the Division scolaire franco-manitobaine. The Organization is a not-for-profit organization incorporated in accordance with *The Corporations Act* of Manitoba and is a charitable organization for income tax purposes.

The assets, liabilities and accumulated surplus of the Charitable Organization are reported in the Consolidated Statement of Financial Position. The revenue and expenses of the Charitable Organization are reported in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus.

Trust Funds

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

Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. As at June 30, 2019 and 2018, the Division held no trust funds.

Tangible Capital Assets

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

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

Asset Description	Capitalization Threshold ($)	Useful Life
Land improvements	50,000	10 years
Buildings – bricks, mortar and 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	10,000	4 years
Computer software	10,000	4 years
Furniture & fixtures	10,000	10 years
Leasehold improvements	25,000	Over term of lease

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

Land is recorded at historical cost, which includes purchase price, installation costs and other costs incurred to put the asset into service. All land acquired prior to June 30, 2006, has been valued by the Crown Lands and Property Agency.

Buildings are recorded at historical cost when known. For buildings acquired prior to June 30, 2005, where the actual cost was not known, the replacement value for insurance purposes as at

June 30, 2005, was regressed to the date of acquisition, using a regression index based on Southam and CanaData construction cost indices.

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

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

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

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.

<u>Employee Future Benefits</u>

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

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

Defined Contribution Pension Plan

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

Defined Benefit/Self-Managed Employee Future Benefit Plans

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

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

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 projects. These are internally restricted and part of the accumulated surplus reported in the Consolidated Statement of Financial Position.

Use of Estimates

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

3. Authorized Lines of Credit

The Division has a line of credit with the Caisse Financial Group of $13,450,000 to fund its operations. The line of credit is repayable on demand at prime less 1.35% (3.20% as at June 30, 2019), with interest payable monthly. It was unused as at June 30, 2019.

The Division also has a line of credit with the Caisse Financial Group of $11,000,000 to fund capital projects. This line of credit is repayable on demand at prime less 1.35%, (3.20% as at June 30, 2019) with interest payable monthly. It was unused as at June 30, 2019.

4. Employee Future Benefits

The Division participates in a defined contribution pension plan administered by the MSBA. The defined contribution plan is provided to support staff at a predetermined rate. Under the MSBA pension plan, employee contributions are calculated at a predetermined rate. The Division's contributions equal the employee's contributions to the plan. Pension liability is included in the consolidated financial statements under Accounts Payable.

Starting January 1, 2019, the pension plan was revised by changing the planned contributions for members and school divisions to 8% of “salaries for the year” as defined by the plan.

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. Total contributions to the defined contribution pension plan for the period ended June 30, 2019, amount to $924,156 ($812,398 in 2018).

Fringe benefits, such as sick leave, which accumulate without vesting, are evaluated in accordance with the present value method taking into account the extent to which accumulated sick leave credits are expected to exceed the number of vested days. The evaluation of the cost of sick leave benefits for the 2018/2019 period has resulted in a positive balance of $101,565 ($3,040 in 2018).

5. Deferred Revenue

The deferral method of accounting is used for revenue received that, pursuant to legislation, regulation or agreement, may only be used for specific purposes. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. The following is a breakdown of the account balance:

	Balance as at June 30, 2018	Amounts received in the period	Recognized in the period	Balance as at June 30, 2019
	$	$	$	$
Administration - Healthy Schools	1,809	18,122	16,202	3,729
Other (EPTC)	2,418,801	2,449,210	2,418,801	2,449,210
Healthy Baby	18,534	67,700	68,782	17,452
C.T.I. Central and C.T.I. Urban		106,428	106,428	
Coalition petite enfance	31,464	526,799	522,060	36,203
Growing with Mom	1,340	3,576	1,738	3,178
Parlons petite enfance	33,270	-	-	33,270
Other	-	33,455	-	33,455
	2,505,218	3,205,290	3,134,011	2,576,497

6. School Generated Funds Liability

The liability pertaining to school generated funds not controlled by the Division is $296,651 as at June 30, 2019 ($266,558 as at June 30, 2018), which is recorded in the Consolidated Statement of Financial Position as the School Generated Funds Liability.

7. Debenture Debt

The Division's debenture debt is in the form of twenty-year debentures payable, principal and interest, in equal yearly installments and maturing at various dates from 2020 to 2039. Payment of principal and interest is funded entirely by grants from the Province. The debentures carry interest rates that range from 3.250% to 7.250%. 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 years are:

	Principal ($)	Interest ($)	Total ($)
2020	3,792,915	2,057,539	5,850,454
2021	3,891,759	1,861,211	5,752,970
2022	3,564,858	1,660,846	5,225,704
2023	3,176,685	1,485,403	4,662,089
2024	3,237,651	1,339,434	4,577,085

8. Other Borrowings

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

	2019	2018
	$	$
Child care facility improvement	105,392	142,182
Connectivity project	1,286,664	1,542,251
	1,392,056	1,684,433

The loans for the connectivity project and improvements to child care facilities are at 4.46% and 3.69% respectively, due on demand, and the monthly payments are $26,600 and $3,452 respectively, including the principal and interest as at June 30, 2019. These loans are secured by way of a security agreement and borrowing by-law.

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

	Principal ($)	Interest ($)	Total ($)
2020	305,247	55,372	360,619
2021	318,983	41,636	360,619
2022	319,726	27,492	347,219
2023	305,396	13,804	319,200
2024	142,703	1,728	144,431

9. Net Tangible Capital Assets

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

The amount of interest capitalized in the period ended June 30, 2019, was nil (nil in 2018).

10. Accumulated Surplus

The consolidated accumulated surplus as at June 30, 2019, is comprised of the following:

	2019	2018
	$	$
Operating fund		
Designated surplus	872,512	965,249
Undesignated surplus	2,745,407	2,550,669
Sick leave	(451,236)	(349,671)
	3,166,683	3,166,247
Capital fund		
Reserve accounts	5,848,455	4,313,799
Equity in tangible capital assets	35,951,485	34,895,192
	41,799,940	39,208,991
Special purpose fund		
School generated funds	609,045	663,909
Other special purpose funds	122,352	127,173
	731,397	791,082
Consolidated accumulated surplus	45,698,020	43,166,320

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

Education property tax or special levy is raised as the Division's contribution to the cost of providing public education for the students resident in the division. The Municipal Government – Property Tax revenue shown on the Consolidated Statement of Revenue, Expenses and Accumulated Surplus is raised over the two calendar (tax) years; 40% from 2018 tax year and 60% from 2019 tax year. Below are the revenue and related receivable amounts:

	2019	2018
	$	$
Revenue – Municipal Government – Property Tax	25,397,239	24,307,644
Due from Municipal – Property Tax	15,421,089	14,969,789

12. Interest Received and Paid

The Division received interest in the amount of $170,824 during the year ending June 30, 2019 ($119,608 in 2018); interest paid during the year was $2,082,502 ($2,165,580 in 2018).

Interest expense is included in Fiscal for the period ended June 30, 2019, and is comprised of the following:

	2019	2018
	$	$
Operating fund		
Fiscal – short term loan, interest and bank charges	70,210	87,995
Capital fund		
Debenture debt interest	2,007,662	2,071,625
Other interest	4,630	5,960
	2,012,292	2,077,585
	2,082,502	2,165,580

The accrual portion of debenture debt interest expense of $843,722 as at June 30, 2019 ($859,911 as at June 30, 2018) included under Capital Fund - Debenture debt interest is offset by an accrual of the debt servicing grant from the Province.

13. Allowance for doubtful accounts

All receivables presented on the Consolidated Statement of Financial Position are net of an allowance for specific doubtful accounts. Below is the total allowance for doubtful accounts as at June 30, 2019:

	2019	2018
	$	$
Allowance for doubtful accounts deducted from Receivables	3,520	-
Bad debts (included in Fiscal)	3,529	-

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 2019	Budget 2019	Actual 2018
	$	$	$
Salaries	62,288,236	62,825,955	60,079,821
Employee benefits and allowances	4,651,730	5,047,275	4,322,969
Services	18,543,091	18,687,119	18,055,748
Supplies, materials & minor equipment	4,414,637	5,336,514	4,234,469
Interest and bank charges	2,082,502	83,313	2,165,580
Bad debts	3,520	-	-
Payroll tax	1,324,873	1,346,744	1,282,505
Transfers	1,023,709	1,331,974	913,872
Amortization	3,255,802	-	3,179,192
Other capital items	-	-	327,048
School generated funds	1,420,738	-	1,264,587
Other special purpose funds	38,756		68,239
	99,047,594	94,658,894	95,894,030

15. Contractual Obligations

Agreements respecting student transportation were entered into until June 2024. The annual costs for these services are approximately $9,300,000.

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

16. Financial instruments

The Division's financial instruments include cash and bank deposits, short-term investments, amounts due from and due to (provincial, federal and municipal governments, other school divisions and First Nations), accounts receivable, receivable investment income, overdrafts, accounts payable, accrued liabilities, employee future benefits, accrued interest payable, debenture debt and other borrowings.

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