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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

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Chairperson

Original Document Signed

Secretary-Treasurer

October 8, 2019

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, 2019, 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, 2019, 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 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.

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.

MNP LLP

Winnipeg, Manitoba

October 8, 2019

Chartered Professional Accountants

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

October 22, 2019

DATE

Original Document Signed

CHAIRPERSON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes			2019	2018
	Financial Assets			
	Cash and Bank		-	-
	Due from	- Provincial Government	1,169,613	1,030,096
		- Federal Government	126,863	161,107
		- Municipal Government	10,606,564	10,442,814
		- Other School Divisions	32,500	46,554
		- First Nations	-	-
	Accounts Receivable		93,442	83,135
	Accrued Investment Income		-	-
	Portfolio Investments		-	-
			12,028,982	11,763,706
	Liabilities			
*	Overdraft		2,299,208	3,280,035
	Accounts Payable		2,618,991	786,378
	Accrued Liabilities		768,909	828,201
*	Employee Future Benefits		228,654	241,530
	Accrued Interest Payable		570,361	483,974
	Due to	- Provincial Government	178,880	176,365
		- Federal Government	2,260,450	2,277,058
		- Municipal Government	70,298	68,786
		- Other School Divisions	-	-
		- First Nations	-	-
*	Deferred Revenue		2,193,170	2,125,177
*	Borrowings from the Provincial Government		33,553,220	27,768,422
	Other Borrowings		-	-
	School Generated Funds Liability		73,177	50,674
			44,815,318	38,086,600
	Net Assets (Debt)		(32,786,336)	(26,322,894)
	Non-Financial Assets			
*	Net Tangible Capital Assets (TCA Schedule)		46,586,655	39,322,618
	Inventories		-	-
	Prepaid Expenses		508	6,813
			46,587,163	39,329,431
*	**Accumulated Surplus**		13,800,827	13,006,537

See accompanying notes to the Financial Statements

Seine River School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2019	2018
	Revenue			
	Provincial Government		41,208,883	40,398,190
	Federal Government		26,339	20,283
	Municipal Government	- Property Tax	16,847,554	16,176,201
		- Other	-	-
	Other School Divisions		359,902	300,120
	First Nations		3,705	20,687
	Private Organizations and Individuals		52,572	50,882
	Other Sources		198,497	104,023
	School Generated Funds		662,826	670,267
	Other Special Purpose Funds		-	-
			59,360,278	57,740,653
	Expenses			
	Regular Instruction		31,077,176	30,538,397
	Student Support Services		9,370,232	8,850,554
	Adult Learning Centres		324,789	313,715
	Community Education and Services		446,316	484,374
	Divisional Administration		1,558,875	1,658,620
	Instructional and Other Support Services		2,078,245	1,780,626
	Transportation of Pupils		3,464,058	3,406,005
	Operations and Maintenance		4,994,160	4,987,203
*	Fiscal	- Interest	1,368,218	1,232,395
		- Other	889,409	867,735
	Amortization		2,334,063	2,311,852
	Other Capital Items		-	-
	School Generated Funds		673,322	656,355
	Other Special Purpose Funds		-	-
			58,578,863	57,087,831
	Current Year Surplus (Deficit) before Non-vested Sick Leave		781,415	652,822
	Less: Non-vested Sick Leave Expense (Recovery)		(12,875)	76,254
	Net Current Year Surplus (Deficit)		794,290	576,568
	Opening Accumulated Surplus		13,006,537	12,429,969
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		13,006,537	12,429,969
	Closing Accumulated Surplus		13,800,827	13,006,537

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)	794,290	576,568
Amortization of Tangible Capital Assets	2,334,063	2,311,852
Acquisition of Tangible Capital Assets	(9,600,182)	(2,969,203)
(Gain) / Loss on Disposal of Tangible Capital Assets	(22,517)	(13,000)
Proceeds on Disposal of Tangible Capital Assets	24,599	13,000
	(7,264,037)	(657,351)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	6,305	6,256
	6,305	6,256
(Increase)/Decrease in Net Debt	(6,463,442)	(74,527)
Net Debt at Beginning of Year	(26,322,894)	(26,248,367)
Adjustments Other than Tangible Cap. Assets	-	-
	(26,322,894)	(26,248,367)
Net Assets (Debt) at End of Year	(32,786,336)	(26,322,894)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	794,290	576,568
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,334,063	2,311,852
(Gain)/Loss on Disposal of Tangible Capital Assets	(22,517)	(13,000)
Employee Future Benefits Increase/(Decrease)	(12,876)	76,254
Due from Other Organizations (Increase)/Decrease	(254,969)	(824,501)
Accounts Receivable & Accrued Income (Increase)/Decrease	(10,307)	36,578
Inventories and Prepaid Expenses - (Increase)/Decrease	6,305	6,256
Due to Other Organizations Increase/(Decrease)	(12,581)	134,952
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,859,708	(482,317)
Deferred Revenue Increase/(Decrease)	67,993	828,327
School Generated Funds Liability Increase/(Decrease)	22,503	(475)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	4,771,612	2,650,494
Capital Transactions		
Acquisition of Tangible Capital Assets	(9,600,182)	(2,969,203)
Proceeds on Disposal of Tangible Capital Assets	24,599	13,000
Cash Provided by (Applied to) Capital Transactions	(9,575,583)	(2,956,203)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	5,784,798	682,266
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	5,784,798	682,266
Cash and Bank / Overdraft (Increase)/Decrease	980,827	376,557
Cash and Bank (Overdraft) at Beginning of Year	(3,280,035)	(3,656,592)
Cash and Bank (Overdraft) at End of Year	(2,299,208)	(3,280,035)

Seine River School Division

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2019

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2019 TOTALS	2018 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	56,315,104	3,198,575	7,285,845	292,491	1,120,690	1,482,232	451,886	451,351	2,756,226	73,354,400	70,724,170
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	56,315,104	3,198,575	7,285,845	292,491	1,120,690	1,482,232	451,886	451,351	2,756,226	73,354,400	70,724,170
Add:											
Additions during the year	365,406	-	633,603	75,782	-	-	-	-	8,525,391	9,600,182	2,969,203
Less:											
Disposals and write downs	-	-	374,144	20,824	-	-	-	-	-	394,968	338,973
Closing Cost	56,680,510	3,198,575	7,545,304	347,449	1,120,690	1,482,232	451,886	451,351	11,281,617	82,559,614	73,354,400
Accumulated Amortization											
Opening, as previously reported	25,990,282	1,293,362	4,719,698	192,222	901,208	815,542		119,468		34,031,782	32,058,903
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	25,990,282	1,293,362	4,719,698	192,222	901,208	815,542		119,468		34,031,782	32,058,903
Add:											
Current period Amortization	1,512,131	77,945	480,588	38,227	74,513	105,524		45,135		2,334,063	2,311,852
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	374,144	18,742	-	-		-		392,886	338,973
Closing Accumulated Amortization	27,502,413	1,371,307	4,826,142	211,707	975,721	921,066		164,603		35,972,959	34,031,782
Net Tangible Capital Asset	29,178,097	1,827,268	2,719,162	135,742	144,969	561,166	451,886	286,748	11,281,617	46,586,655	39,322,618
Proceeds from Disposal of Capital Assets	-	-	17,500	7,099	-	-				24,599	13,000

* Includes network infrastructure.

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 CanaData construction cost indices.

All tangible capital assets, except for land and assets under construction are amortized on a straight-line basis over their estimated useful lives. 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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

h) Financial Instruments

Fair values:

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

Classification:

Cash and bank 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

2. Significant Accounting Policies – Continued

h) Financial Instruments - Continued

Held for trading:

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

Loans and receivables:

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

Other financial liabilities:

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

Interest, currency and credit risk:

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

i) Liability for Contaminated Sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the School Division is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activity and is reduced by expected net recoveries based on information available at June 30, 2019.

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

j) 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. Overdraft

The Division has an authorized line of credit with Royal Bank of Canada of $7,500,000 (2018 – $7,500,000) 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, 2019, the prime rate was 3.95%.

The current overdraft amount includes an amount of $76,610 relating to the Energy Savings Retrofit completed in 2011. This amount will be recovered by transfers from the operating fund and can be recovered at any time. The planned annual recovery is $39,000. The annual recovery amount may change year to year based on available financing and budget and is planned to be retired in 2021.

4. Employee Future Benefits

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

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. It includes the Division's contribution of $503,899 in 2019 ($477,860 in 2018).

Non-vested accumulating sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick leave benefits used over earned per year, to maximum entitlement. The non-vested sick leave recovery for the year is $12,875 (expense of $76,254 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 is a breakdown of the account balance:

	Balance as at June 30, 2018	Additions for the year	Revenue recognized during year	Balance as at June 30, 2019
Education Property Tax Credit ("EPTC")	$ 2,100,256	$ 2,174,188	$ 2,100,256	$ 2,174,188
Other amounts	24,921	16,513	22,452	18,982
	$ 2,125,177	$ 2,190,701	$ 2,122,708	$ 2,193,170

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from 2019 to 2039. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debt on self-funded capital projects. The debentures carry interest rates that range from 3.375% 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:

	Total
2019/20	$ 3,397,280
2020/21	3,322,442
2021/22	3,294,586
2022/23	3,243,376
2023/24	3,216,029
	$ 16,473,713

7. School Generated Funds Liability

The cash and bank (overdraft) balance in the statement of financial position includes the non-controlled portion of school generated funds in the amount of $73,177 ($50,674 in 2018).

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in Assets under Construction was $nil in 2019 ($nil in 2018).

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019	2018
Operating Fund		
Designated Surplus	$ 440,230	$ 374,671
Undesignated Surplus	1,385,938	1,348,353
	1,826,168	1,723,024
Capital Fund		
Reserved Accounts	$ 290,500	$ 3,000
Equity in Tangible Capital Assets	11,424,600	11,010,458
	11,715,100	11,013,458
Special Purpose Fund		
School Generated Funds	$ 259,559	$ 270,055
Total Accumulated Surplus	$ 13,800,827	$ 13,006,537

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

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students' resident in the division. The Municipal Government-Property Tax shown on the consolidated revenue and expense is raised over the two calendar (tax) years; 42% from 2018 tax year and 58% from 2019 tax year. Below are the related revenue and receivable amounts:

	2019	2018
Revenue - Municipal Government - Property Tax	$ 16,847,554	$ 16,176,201
Receivable - Due from Municipal - Property Tax	$ 10,606,564	$ 10,442,814

11. Interest Received and Paid

The Division received interest during the year of $8,000 ($6,462 in 2018). Interest paid is comprised of interest expense of $1,368,218 ($1,232,395 in 2018) as outlined below, plus capitalized interest of $nil ($nil in 2018) included in construction in progress on the consolidated statement of financial position.

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

	2019	2018
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 85,751	$ 60,911
Capital Fund		
Debenture interest	1,282,467	1,171,484
Total	$ 1,368,218	$ 1,232,395

The accrual portion of debenture debt interest expense of $570,361 ($483,974 in 2018) included under the Capital Fund – Debenture interest, is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by Object

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

	Actual 2019	Budget 2019	Actual 2018
Salaries	$ 41,476,036	$ 40,979,057	$ 40,750,750
Employees benefits and allowances	2,908,455	2,793,000	2,814,166
Services	4,906,764	4,416,284	4,468,307
Supplies, materials and minor equipment	3,377,005	3,959,259	3,450,670
Interest	1,368,218	50,000	1,232,395
Payroll tax	889,409	850,000	867,735
Amortization	2,334,063	-	2,311,852
Transfers	645,591	450,400	535,601
School generated funds	673,322	-	656,355
Non-vested sick leave expense (recovery)	(12,875)	-	76,254
	$ 58,565,988	$ 53,498,000	$ 57,164,085

13. Non-Financial Information

The 2019 student enrolments (FRAME) and transportation statistics, full time equivalent personnel, and senior staff allocations are unaudited and have been presented for information purposes only.

14. 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 $13,800,827 ($13,006,537 in 2018). 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.

15. Commitments

The Division has equipment lease agreements. Future annual minimum operating lease commitments as at June 30, 2019 are as follows:

2019/20	$ 261,389
2020/21	261,389
2021/22	190,848
2022/23	108,957
Thereafter	Nil

16. Contingencies

The Division's staff are subject to different collective agreements that outline the terms of their employment. As of July 1, 2017, the collective agreement for the Division's support staff expired. The Province of Manitoba has passed legislation forcing pay rate increases of 0% over the first two years of any newly negotiated collective agreements, with such legislation currently subject to legal challenges. The outcome and effect of these challenges is uncertain, and as a result, management has not provided for any retroactive pay increases for employees subject to this expired collective agreement.