
MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Turtle Mountain School Division are the responsibility of the Division management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is 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

September 25, 2019

Independent Auditors' Report

To the Board of Trustees of Turtle Mountain School Division:

Opinion

We have audited the accompanying consolidated financial statements of Turtle Mountain School 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 flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Turtle Mountain School Division as at June 30, 2019 and the consolidated results of its operations and accumulated surplus, consolidated changes in net debt and its consolidated cash flow for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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 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 Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the other statements and reports is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, 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 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 auditors' 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 auditors' 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 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 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.

Brandon, Manitoba
September 25, 2019

MNP LLP
Chartered Professional Accountants

I hereby certify that the preceding report and the statements and reports referenced herein have been presented to the members of the Board of Turtle Mountain School Division.

Original Document Signed

Chairperson of the Board

September 25, 2019

Date

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	578,295	558,195
	- Federal Government	60,017	48,515
	- Municipal Government	3,575,783	3,493,032
	- Other School Divisions	-	-
	- First Nations	-	-
	Accounts Receivable	74,139	88,012
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		<u>4,288,234</u>	<u>4,187,754</u>
	Liabilities		
(4)	Overdraft	2,479,256	2,480,725
	Accounts Payable	630,029	452,266
	Accrued Liabilities	168,665	97,798
(5)	Employee Future Benefits	64,803	90,185
	Accrued Interest Payable	152,713	109,327
	Due to - Provincial Government	-	-
	- Federal Government	-	-
	- Municipal Government	29,160	50,335
	- Other School Divisions	-	-
	- First Nations	-	-
(6)	Deferred Revenue	354,289	359,146
(7)	Borrowings from the Provincial Government	11,212,594	7,267,581
	Other Borrowings	-	-
(8)	School Generated Funds Liability	98,588	92,075
		<u>15,190,097</u>	<u>10,999,438</u>
	Net Assets (Debt)	<u>(10,901,863)</u>	<u>(6,811,684)</u>
	Non-Financial Assets		
(9)	Net Tangible Capital Assets (TCA Schedule)	12,494,600	8,466,328
	Inventories	6,089	6,366
(15)	Prepaid Expenses	359,205	484,807
		<u>12,859,894</u>	<u>8,957,501</u>
(12)	Accumulated Surplus	<u>1,958,031</u>	<u>2,145,817</u>

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	8,527,744	8,559,966
Federal Government	429	343
Municipal Government	6,010,365	5,879,979
- Property Tax		
- Other	-	-
Other School Divisions	35,800	37,700
First Nations	-	-
Private Organizations and Individuals	7,326	15,746
Other Sources	22,358	26,697
School Generated Funds	350,691	359,537
Other Special Purpose Funds	-	-
	<u>14,954,713</u>	<u>14,879,968</u>
Expenses		
Regular Instruction	7,538,053	7,326,609
Student Support Services	2,316,162	2,416,097
Adult Learning Centres	210,420	218,884
Community Education and Services	12,592	16,513
Divisional Administration	515,887	560,827
Instructional and Other Support Services	452,863	425,424
Transportation of Pupils	1,313,666	1,214,895
Operations and Maintenance	1,113,680	1,018,800
(13) Fiscal	441,313	349,560
- Interest		
- Other	227,957	226,272
Amortization	672,958	589,639
Other Capital Items	-	-
School Generated Funds	323,585	367,697
Other Special Purpose Funds	-	-
	<u>15,139,136</u>	<u>14,731,217</u>
Current Year Surplus (Deficit) before Non-vested Sick Leave	<u>(184,423)</u>	<u>148,751</u>
Less: Non-vested Sick Leave Expense (Recovery)	3,363	1,051
Net Current Year Surplus (Deficit)	<u>(187,786)</u>	<u>147,700</u>
Opening Accumulated Surplus	2,145,817	1,998,117
Adjustments:		
Tangible Cap. Assets and Accum. Amort.	-	-
Other than Tangible Cap. Assets	-	-
Non-vested sick leave - prior years	-	-
Opening Accumulated Surplus, as adjusted	<u>2,145,817</u>	<u>1,998,117</u>
Closing Accumulated Surplus	<u>1,958,031</u>	<u>2,145,817</u>

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2019

	2019	2018
Net Current Year Surplus (Deficit)	<u>(187,786)</u>	<u>147,700</u>
Amortization of Tangible Capital Assets	672,958	589,639
Acquisition of Tangible Capital Assets	(4,701,230)	(889,954)
(Gain) / Loss on Disposal of Tangible Capital Assets	(11,000)	(2,351)
Proceeds on Disposal of Tangible Capital Assets	<u>11,000</u>	<u>2,351</u>
	<u>(4,028,272)</u>	<u>(300,315)</u>
Inventories (Increase)/Decrease	277	(112)
Prepaid Expenses (Increase)/Decrease	<u>125,602</u>	<u>178,596</u>
	<u>125,879</u>	<u>178,484</u>
(Increase)/Decrease in Net Debt	<u>(4,090,179)</u>	<u>25,869</u>
Net Debt at Beginning of Year	(6,811,684)	(6,837,553)
Adjustments Other than Tangible Cap. Assets	<u>-</u>	<u>-</u>
	<u>(6,811,684)</u>	<u>(6,837,553)</u>
Net Assets (Debt) at End of Year	<u><u>(10,901,863)</u></u>	<u><u>(6,811,684)</u></u>

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	(187,786)	147,700
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	672,958	589,639
(Gain)/Loss on Disposal of Tangible Capital Assets	(11,000)	(2,351)
Employee Future Benefits Increase/(Decrease)	(25,382)	(47,470)
Due from Other Organizations (Increase)/Decrease	(114,353)	(165,979)
Accounts Receivable & Accrued Income (Increase)/Decrease	13,873	17,211
Inventories and Prepaid Expenses - (Increase)/Decrease	125,879	178,484
Due to Other Organizations Increase/(Decrease)	(21,175)	21,216
Accounts Payable & Accrued Liabilities Increase/(Decrease)	292,016	(1,072,563)
Deferred Revenue Increase/(Decrease)	(4,857)	2,438
School Generated Funds Liability Increase/(Decrease)	6,513	(71,236)
Adjustments Other than Tangible Cap. Assets	-	-
	<u>746,686</u>	<u>(402,911)</u>
Cash Provided by (Applied to) Operating Transactions		
Capital Transactions		
Acquisition of Tangible Capital Assets	(4,701,230)	(889,954)
Proceeds on Disposal of Tangible Capital Assets	11,000	2,351
	<u>(4,690,230)</u>	<u>(887,603)</u>
Cash Provided by (Applied to) Capital Transactions		
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
	<u>-</u>	<u>-</u>
Cash Provided by (Applied to) Investing Transactions		
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	3,945,013	(16,834)
Other Borrowings Increase/(Decrease)	-	-
	<u>3,945,013</u>	<u>(16,834)</u>
Cash Provided by (Applied to) Financing Transactions		
Cash and Bank / Overdraft (Increase)/Decrease	1,469	(1,307,348)
Cash and Bank (Overdraft) at Beginning of Year	(2,480,725)	(1,173,377)
Cash and Bank (Overdraft) at End of Year	<u>(2,479,256)</u>	<u>(2,480,725)</u>

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	13,726,420	701,466	2,403,418	114,786	211,841	65,780	45,451	320,207	212,966	17,802,335	17,184,957
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	13,726,420	701,466	2,403,418	114,786	211,841	65,780	45,451	320,207	212,966	17,802,335	17,184,957
Add:											
Additions during the year	4,661,388	-	197,968	-	54,840	-	-	-	(212,966)	4,701,230	889,954
Less:											
Disposals and write downs	-	-	-	-	23,388	-	-	-	-	23,388	272,576
Closing Cost	18,387,808	701,466	2,601,386	114,786	243,293	65,780	45,451	320,207	-	22,480,177	17,802,335
Accumulated Amortization											
Opening, as previously reported	6,503,769	477,268	1,711,103	80,503	187,195	55,962		320,207		9,336,007	9,018,944
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	6,503,769	477,268	1,711,103	80,503	187,195	55,962		320,207		9,336,007	9,018,944
Add:											
Current period Amortization	486,140	14,064	142,090	12,556	13,275	4,833		-		672,958	589,639
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	-	23,388	-		-		23,388	272,576
Closing Accumulated Amortization	6,989,909	491,332	1,853,193	93,059	177,082	60,795		320,207		9,985,577	9,336,007
Net Tangible Capital Asset	11,397,899	210,134	748,193	21,727	66,211	4,985	45,451	-	-	12,494,600	8,466,328
Proceeds from Disposal of Capital Assets	-	-	-	-	11,000	-				11,000	2,351

* Includes network infrastructure.

**TURTLE MOUNTAIN SCHOOL DIVISION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

1. Nature of Organization and Economic Dependence

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

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

2. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by PSAB of the Chartered Professional Accountants of Canada.

a) 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 controlled by the Division.

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

b) Basis of Accounting

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

c) Fund Accounting

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

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

d) School Generated Funds

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

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

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

e) Tangible Capital Assets

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

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

Asset Description	Capitalization Threshold (\$)	Estimated Useful Life (Years)
Land Improvements	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 & Fixtures	10,000	10
Leasehold Improvements	25,000	Over term of lease

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

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

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

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

All tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

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

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

f) Capital Reserve

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

g) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

h) Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their carrying values, unless otherwise noted.

i) Liability for Contaminated Sites

The Division has adopted PS3260 liability for contaminated sites effective March 31, 2015. No sites have been identified and no liability has been established in Turtle Mountain School Division.

3. Conversion to PSAB

Commencing with the 2006/07 fiscal year, the Board adopted generally accepted accounting principles established by PSAB.

The following changes were implemented to comply with the PSAB standard:

-
- (i) Tangible capital assets were restated and amortized over their useful lives to reflect net book value. Amortization of tangible capital assets and gain or loss on disposal of capital assets are recorded in the Statement of Revenue, Expenses and Accumulated Surplus.
 - (ii) The Operating Fund, Capital Fund and Special Purpose Fund are consolidated in the financial statements. The Special Purpose Fund was created to include school generated funds and charitable foundations controlled by the Division.
 - (iii) The Employee Future Benefits Liability was established to account for the Division's commitment to pay vested future benefits to its employees.
 - (iv) Accrued Interest Payable was established to account for accrual of interest on Debenture Debt and Other Borrowings from the last payment date. An equal amount is set up as due from the Province to offset the accrued interest payable on debenture.

4. Overdraft

The Division has an authorized line of credit with Westoba Credit Union of the following;

\$5,000,000.00 (Operating Line of Credit)

by way of overdrafts and is repayable on demand at prime less 0.50%; interest is paid monthly. Overdrafts are secured by borrowing by-law.

5. Employee Future Benefits

Employee Future Benefits are benefits earned by employees in the current period, but will not be paid out until future periods and include vacation accrual, supplemental employment and sick leave benefits.

6. Deferred Revenue

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

Description	Year ended	Amount
Provincial Education Property Tax Credit Advance	June 30, 2019	\$351,424
Richardson Foundation Inc – Donation to Killarney School Track Project	June 30, 2019	532
Westoba Credit Union – Donation to Killarney School Track Project	June 30, 2019	2,000
Westman Communicatons	June 30, 2019	333

\$354,289

7. Borrowings from the Provincial Government

The borrowings from the Provincial Government of the Division is in the form of twenty-year debentures and promissory notes payable, principal and interest, in twenty 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 of Manitoba, except for the debenture debt on self-funded capital projects. The debentures and promissory notes carry interest rates that range from 3.00% to 7.00 %. 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.

	Year	Principal	Interest	Total
Total	2020	626,248	436,714	1,062,962
Total	2021	635,643	407,968	1,043,611
Total	2022	639,019	379,151	1,018,170
Total	2023	597,697	350,618	948,315
Total	2024	620,663	325,406	946,069

8. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds consolidated in the cash and bank balances in the amount of \$98,588.

9. Net Tangible Capital Assets

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

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

Education property tax or Special Levy is raised as the Division’s contribution to the cost of providing public education for the students resident in the division. The Municipal Government-Property Tax shown on consolidated revenue and expense statement is raised over the two calendar (tax) years; 59.6% from 2019 tax year and 40.4% from 2018 tax year. Below are the related revenue and receivable amounts:

Description	2019	2018
Revenue-Municipal Government-Property Tax	\$6,010,365	\$5,879,979
Receivable-Due from Municipal-Property Tax	\$3,575,783	\$3,493,032

11. Commitments

Agreements respecting photocopiers, printers and other respective leases were entered into for terms ranging from one to five years. The cost for the lease of this equipment is \$47,355 for 2018-2019

12. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019
Operating Fund	
Designated Surplus	\$117,958
Undesignated Surplus(Deficit)	772,027
Less: Non-Vested Sick Leave to Date	(59,756)
	<hr/>
	830,229
Capital Fund	
Reserve Account	136,866
Equity in Tangible Capital Assets	900,833
	<hr/>
	1,037,699
Special Purpose Fund	
School Generated Funds	90,103
Other Special Purpose Funds	0
	<hr/>
Total Accumulated Surplus	\$1,958,031

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the board or, in the case of school budget carryovers, by board policy. See page 5 of the audited financial statements for a breakdown of the Designated Surplus.

	2019
Board approved appropriation by motion	\$84,835
Playground Equipment Reserve Policy D-11	33,123
Designated surplus	<u>\$117,958</u>

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

	2019
Bus reserve	\$136,866
Other reserves	\$0
Capital Reserve	<u>\$136,866</u>

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

	2019
School generated funds	\$90,103
Other	0
Other Special Purpose Funds	<u>\$90,103</u>

13. Interest Received and Paid

The Division received interest during the year of \$4,284 (previous year \$3,861); interest paid during the year was \$441,313 (previous year \$349,560).

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

	2019
Operating Fund	
Fiscal-short term loan, interest and bank charges	\$100,021
Capital Fund	
Debenture and promissory note debt interest	\$341,292
Other interest	0
	<u>\$441,313</u>

The accrual portion of debenture and promissory note debt interest expense of \$152,713 included under the Capital Fund-Debenture and Promissory Note debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

14. Expenses by object

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

Description	Actual 2019	Budget 2019	Actual 2018
Salaries	10,469,580	10,233,027	10,361,156
Employee benefits and allowances	746,827	856,542	649,155
Services	1,339,554	1,408,040	1,212,445
Supplies, materials & minor equip.	888,112	1,042,947	949,293
Minor Capital Items		-	
Interest	441,313	26,000	349,560
Payroll tax / Transfers/Bad Debt Exp	257,207	239,301	252,272
Amortization	672,958	-	589,639
School generated funds	323,585	-	367,697
Total	15,139,136	13,805,857	14,731,217

15. Prepaids

Due to the reclassification of the Capital Reserve (Boiler) to Operating Reserve (Broadband), motion #13-115, 5/10's of the Broadband initiative expense is now in prepaid (\$347,892).

School Year	Amount	Remaining Balance
2019-2020	86,973	347,892
2020-2021	86,973	260,919
2021-2022	86,973	173,946
2022-2023	86,973	86,973
2023-2024	86,973	0