RED RIVER VALLEY SCHOOL DIVISION
DIVISION SCOLAIRE VALLÉE de la RIVIÈRE-ROUGE
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Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

Original Document Signed

Acting Secretary-Treasurer

October 15, 2019

BDO

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Independent Auditor's Report

To the Board of Trustees of Red River Valley School Division

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Division to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
October 15, 2019

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

Original Document Signed
Chairperson

Oct 15/2019
Date

Red River Valley School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	1,939,873	1,953,602
	- Federal Government	85,089	82,473
11	- Municipal Government	8,798,355	8,776,454
	- Other School Divisions	208,337	206,456
	- First Nations	-	-
	Accounts Receivable	50,403	60,956
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		11,082,057	11,079,941
	Liabilities		
3	Overdraft	5,854,878	7,553,085
	Accounts Payable	606,929	511,284
	Accrued Liabilities	298,811	291,126
4	Employee Future Benefits	137,264	102,980
	Accrued Interest Payable	237,594	257,205
	Due to - Provincial Government	102,286	100,748
	- Federal Government	1,509,165	14,881
	- Municipal Government	44,673	15,687
	- Other School Divisions	299,691	313,265
	- First Nations	-	-
5	Deferred Revenue	1,286,411	1,260,784
6	Borrowings from the Provincial Government	14,265,830	14,973,784
7	Other Borrowings	2,934,742	932,338
8	School Generated Funds Liability	45,078	42,374
		27,623,352	26,369,541
	Net Assets (Debt)	(16,541,295)	(15,289,600)
	Non-Financial Assets		
9	Net Tangible Capital Assets (TCA Schedule)	25,276,540	23,400,188
	Inventories	180,374	168,492
	Prepaid Expenses	210,620	135,308
		25,667,534	23,703,988
10	**Accumulated Surplus**	9,126,239	8,414,388

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		17,632,058	17,859,138
	Federal Government		49,515	21,335
11	Municipal Government	- Property Tax	14,675,399	14,364,197
		- Other	-	163,500
	Other School Divisions		1,439,889	1,261,457
	First Nations		-	-
	Private Organizations and Individuals		283,897	138,100
	Other Sources		125,471	460,362
	School Generated Funds		538,121	491,486
	Other Special Purpose Funds		-	-
			34,744,350	34,759,575
13	**Expenses**			
	Regular Instruction		17,458,789	17,373,123
	Student Support Services		5,422,276	5,118,022
	Adult Learning Centres		-	-
	Community Education and Services		56,424	54,701
	Divisional Administration		1,114,986	1,096,205
	Instructional and Other Support Services		825,678	964,882
	Transportation of Pupils		2,845,931	2,890,248
	Operations and Maintenance		2,792,048	3,086,758
12	Fiscal	- Interest	812,268	777,705
		- Other	498,109	484,513
	Amortization		1,624,749	1,642,684
	Other Capital Items		-	-
	School Generated Funds		546,958	501,577
	Other Special Purpose Funds		-	-
			33,998,216	33,990,418
	Current Year Surplus (Deficit) before Non-vested Sick Leave		746,134	769,157
	Less: Non-vested Sick Leave Expense (Recovery)		34,283	(61,110)
	Net Current Year Surplus (Deficit)		711,851	830,267
10	Opening Accumulated Surplus		8,414,388	7,584,121
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		8,414,388	7,584,121
10	**Closing Accumulated Surplus**		9,126,239	8,414,388

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)	711,851	830,267
Amortization of Tangible Capital Assets	1,624,749	1,642,684
Acquisition of Tangible Capital Assets	(3,503,950)	(2,649,728)
(Gain) / Loss on Disposal of Tangible Capital Assets	(5,972)	(4,474)
Proceeds on Disposal of Tangible Capital Assets	8,821	2,716
	(1,876,352)	(1,008,802)
Inventories (Increase)/Decrease	(11,882)	(9,827)
Prepaid Expenses (Increase)/Decrease	(75,312)	870,165
	(87,194)	860,338
(Increase)/Decrease in Net Debt	(1,251,695)	681,803
Net Debt at Beginning of Year	(15,289,600)	(15,971,403)
Adjustments Other than Tangible Cap. Assets	-	-
	(15,289,600)	(15,971,403)
Net Assets (Debt) at End of Year	(16,541,295)	(15,289,600)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	711,851	830,267
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,624,749	1,642,684
(Gain)/Loss on Disposal of Tangible Capital Assets	(5,972)	(4,474)
Employee Future Benefits Increase/(Decrease)	34,284	(61,110)
Due from Other Organizations (Increase)/Decrease	(12,669)	(1,132,909)
Accounts Receivable & Accrued Income (Increase)/Decrease	10,553	161,822
Inventories and Prepaid Expenses - (Increase)/Decrease	(87,194)	860,338
Due to Other Organizations Increase/(Decrease)	1,511,234	(1,389,132)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	83,719	(390,980)
Deferred Revenue Increase/(Decrease)	25,627	(95,070)
School Generated Funds Liability Increase/(Decrease)	2,704	(594)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,898,886	420,842
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,503,950)	(2,649,728)
Proceeds on Disposal of Tangible Capital Assets	8,821	2,716
Cash Provided by (Applied to) Capital Transactions	(3,495,129)	(2,647,012)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	(707,954)	363,706
Other Borrowings Increase/(Decrease)	2,002,404	932,338
Cash Provided by (Applied to) Financing Transactions	1,294,450	1,296,044
Cash and Bank / Overdraft (Increase)/Decrease	1,698,207	(930,126)
Cash and Bank (Overdraft) at Beginning of Year	(7,553,085)	(6,622,959)
Cash and Bank (Overdraft) at End of Year	(5,854,878)	(7,553,085)

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	34,814,088	1,236,802	5,576,200	252,746	1,678,774	472,919	563,070	491,922	1,560,339	46,646,860	44,164,889
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	34,814,088	1,236,802	5,576,200	252,746	1,678,774	472,919	563,070	491,922	1,560,339	46,646,860	44,164,889
Add:											
Additions during the year	175,314	-	335,304	89,995	49,291	-	-	36,939	2,817,107	3,503,950	2,649,728
Less:											
Disposals and write downs	-	-	225,630	14,248	63,743	-	-	-	-	303,621	167,757
Closing Cost	34,989,402	1,236,802	5,685,874	328,493	1,664,322	472,919	563,070	528,861	4,377,446	49,847,189	46,646,860
Accumulated Amortization											
Opening, as previously reported	16,776,729	779,921	3,706,804	196,782	1,272,470	398,071		115,895		23,246,672	21,773,503
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	16,776,729	779,921	3,706,804	196,782	1,272,470	398,071		115,895		23,246,672	21,773,503
Add:											
Current period Amortization	963,993	33,680	365,191	29,290	153,650	29,430		49,515		1,624,749	1,642,684
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	225,630	11,399	63,743	-		-		300,772	169,515
Closing Accumulated Amortization	17,740,722	813,601	3,846,365	214,673	1,362,377	427,501		165,410		24,570,649	23,246,672
Net Tangible Capital Asset	17,248,680	423,201	1,839,509	113,820	301,945	45,418	563,070	363,451	4,377,446	25,276,540	23,400,188
Proceeds from Disposal of Capital Assets	-	-	3,984	4,837	-	-				8,821	2,716

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

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

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Reporting Entity and Consolidation

The consolidated financial statements reflect the assets, liabilities, accumulated surplus, 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.

Trust Funds

The Division administers various trust funds. Trust funds and their related operations are not included in the consolidated financial statements as they are not owned or controlled by the Division. A schedule of trust funds is attached as part of the notes to the consolidated financial statements.

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

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.

School Generated Funds

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

Only revenue and expenses of school generated funds controlled by the Division are included in the 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.

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
Land Improvements	50,000	10 years
Buildings – bricks, mortar, steel	50,000	40 years
Buildings – wood frame	50,000	25 years
School buses	50,000	10 years
Vehicles	10,000	5 years
Equipment	10,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	10,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	10,000	10 years
Leasehold improvements	25,000	Over term of lease

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

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

With the exception of land acquired prior to June 30, 2006, 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 tangible capital assets, except for land, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized.

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

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

Employee Future Benefits

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

The Division provides retirement benefits to its support staff in the form of a defined contribution pension plan. The Division pays the employer portion of the defined contribution plan administered by the Manitoba School Boards Association (MSBA). Under this plan, specific fixed amounts are contributed by the Division each period for services rendered, matching employee contributions. No responsibility is assumed by the Division to make any further contribution.

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

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

Capital Reserve

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

Use of Estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Authorized Line of Credit

The Division has an authorized line of credit of $13,000,000 by way of overdrafts and is repayable on demand at prime less 0.65% with an effective rate of 3.30% at June 30, 2019; interest is paid monthly. Overdrafts are secured by borrowing by-laws.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by MSBA. The defined contribution plan is provided to its support staff 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 consolidated financial statements.

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

The employee future benefits expense is a part of the Employee Benefits and Allowances expense which includes pension expense for the year of $471,408 ($458,867 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 expense for the year is $34,283 (recovery of $61,110 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 table presents a summary of transactions for the year and deferred revenue at June 30, 2019 and 2018:

	Balance as at June 30, 2018	Additions in Year	Revenue Recognized in Year	Balance as at June 30, 2019
Education Property Tax Credit (EPTC)	$ 916,772	$2,340,043	$2,320,798	$936,017
Manitoba Learning Resource Centre	32,534	125,868	108,232	50,170
Tax Incentive Grant	272,676	671,074	675,320	268,430
Other	38,802	18,261	25,269	31,794
	$ 1,260,784	$3,155,246	$3,129,619	$1,286,411

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from fiscal years ending 2020 to 2039. Payment of principal and interest is funded entirely by grants from the Province of Manitoba, except for the debenture debt on self-funded capital projects. The debentures carry interest rates that range from 3.25% 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. The total debenture principal and interest repayments in the next five fiscal years ending June 30 are as follows:

2020	$ 1,720,478
2021	1,531,191
2022	1,501,565
2023	1,224,870
2024	1,187,866

7. Other Borrowings

The Division has authorized borrowing through by-law for a Fiber Optic Build loan to a maximum of $4,533,062. As at June 30, 2019, the Division has received advances of $3,198,709. The loan bears interest at prime less 0.65% with an effective rate of 3.30% at June 30, 2019, is repayable in monthly blended payments of $16,870 and is due in 2047. Total annual principal and interest payments in each of the next five fiscal years will be $202,440.

8. School Generated Funds Liability

School Generated Funds Liability represents the non-controlled portion of school generated funds. At June 30, 2019, an amount equal to the liability or $45,078 ($42,374 at June 30, 2018) is included in overdraft on the Consolidated Statement of Financial Position.

9. Net Tangible Capital Assets

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

10. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019	2018
Operating Fund		
Designated Surplus	$ 625,162	$ 687,620
Undesignated Surplus	630,022	145,853
Non-vested Sick Leave	(137,264)	(102,980)
	$ 1,117,920	$ 730,493
Capital Fund		
Reserve Accounts	$ 370,069	$ 345,027
Equity in Tangible Capital Assets	7,480,644	7,172,425
	$ 7,850,713	$ 7,517,452
Special Purpose Fund		
School Generated Funds	$ 157,606	$ 166,443
Other Special Purpose Funds	-	-
	$ 157,606	$ 166,443
Total Accumulated Surplus	$ 9,126,239	$ 8,414,388

Designated Surplus under the Operating Fund represents internally restricted amounts appropriated by the Board of Trustees or, in the case of school budget carryovers, by Board policy. The details of Designated Surplus are disclosed on Page 5 of the consolidated financial statements.

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 consolidated financial statements.

	2019	2018
Bus Reserve	$ 40,069	$ 15,027
New Building Reserve	330,000	330,000
Capital Reserve	$ 370,069	$ 345,027

11. 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; 40% from 2018 tax year and 60% from 2019 tax year. Below are the related revenue and receivable amounts:

	2019	2018
Revenue – Municipal Government – Property Tax	$14,675,399	$14,527,697
Receivable – Due from Municipal – Property Tax	$ 8,798,355	$ 8,776,454

12. Interest Received and Paid

The Division received interest during the year of $2,531 ($1,007 in 2018); interest paid during the year was $812,268 ($777,705 in 2018).

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

	2019	2018
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 133,944	$ 113,997
Capital Fund		
Debenture interest	607,164	644,572
Other interest	71,160	19,136
	$ 812,268	$ 777,705

The accrual portion of debenture debt interest expense of $237,594 ($257,205 in 2018) included under the Capital Fund-Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

13. Expenses by Object

Expenses in the Consolidated Statement of Revenue, Expenses and Accumulated Surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	2019	2018
Salaries	$23,461,636	$22,769,441
Employees benefits and allowances	1,783,526	1,668,738
Services	2,785,795	3,091,891
Supplies, materials and minor equipment	2,133,529	2,552,853
Interest	812,268	777,705
Payroll tax	497,681	483,979
Bad debt	428	534
Transfers	385,929	439,906
Amortization	1,624,749	1,642,684
Other Capital Items	-	-
School generated funds	546,958	501,577
	$34,032,499	$33,929,308

14. Financial Instruments

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