



BORDER LAND

SCHOOL DIVISION

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Border Land 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

Secretary-Treasurer
October 21, 2020



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Independent Auditor's Report

To the Board of Trustees of Border Land School Division

Opinion

We have audited the consolidated financial statements of Border Land School Division, and its group reporting entities (the "Division") which comprise the consolidated statement of financial position as at June 30, 2020, 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, 2020, 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 21, 2020

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
October 21, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2020	2019
	Financial Assets		
	Cash and Bank	-	-
	Due from - Provincial Government	2,111,127	2,223,564
	- Federal Government	73,307	138,175
11	- Municipal Government	7,581,322	7,357,662
	- Other School Divisions	384,685	553,356
	- First Nations	252,556	23,303
	Accounts Receivable	99,636	111,771
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		<u>10,502,633</u>	<u>10,407,831</u>
	Liabilities		
3	Overdraft	1,817,927	1,415,540
	Accounts Payable	720,870	1,864,549
	Accrued Liabilities	1,130,683	298,717
4	Employee Future Benefits	-	-
	Accrued Interest Payable	183,806	203,404
	Due to - Provincial Government	1,042	104,275
	- Federal Government	20,993	55,286
	- Municipal Government	6,475	14,487
	- Other School Divisions	264,674	324,558
	- First Nations	-	-
5	Deferred Revenue	1,246,253	1,126,438
6	Borrowings from the Provincial Government	12,018,282	12,952,331
	Other Borrowings	-	-
7	School Generated Funds Liability	-	-
		<u>17,411,005</u>	<u>18,359,585</u>
	Net Assets (Debt)	<u>(6,908,372)</u>	<u>(7,951,754)</u>
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	21,990,815	23,171,052
	Inventories	234,487	119,861
	Prepaid Expenses	48,661	51,670
		<u>22,273,963</u>	<u>23,342,583</u>
9	Accumulated Surplus	<u>15,365,591</u>	<u>15,390,829</u>

See accompanying notes to the Financial Statements

**CONSOLIDATED STATEMENT
OF REVENUE, EXPENSES
AND ACCUMULATED SURPLUS**

For the Year Ended June 30

Notes		2020	2019
	Revenue		
	Provincial Government	22,537,788	22,898,432
	Federal Government	25,400	1,000
11	Municipal Government - Property Tax	12,555,578	12,182,959
	- Other	-	-
	Other School Divisions	431,358	575,292
	First Nations	1,063,399	1,046,644
	Private Organizations and Individuals	126,873	147,637
	Other Sources	379,589	416,540
	School Generated Funds	485,886	435,162
	Other Special Purpose Funds	-	-
		37,605,871	37,703,666
13	Expenses		
	Regular Instruction	19,994,840	19,703,767
	Student Support Services	5,436,874	5,271,697
	Adult Learning Centres	502,495	535,601
	Community Education and Services	59,327	76,076
	Divisional Administration	1,069,634	1,165,356
	Instructional and Other Support Services	685,474	795,380
	Transportation of Pupils	2,283,248	2,530,572
	Operations and Maintenance	3,524,494	3,792,880
12	Fiscal - Interest	601,032	596,573
	- Other	527,713	525,378
	Amortization	2,447,666	2,371,353
	Other Capital Items	-	-
	School Generated Funds	498,312	423,058
	Other Special Purpose Funds	-	-
		37,631,109	37,787,691
	Current Year Surplus (Deficit) before Non-vested Sick Leave	(25,238)	(84,025)
	Less: Non-vested Sick Leave Expense (Recovery)	0	0
	Net Current Year Surplus (Deficit)	(25,238)	(84,025)
	Opening Accumulated Surplus	15,390,829	15,474,854
	Adjustments: Tangible Cap. Assets and Accum. Amort.	-	-
	Other than Tangible Cap. Assets	-	-
	Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted	15,390,829	15,474,854
	Closing Accumulated Surplus	15,365,591	15,390,829

See accompanying notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2020

	2020	2019
Net Current Year Surplus (Deficit)	<u>(25,238)</u>	<u>(84,025)</u>
Amortization of Tangible Capital Assets	2,447,666	2,371,353
Acquisition of Tangible Capital Assets	(1,267,429)	(4,364,117)
(Gain) / Loss on Disposal of Tangible Capital Assets	(6,600)	(19,857)
Proceeds on Disposal of Tangible Capital Assets	<u>6,600</u>	<u>23,000</u>
	<u>1,180,237</u>	<u>(1,989,621)</u>
Inventories (Increase)/Decrease	(114,626)	24,235
Prepaid Expenses (Increase)/Decrease	<u>3,009</u>	<u>57,402</u>
	<u>(111,617)</u>	<u>81,637</u>
(Increase)/Decrease in Net Debt	<u>1,043,382</u>	<u>(1,992,009)</u>
Net Debt at Beginning of Year	(7,951,754)	(5,959,745)
Adjustments Other than Tangible Cap. Assets	<u>-</u>	<u>-</u>
	<u>(7,951,754)</u>	<u>(5,959,745)</u>
Net Assets (Debt) at End of Year	<u><u>(6,908,372)</u></u>	<u><u>(7,951,754)</u></u>

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2020

	2020	2019
Operating Transactions		
Net Current Year Surplus (Deficit)	(25,238)	(84,025)
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	2,447,666	2,371,353
(Gain)/Loss on Disposal of Tangible Capital Assets	(6,600)	(19,857)
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	(106,937)	(208,425)
Accounts Receivable & Accrued Income (Increase)/Decrease	12,135	132,186
Inventories and Prepaid Expenses - (Increase)/Decrease	(111,617)	81,637
Due to Other Organizations Increase/(Decrease)	(205,422)	44,485
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(331,311)	(75,128)
Deferred Revenue Increase/(Decrease)	119,815	(20,881)
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	<u>1,792,491</u>	<u>2,221,345</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,267,429)	(4,364,117)
Proceeds on Disposal of Tangible Capital Assets	<u>6,600</u>	<u>23,000</u>
Cash Provided by (Applied to) Capital Transactions	<u>(1,260,829)</u>	<u>(4,341,117)</u>
Investing Transactions		
Portfolio Investments (Increase)/Decrease	<u>-</u>	<u>-</u>
Cash Provided by (Applied to) Investing Transactions	<u>-</u>	<u>-</u>
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	(934,049)	990,285
Other Borrowings Increase/(Decrease)	<u>-</u>	<u>-</u>
Cash Provided by (Applied to) Financing Transactions	<u>(934,049)</u>	<u>990,285</u>
Cash and Bank / Overdraft (Increase)/Decrease	(402,387)	(1,129,487)
Cash and Bank (Overdraft) at Beginning of Year	<u>(1,415,540)</u>	<u>(286,053)</u>
Cash and Bank (Overdraft) at End of Year	<u><u>(1,817,927)</u></u>	<u><u>(1,415,540)</u></u>

SCHEDULE OF TANGIBLE CAPITAL ASSETS

at June 30, 2020

	Buildings and Leasehold Improvements		School Buses	Other Vehicles	Furniture / Fixtures & Equipment	Computer Hardware & Software *	Land	Land Improvements	Assets Under Construction	2020 TOTALS	2019 TOTALS
	School	Non-School									
Tangible Capital Asset Cost											
Opening Cost, as previously reported	34,930,439	925,029	4,349,840	111,964	5,088,089	3,928,733	207,919	885,996	-	50,428,009	46,404,469
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	34,930,439	925,029	4,349,840	111,964	5,088,089	3,928,733	207,919	885,996	-	50,428,009	46,404,469
Add:											
Additions during the year	401,495	31,576	145,273	36,924	539,929	-	-	63,135	49,097	1,267,429	4,364,117
Less:											
Disposals and write downs	-	-	-	17,093	-	-	-	-	-	17,093	340,577
Closing Cost	35,331,934	956,605	4,495,113	131,795	5,628,018	3,928,733	207,919	949,131	49,097	51,678,345	50,428,009
Accumulated Amortization											
Opening, as previously reported	18,773,024	532,553	2,302,588	94,312	3,265,197	1,897,708		391,575		27,256,957	25,223,038
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	18,773,024	532,553	2,302,588	94,312	3,265,197	1,897,708		391,575		27,256,957	25,223,038
Add:											
Current period Amortization	1,124,414	37,406	375,326	7,615	469,478	341,671		91,756		2,447,666	2,371,353
Less:											
Accumulated Amortization on Disposals and Writedowns	-	-	-	17,093	-	-		-		17,093	337,434
Closing Accumulated Amortization	19,897,438	569,959	2,677,914	84,834	3,734,675	2,239,379		483,331		29,687,530	27,256,957
Net Tangible Capital Asset	15,434,496	386,646	1,817,199	46,961	1,893,343	1,689,354	207,919	465,800	49,097	21,990,815	23,171,052
Proceeds from Disposal of Capital Assets	-	-	-	6,600	-	-	-			6,600	23,000

* Includes network infrastructure.

**Border Land School Division
Notes to Financial Statements
For the Year Ended June 30, 2020**

1. Nature of Organization and Economic Dependence

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

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Reporting Entity and Consolidation

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

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

Fund Accounting

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

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

School Generated Funds

School generated funds are moneys raised by 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 Statement of Revenue, Expenses and Accumulated Surplus. To be deemed as controlled, a school must have the unilateral authority to make the decisions as to when, how and on what the funds are to be spent.

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

Tangible Capital Assets

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

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

**Border Land School Division
Notes to Financial Statements
For the Year Ended June 30, 2020**

<u>Asset Description</u>	<u>Capitalization Threshold (\$)</u>	<u>Estimated Useful Life</u>
Land improvements	50,000	10 years
Buildings – bricks, mortar, steel	50,000	40 years
Buildings – wood frame	50,000	25 years
School buses	50,000	10 years
Vehicles	10,000	5 years
Equipment	10,000	5 years
Network infrastructure	25,000	10 years
Computer hardware, servers, peripherals	10,000	4 years
Computer software	10,000	4 years
Furniture and fixtures	10,000	10 years
Leasehold improvements	25,000	Over term of lease

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

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

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

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

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

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

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

Employee Future Benefits

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

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

Defined Contribution Pension Plan

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

Defined Benefit/Self-Insured Employee Future Benefit Plans

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

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

Capital Reserve

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

**Border Land School Division
Notes to Financial Statements
For the Year Ended June 30, 2020**

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. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Authorized Line of Credit

The Division has an authorized lines of credit with Access Credit Union of \$7,000,000 and \$2,000,000 by way of overdrafts and are repayable on demand at prime minus .625% (1.825% at June 30, 2020); interest is paid monthly. Overdrafts are secured by a line of credit agreement and borrowing by-laws.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, run by the Manitoba School Boards Association (MSBA). The defined contribution plan is provided to non-teaching employees at a rate of 8%. 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. The total pension expense for the 2020 year was \$555,187 (\$514,539 in 2019).

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, 2019	Additions in the year	Revenue recognized in the year	Balance as at June 30, 2020
Education Property Tax Credit (EPTC)	\$ 932,549	\$ 973,582	\$ 932,549	\$ 973,582
Professional Development	73,542	1,254	9,380	65,416
Girls in trade	500	-	-	500
Special Levy (DSFM)	44,321	39,156	44,321	39,156
Manitoba Textbook Bureau	180	61,209	61,389	-
Donations & Special Purpose Funds	70,834	48,180	70,489	48,525
Green Team	2,551	-	2,551	-
Manitoba Rural Learning Consortium	-	504,602	421,349	83,253
Rhineland Child Care	1,961	156,811	122,951	35,821
	<u>\$1,126,438</u>	<u>\$ 1,784,794</u>	<u>\$1,664,979</u>	<u>\$1,246,253</u>

6. Debenture Debt

The debenture debt of the Division is in the form of twenty-year debentures payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from fiscal years ending June 30, 2021 to 2040. 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 2.875% to 7.000%. Debenture interest expense payable as at June 30, 2020, is accrued and recorded in Accrued Interest Payable, and a grant in an amount equal to the interest accrued on provincially funded debentures is recorded in Due from the Provincial Government. The debenture principal and interest repayments in the next five fiscal years ending June 30 are:

2021	\$ 1,504,697
2022	1,431,365
2023	1,312,081
2024	1,182,973
2025	1,105,440
Thereafter	9,449,214

**Border Land School Division
Notes to Financial Statements
For the Year Ended June 30, 2020**

7. School Generated Funds Liability

School Generated Funds Liability includes the non-controlled portion of school generated funds. At June 30, 2020, an amount equal to the liability of \$nil (\$nil in 2019) is included in cash and bank on the Statement of Financial Position.

8. Contingent Liabilities

Labour agreements with certain employee groups have expired and the Division plans to negotiate agreements during the upcoming year. These consolidated financial statements include an estimate of amounts expected to be settled with the employee groups.

9. Net Tangible Capital Assets

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

10. Accumulated Surplus

The accumulated surplus is comprised of the following:

	2020	2019
Operating Fund		
Designated Surplus	\$ 1,794,016	\$ 138,446
Undesignated Surplus	225,474	1,176,971
	2,019,490	1,315,417
Capital Fund		
Reserve Accounts	2,880,411	3,344,438
Equity in Tangible Capital Assets	10,067,964	10,320,822
	12,948,375	13,665,260
Special Purpose Fund		
School Generated Funds	397,726	410,152
Other	-	-
	397,726	410,152
Total Accumulated Surplus	\$ 15,365,591	\$ 15,390,829

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

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

	2020	2019
Building Additions or Renovations	\$ 1,607,475	\$ 1,946,792
Bus Reserve	1,272,936	1,397,646
Capital Reserve	\$ 2,880,411	\$ 3,344,438

**Border Land School Division
Notes to Financial Statements
For the Year Ended June 30, 2020**

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 revenue and expense is raised over the two calendar (tax) years; 40% from 2019 tax year and 60% from 2020 tax year. Below are the related revenue and receivable amounts:

	2020	2019
Revenue – Municipal Government – Property Tax	\$ 12,555,578	\$ 12,182,959
Receivable – Due from Municipal – Property Tax	\$ 7,581,322	\$ 7,357,662

12. Interest Received and Paid

The Division received interest during the year of \$62,404 (\$59,050 in 2019); interest paid during the year was \$601,032 (\$596,573 in 2019).

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

	2020	2019
Operating Fund		
Fiscal-short term loan, interest and bank charges	\$ 42,287	\$ 24,873
Capital Fund		
Fiscal-short term loan, interest and bank charges	8,001	10,238
Debenture interest	550,744	561,462
	\$ 601,032	\$ 596,573

The accrual portion of debenture debt interest expense of \$183,806 (\$203,404 in 2019) 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 statement of revenue, expenses and accumulated surplus are reported by function as defined by FRAME. Below is the detail of expenses by object:

	2020	2019
Salaries	\$ 25,562,171	\$ 24,774,399
Employees benefits and allowances	1,984,647	2,026,637
Services	2,870,509	3,412,520
Supplies, materials & minor equipment	2,560,587	3,125,995
Interest	601,032	596,573
Bad debts	-	-
Payroll tax	527,713	525,378
Amortization	2,447,666	2,371,353
Transfers	578,472	531,778
School generated funds	498,312	423,058
	\$ 37,631,109	\$ 37,787,691

14. Special Levy Raised for la Division scolaire franco-manitobaine

In accordance with Section 190.1 of The Public Schools Act, the Division is required to collect a special levy on behalf of la Division scolaire franco-manitobaine. As at June 30, 2020, the amount of this special levy was \$90,896 (\$99,262 in 2019). These amounts are not included in the Division's financial statements.

15. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Accumulated Surplus. Designated Operating Fund Accumulated Surplus is \$1,794,016 at June 30, 2020 (\$138,446 at June 30, 2019). The details of the Designated Surplus are disclosed at Note 9 and page 5 of the financial statements.

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

**Border Land School Division
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16. Trust Funds

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

17. Financial Instruments Risk Management

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

18. Uncertainty Due to COVID-19 Issue

On March 20, 2020, the Manitoba government declared a province-wide state of emergency and the Chief Public Health Officer issued public health orders to protect the health and safety of all Manitobans and reduce the spread of COVID-19. As a result, the Division has implemented specific measures to reduce the risk of spreading COVID-19 within its facilities and community. Given the dynamic nature of these circumstances, the related financial impact for the future cannot be reasonably estimated at this time.