MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Portage la Prairie 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Division's consolidated financial statements.

Original Document Signed
Chairperson

Original Document Signed
Secretary-Treasurer

October 27, 2020

MNP LLP

Independent Auditor's Report

To the Board of Trustees of Portage la Prairie School Division:

Opinion

We have audited the accompanying consolidated financial statements of Portage la Prairie School Division, which comprise the consolidated statement of financial position as at June 30, 2020, 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 Portage la Prairie School Division as at June 30, 2020 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Division in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other 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 Consolidated 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.

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.

Independent Auditor's Report - Continued

- 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.

MNP LLP

Portage la Prairie, Manitoba
October 27, 2020

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 Portage la Prairie School Division.

Original Document Signed
Chairperson of the Board

Oct 27/2020
Date

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2020	2019
	Financial Assets		
	Cash and Bank	5,258,534	3,795,112
	Due from - Provincial Government	682,742	691,870
	- Federal Government	291,566	113,508
	- Municipal Government	8,002,108	7,918,162
	- Other School Divisions	-	-
	- First Nations	3,824	229,124
	Accounts Receivable	68,228	98,537
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		14,307,002	12,846,313
	Liabilities		
	Overdraft	-	-
	Accounts Payable	1,140,198	945,601
	Accrued Liabilities	5,966,367	4,552,241
4	Employee Future Benefits	142,810	117,204
	Accrued Interest Payable	236,792	201,602
	Due to - Provincial Government	-	42,075
	- Federal Government	431,313	472,399
	- Municipal Government	-	-
	- Other School Divisions	-	-
	- First Nations	-	-
5	Deferred Revenue	1,665,694	1,654,372
6	Borrowings from the Provincial Government	17,286,592	12,389,955
	Other Borrowings	-	-
	School Generated Funds Liability	144,917	156,381
		27,014,683	20,531,830
	Net Assets (Debt)	(12,707,681)	(7,685,517)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	25,216,966	18,920,584
	Inventories	23,215	13,645
	Prepaid Expenses	81,116	18,672
		25,321,297	18,952,901
9	**Accumulated Surplus**	12,613,616	11,267,384

See accompanying notes to the Financial Statements

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS

For the Year Ended June 30

Notes			2020	2019
	Revenue			
	Provincial Government		24,871,183	24,549,543
	Federal Government		10,710	56,520
	Municipal Government	- Property Tax	15,364,402	15,194,915
		- Other	-	-
	Other School Divisions		190,482	142,059
	First Nations		2,775,165	2,676,506
	Private Organizations and Individuals		20,000	55,000
	Other Sources		307,512	186,350
	School Generated Funds		805,744	1,176,182
	Other Special Purpose Funds		-	-
			44,345,198	44,037,075
	Expenses			
	Regular Instruction		24,949,763	23,192,570
	Student Support Services		6,998,661	7,166,756
	Adult Learning Centres		-	-
	Community Education and Services		59,004	59,729
	Divisional Administration		994,698	1,357,504
	Instructional and Other Support Services		1,434,973	1,261,343
	Transportation of Pupils		982,818	1,175,752
	Operations and Maintenance		3,918,335	3,883,961
11	Fiscal	- Interest	585,491	482,920
		- Other	658,392	665,094
	Amortization		1,637,988	1,504,557
	Other Capital Items		-	-
	School Generated Funds		753,237	1,120,602
	Other Special Purpose Funds		-	-
			42,973,360	41,870,788
	Current Year Surplus (Deficit) before Non-vested Sick Leave		1,371,838	2,166,287
	Less: Non-vested Sick Leave Expense (Recovery)		25,606	(63,450)
	Net Current Year Surplus (Deficit)		1,346,232	2,229,737
	Opening Accumulated Surplus		11,267,384	9,037,647
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		11,267,384	9,037,647
	Closing Accumulated Surplus		12,613,616	11,267,384

See accompanying notes to the Financial Statements

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended June 30, 2020

	2020	2019
Net Current Year Surplus (Deficit)	1,346,232	2,229,737
Amortization of Tangible Capital Assets	1,637,988	1,504,557
Acquisition of Tangible Capital Assets	(7,934,370)	(5,590,281)
(Gain) / Loss on Disposal of Tangible Capital Assets	-	-
Proceeds on Disposal of Tangible Capital Assets	-	-
	(6,296,382)	(4,085,724)
Inventories (Increase)/Decrease	(9,570)	6,487
Prepaid Expenses (Increase)/Decrease	(62,444)	(7,478)
	(72,014)	(991)
(Increase)/Decrease in Net Debt	(5,022,164)	(1,856,978)
Net Debt at Beginning of Year	(7,685,517)	(5,828,539)
Adjustments Other than Tangible Cap. Assets	-	-
	(7,685,517)	(5,828,539)
Net Assets (Debt) at End of Year	(12,707,681)	(7,685,517)

Portage La Prairie School Division

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2020

	2020	2019
Operating Transactions		
Net Current Year Surplus (Deficit)	1,346,232	2,229,737
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	1,637,988	1,504,557
(Gain)/Loss on Disposal of Tangible Capital Assets	-	-
Employee Future Benefits Increase/(Decrease)	25,606	(63,450)
Due from Other Organizations (Increase)/Decrease	(27,576)	(133,036)
Accounts Receivable & Accrued Income (Increase)/Decrease	30,309	(23,768)
Inventories and Prepaid Expenses - (Increase)/Decrease	(72,014)	(991)
Due to Other Organizations Increase/(Decrease)	(83,161)	(7,725)
Accounts Payable & Accrued Liabilities Increase/(Decrease)	1,643,913	498,579
Deferred Revenue Increase/(Decrease)	11,322	(64,093)
School Generated Funds Liability Increase/(Decrease)	(11,464)	(14,401)
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	4,501,155	3,925,409
Capital Transactions		
Acquisition of Tangible Capital Assets	(7,934,370)	(5,590,281)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	(7,934,370)	(5,590,281)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	4,896,637	3,553,583
Other Borrowings Increase/(Decrease)	-	-
Cash Provided by (Applied to) Financing Transactions	4,896,637	3,553,583
Cash and Bank / Overdraft (Increase)/Decrease	1,463,422	1,888,711
Cash and Bank (Overdraft) at Beginning of Year	3,795,112	1,906,401
Cash and Bank (Overdraft) at End of Year	5,258,534	3,795,112

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	38,241,003	338,037	2,562,106	130,676	803,352	1,639,787	270,186	495,460	4,808,010	49,288,617	44,138,218
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	38,241,003	338,037	2,562,106	130,676	803,352	1,639,787	270,186	495,460	4,808,010	49,288,617	44,138,218
Add: Additions during the year	5,897,589	-	486,872	43,828	547,637	-	-	80,960	877,484	7,934,370	5,590,281
Less: Disposals and write downs	-	-	323,294	-	-	-	-	-	-	323,294	439,882
Closing Cost	44,138,592	338,037	2,725,684	174,504	1,350,989	1,639,787	270,186	576,420	5,685,494	56,899,693	49,288,617
Accumulated Amortization											
Opening, as previously reported	27,132,192	338,037	1,289,877	76,002	672,342	666,882		192,701		30,368,033	29,303,358
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	27,132,192	338,037	1,289,877	76,002	672,342	666,882		192,701		30,368,033	29,303,358
Add: Current period Amortization	1,117,665	-	208,053	18,817	81,352	158,507		53,594		1,637,988	1,504,557
Less: Accumulated Amortization on Disposals and Writedowns	-	-	323,294	-	-	-		-		323,294	439,882
Closing Accumulated Amortization	28,249,857	338,037	1,174,636	94,819	753,694	825,389		246,295		31,682,727	30,368,033
Net Tangible Capital Asset	15,888,735	-	1,551,048	79,685	597,295	814,398	270,186	330,125	5,685,494	25,216,966	18,920,584
Proceeds from Disposal of Capital Assets	-	-	-	-	-	-				-	-

* Includes network infrastructure.

Portage la Prairie School Division
Notes to Consolidated Financial Statements
For the Year Ended June 30th, 2020

1. Nature of Organization and Economic Dependence

The Portage la Prairie 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 public sector accounting standards established by PSAB of the Chartered Professional Accountants of Canada (CPA Canada).

Reporting Entity and Consolidation

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

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

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 PSAB are properties assigned to a trustee (school 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.

Basis of Accounting

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

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 controlled by the Division.

School Generated Funds

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

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

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
Computer hardware, servers, peripherals	10,000	4 years
Computer software	10,000	4 years
Equipment	10,000	5 years
Vehicles	10,000	5 years
Furniture and fixtures	10,000	10 years
Land improvements	50,000	10 years
Network infrastructure	25,000	10 years
School buses	50,000	10 years
Buildings – wood frame	50,000	25 years
Buildings – bricks, mortar, steel	50,000	40 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 the 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 period 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 beyond the employee portion payable.

The Division provides retirement benefits to its administrative employees 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 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 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 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.

Financial Instruments

There are no significant terms and conditions related to financial instruments (cash, accounts receivable, investments, overdraft, 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.

3. Bank Overdraft

The Division has an authorized line of credit with Bank of Montreal of $5,000,000 by way of overdrafts and is repayable on demand at prime less .25% for an interest rate of 2.20% (3.70% at June 30, 2019); interest is paid monthly. Overdrafts are secured by a borrowing by-law.

4. Employee Future Benefits

The Division sponsors a defined contribution pension plan, administered by MSBA. The defined contribution plan is provided to administrative employees based on their age at the beginning of the year and rates of pay. Each age group under the MSBA pension plan has a specific percentage for the employees to contribute. The Division contributions equal the employee contributions to the plan.

Non-vested accumulated sick leave benefits are measured using net present value techniques on the expected future utilization of excess of sick benefits used over earned per year, to maximum entitlement. The impact of the estimated non-vested sick leave benefit cost for 2019-2020 is $142,810 (2018-2019 is $117,204).

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 year	Recognized in year	Balance as at June 30, 2020
Education Property Tax Credit (EPTC)	$ 1,603,680	$ 1,620,241	$ 1,603,680	$ 1,620,241
Manitoba Text Book Bureau	37,801	36,863	37,801	36,863
Summer Leave	11,741	8,590	11,741	8,590
Prepaid PD Reg-Numeracy Summer PD	1,150	-	1,150	-
	$ 1,654,372	$ 1,665,694	$ 1,654,372	$ 1,665,694

6. Debenture Debt

	2020	2019
Supportable debenture	$ 15,177,706	$ 10,074,282
Non-supportable debenture	2,108,886	2,315,673
	$ 17,286,592	$ 12,389,955

Supportable Debenture Debt

The debenture debt of the Division is in the form of twenty-year supportable debentures payable, principal and interest, in twenty equal yearly installments and maturing at various dates from fiscal years ending 2021 to 2040. Payment of principal and interest for the supportable debentures is funded entirely by grants from the Province of Manitoba. The debentures carry interest rates that range from 2.750% 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 total debenture principal and interest repayments in the next five fiscal years ending are as follows:

2021	$ 1,434,211
2022	1,392,522
2023	1,366,124
2024	1,358,731
2025	1,337,794

Non-supportable Debenture Debt

The debenture debt of the Division is in the form of twenty-year non-supportable debentures payable, principal and interest, in twenty equal yearly installments and maturing in fiscal year ending 2027.

The payment of principal and interest for the non-supportable debentures must be funded by the Division as the Division does not receive grants from the Province of Manitoba to pay these types of debentures.

The non-supportable debenture has 5.375% interest per annum, and annual payment of $331,255 principal and interest. The loan is secured by way of borrowing resolution.

Total principal and interest repayment in the next five fiscal years ending are as follows:

2021	$ 331,255
2021	331,255
2022	331,255
2023	331,255
2025	331,255

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 $144,917 (2019 - $156,381) is included in cash and bank (overdraft) on the consolidated financial statement.

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), 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 period included in Assets under Construction was nil (previous year – nil).

	Total Cost	Accumulated Amortization	2020 Net Book Value
Owned – tangible capital assets	$ 56,899,693	$ 31,682,727	$ 25,216,966
Capital lease	-	-	-
	$ 56,899,693	$ 31,682,727	$ 25,216,966

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following.

	2020	2019
Operating Fund		
Designated Surplus	$ 252,641	$ 789
Undesignated Surplus	1,450,007	1,449,218
	$ 1,702,648	$ 1,450,007
Capital Fund		
Reserve Accounts	3,495,397	3,989,487
Equity in Tangible Capital Assets	7,169,418	5,634,244
	$ 10,664,815	$ 9,623,731
Special Purpose Fund		
School Generated Funds	246,153	193,646
Other Special Purpose Funds	-	-
	$ 246,153	$ 193,646
Total Accumulated Surplus	$ 12,613,616	$ 11,267,384

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. During the current year, there were no internally restricted amounts appropriated by the Board of Trustees.

Reserve Accounts under the Capital Fund represents internally restricted reserves for specific purposes approved by the Board of Trustees and PSFB. The PSFB approved the establishment of capital reserves to finance Accessibility Projects, Cosmetology Vocational Classroom Upgrades and the purchases of School Buses in the amount of $3,495,397. A schedule of Capital Reserve Accounts is provided on pages 24 and 24A of the consolidated financial statements.

	2020	2019
Power Distribution System Upgrade Reserve	$ 12,980	$ 12,980
Division Administration Office and Student Services Building Reserve	1,707,500	1,707,500
Information Technology Equipment and Systems Upgrade Reserve	470,000	470,000
Video Surveillance Systems Upgrade Reserve	477,301	485,856
Cosmetology Vocational Classroom Upgrades	-	343,391
Accessibility Projects Reserve	27,616	169,760
School Bus Reserve	800,000	800,000
	$ 3,495,397	$ 3,989,487

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

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

Education property tax or Special Levy is raised as the Division's contribution to the cost of providing public education for the students' resident in the Division. The Municipal Government – Property Tax shown on the consolidated revenue and expense statement is raised over the two calendar (tax) years; 48% from 2019 tax year and 52% from 2020 tax year. Below are the related revenue and receivable amounts.

		2020		2019
Revenue – Municipal Government – Property Tax	$	15,364,402	$	15,194,915
Receivable – Due from Municipal – Property Tax		8,002,108		7,918,162

11. Interest Received and Paid

The Division received interest during the year of $52,193 (2019 - $26,005) and interest paid during the year was $585,491 (2019 - $482,920).

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

		2020		2019
Operating Fund				
Fiscal-short term loan, interest and bank charges	$	10,578	$	37,193
Capital Fund				
Debenture interest		574,913		445,727
	$	585,491	$	482,920

The accrual portion of debenture debt interest expense of $170,643 (2019 – $129,309) included under the Capital Fund – Debenture debt interest is offset by an accrual of the debt servicing grant from the Province of Manitoba.

12. Expenses by Object

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

		Actual 2020		Actual 2019
Amortization	$	1,637,988	$	1,504,557
Employees benefits and allowances		2,153,569		2,087,407
Interest		585,491		482,920
Other Capital Items		-		-
Payroll tax		658,392		665,094
Salaries		32,169,294		31,106,920
School generated funds		753,237		1,120,602
Services		2,425,752		2,435,387
Supplies, materials and minor equipment		2,536,987		2,415,251
Transfers		52,650		52,650
	$	42,973,360	$	41,870,788

13. 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 levy was $69,945 (2019 - $69,231). These amounts are not included in the Division's consolidated financial statements.

14. Contingent Liabilities

The Division is currently in the process of negotiating a number of employment and union based contracts that have expired. Accrued liabilities include the Division's estimate for costs related to potential wage settlements with the Division's employees represented by unions for the fiscal years ended June 30, 2019 and June 30, 2020. This liability is contingent on future events including the outcome of collective agreement negotiations between the Division and the unions representing the majority of it's employees.

15. Subsequent Events

Subsequent to year-end, the COVID-19 (coronavirus) pandemic continues to have a significant impact on business through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Division as this will depend on the future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.