GARDEN VALLEY SCHOOL DIVISION
COMMITTED TO EXCELLENCE LEARNING TODAY BUILDING FOR TOMORROW
Box 1330, 750 Triple E Blvd, Winkler MB, R6W 4B3
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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Garden Valley 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 Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements.

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

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

The consolidated financial statements have been audited by Gislason Targownik Peters, Chartered Professional Accountants, 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 8, 2019

Gislason Targownik Peters
Chartered Professional Accountants
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INDEPENDENT AUDITOR'S REPORT

To the board of trustees of
Garden Valley School Division

Opinion

We have audited the financial statements of Garden Valley School Division, which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of revenue, expenses and accumulated surplus, statement of change in net debt and 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 financial position of Garden Valley School Division as at June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the 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 conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the other statements, schedules and reports is presented for purposes of additional analysis. Such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements taken as a whole. Budgeted figures provided for information purposes are unaudited.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 entity'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 cause significant doubt on the entity'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 financial statements or, if such disclosure 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 entity 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 matter that achieves fair presentation.

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

Gislason Targownik Peters

CHARTERED PROFESSIONAL ACCOUNTANTS

Winkler, Manitoba
October 8, 2019

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

Oct 8/19
Date

Original Document Signed
Chairperson

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30

Notes		2019	2018
	Financial Assets		
	Cash and Bank	1,581	2,938,626
	Due from - Provincial Government	2,196,035	2,166,632
	- Federal Government	262,512	163,101
	- Municipal Government	8,051,780	7,939,830
	- Other School Divisions	380,101	354,626
	- First Nations	-	-
	Accounts Receivable	442,397	175,289
	Accrued Investment Income	-	-
	Portfolio Investments	-	-
		11,334,406	13,738,104
	Liabilities		
	Overdraft	-	-
	Accounts Payable	3,075,125	2,955,742
	Accrued Liabilities	3,625,992	4,015,156
	Employee Future Benefits	-	-
	Accrued Interest Payable	1,187,058	1,125,058
	Due to - Provincial Government	172,096	176,312
	- Federal Government	2,013,763	2,066,212
	- Municipal Government	211,605	203,318
	- Other School Divisions	415,167	373,554
	- First Nations	-	-
5	Deferred Revenue	1,750,090	1,740,864
6	Borrowings from the Provincial Government	72,530,452	63,454,870
7	Other Borrowings	233,117	517,994
	School Generated Funds Liability	-	-
		85,214,465	76,629,080
	Net Assets (Debt)	(73,880,059)	(62,890,976)
	Non-Financial Assets		
8	Net Tangible Capital Assets (TCA Schedule)	99,434,583	87,723,346
	Inventories	-	-
	Prepaid Expenses	150,652	138,419
		99,585,235	87,861,765
9	**Accumulated Surplus**	25,705,176	24,970,789

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		40,952,556	39,888,335
	Federal Government		-	-
	Municipal Government	- Property Tax	16,003,003	15,765,148
		- Other	-	-
	Other School Divisions		421,052	398,177
	First Nations		-	-
	Private Organizations and Individuals		28,300	17,300
	Other Sources		717,789	707,695
	School Generated Funds		156,339	116,564
	Other Special Purpose Funds		-	-
			58,279,039	56,893,219
	Expenses			
	Regular Instruction		29,954,255	29,341,507
	Student Support Services		9,277,267	8,986,217
	Adult Learning Centres		-	-
	Community Education and Services		99,642	83,552
	Divisional Administration		1,397,883	1,383,969
	Instructional and Other Support Services		1,692,639	1,669,321
	Transportation of Pupils		3,075,902	3,029,947
	Operations and Maintenance		4,316,224	4,372,940
11	Fiscal	- Interest	2,852,865	2,766,983
		- Other	825,596	806,561
	Amortization		3,887,674	3,919,900
	Other Capital Items		-	-
	School Generated Funds		164,707	100,713
	Other Special Purpose Funds		-	-
			57,544,654	56,461,610
	Current Year Surplus (Deficit) before Non-vested Sick Leave		734,385	431,609
	Less: Non-vested Sick Leave Expense (Recovery)		0	0
	Net Current Year Surplus (Deficit)		734,385	431,609
	Opening Accumulated Surplus		24,970,789	24,539,180
	Adjustments:	Tangible Cap. Assets and Accum. Amort.	-	-
		Other than Tangible Cap. Assets	-	-
		Non-vested sick leave - prior years	-	-
	Opening Accumulated Surplus, as adjusted		24,970,789	24,539,180
	Closing Accumulated Surplus		25,705,174	24,970,789

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)	734,385	431,609
Amortization of Tangible Capital Assets	3,887,674	3,919,900
Acquisition of Tangible Capital Assets	(15,598,911)	(5,374,773)
(Gain) / Loss on Disposal of Tangible Capital Assets	(3,381)	-
Proceeds on Disposal of Tangible Capital Assets	3,381	-
	(11,711,237)	(1,454,873)
Inventories (Increase)/Decrease	-	-
Prepaid Expenses (Increase)/Decrease	(12,233)	(9,810)
	(12,233)	(9,810)
(Increase)/Decrease in Net Debt	(10,989,085)	(1,033,074)
Net Debt at Beginning of Year	(62,890,976)	(61,857,902)
Adjustments Other than Tangible Cap. Assets	-	-
	(62,890,976)	(61,857,902)
Net Assets (Debt) at End of Year	(73,880,061)	(62,890,976)

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2019

	2019	2018
Operating Transactions		
Net Current Year Surplus (Deficit)	734,385	431,609
Non-Cash Items Included in Current Year Surplus/(Deficit):		
Amortization of Tangible Capital Assets	3,887,674	3,919,900
(Gain)/Loss on Disposal of Tangible Capital Assets	(3,381)	-
Employee Future Benefits Increase/(Decrease)	-	-
Due from Other Organizations (Increase)/Decrease	(266,239)	(549,684)
Accounts Receivable & Accrued Income (Increase)/Decrease	(267,108)	(67,107)
Inventories and Prepaid Expenses - (Increase)/Decrease	(12,233)	(9,810)
Due to Other Organizations Increase/(Decrease)	(6,765)	97,500
Accounts Payable & Accrued Liabilities Increase/(Decrease)	(207,781)	2,092,808
Deferred Revenue Increase/(Decrease)	9,226	50,749
School Generated Funds Liability Increase/(Decrease)	-	-
Adjustments Other than Tangible Cap. Assets	-	-
Cash Provided by (Applied to) Operating Transactions	3,867,778	5,965,965
Capital Transactions		
Acquisition of Tangible Capital Assets	(15,598,911)	(5,374,773)
Proceeds on Disposal of Tangible Capital Assets	3,381	-
Cash Provided by (Applied to) Capital Transactions	(15,595,530)	(5,374,773)
Investing Transactions		
Portfolio Investments (Increase)/Decrease	-	-
Cash Provided by (Applied to) Investing Transactions	-	-
Financing Transactions		
Borrowings from the Provincial Government Increase/(Decrease)	9,075,582	282,612
Other Borrowings Increase/(Decrease)	(284,877)	(328,821)
Cash Provided by (Applied to) Financing Transactions	8,790,705	(46,209)
Cash and Bank / Overdraft (Increase)/Decrease	(2,937,047)	544,983
Cash and Bank (Overdraft) at Beginning of Year	2,938,626	2,393,643
Cash and Bank (Overdraft) at End of Year	1,579	2,938,626

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	115,666,256	3,352,828	6,462,324	294,486	2,290,085	2,383,448	4,066,745	314,841	4,750,169	139,581,182	134,298,748
Adjustments	-	-	-	-	-	-	-	-	-	-	-
Opening Cost adjusted	115,666,256	3,352,828	6,462,324	294,486	2,290,085	2,383,448	4,066,745	314,841	4,750,169	139,581,182	134,298,748
Add: Additions during the year	93,471	-	591,353	-	64,539	56,509	-	-	14,793,039	15,598,911	5,374,773
Less: Disposals and write downs	-	-	115,374	-	-	-	-	-	-	115,374	92,339
Closing Cost	115,759,727	3,352,828	6,938,303	294,486	2,354,624	2,439,957	4,066,745	314,841	19,543,208	155,064,719	139,581,182
Accumulated Amortization											
Opening, as previously reported	43,225,065	1,268,804	3,818,381	217,238	2,105,534	1,109,956		112,858		51,857,836	48,030,275
Adjustments	-	-	-	-	-	-		-		-	-
Opening adjusted	43,225,065	1,268,804	3,818,381	217,238	2,105,534	1,109,956		112,858		51,857,836	48,030,275
Add: Current period Amortization	2,961,748	86,777	511,935	20,406	83,471	191,853		31,484		3,887,674	3,919,900
Less: Accumulated Amortization on Disposals and Writedowns	-	-	115,374	-	-	-		-		115,374	92,339
Closing Accumulated Amortization	46,186,813	1,355,581	4,214,942	237,644	2,189,005	1,301,809		144,342		55,630,136	51,857,836
Net Tangible Capital Asset	69,572,914	1,997,247	2,723,361	56,842	165,619	1,138,148	4,066,745	170,499	19,543,208	99,434,583	87,723,346
Proceeds from Disposal of Capital Assets	-	-	3,381	-	-	-				3,381	-

* Includes network infrastructure.

1. Nature of Organization and Economic Dependence

The Garden 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. Significant Accounting Policies

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

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

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

Capital leases are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.

Donated tangible capital assets are recorded at fair market value at the date of donation. Deferred revenue is recorded in an equivalent amount, for all donated assets except land. The deferred revenue will be recognized as revenue over the useful life of the related asset, on the same basis that the asset is amortized.

All tangible capital assets, except for land, capital leases, and assets under construction, are amortized on a straight-line basis over their estimated useful lives as prescribed by FRAME. Land is not amortized. Capital leases with lease terms that have a bargain purchase option or allow ownership to pass to the Division are amortized over the useful life of the asset class. All other capital leases are amortized over the lesser of the lease term and the useful life of the asset class.

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 and other future benefits to its administrative employees. These benefits include defined contribution pension, parental leave and early retirement window enhancements. The Division adopted the following policy with respect to accounting for these employee future benefits:

<u>Defined Contribution Pension Plan</u>

The Division pays the employer portion of a defined contribution plan handled by the Manitoba School Boards Association (MSBA) for administrative 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.

<u>Defined Benefit/Self-Insured Employee Future Benefit Plans</u>

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 early retirement window enhancements obligations which are also event driven, the benefit costs are recognized in the period when the commitment to pay the benefit is approved by the Board of Trustees.

<u>Non-vested Accumulated Sick Leave</u>

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.

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 2018/19 is $239,440.

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, and bank indebtedness, accounts payable and long-term debt) that may affect the amount, timing and certainty of future cash flows. The Division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal. The carrying amounts of the financial instruments approximate their fair values, unless otherwise noted.

3. Bank Overdraft

The Division has an authorized line of credit with the Access Credit Union Ltd. of $20,300,000 by way of overdrafts and is repayable on demand. The various overdrafts bear interest ranging at the credit union's preferred rate minus 0.625% (3.325% at June 30, 2019); interest is paid monthly. Overdrafts are secured by a demand promissory note, line of credit agreement, borrowing by-law and banking documents.

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

The employee future benefit expense is a part of the Employee Benefits and Allowances expense account. The total pension expense for the 2018/2019 year was $768,966 ($701,453 in 2017/18).

5. Deferred Revenue

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

	Balance as at June 30, 2018	Additions in period	Revenue recognized in period	Balance as at June 30, 2019
Education Property Tax Credit (EPTC)	$ 1,692,447	1,748,874	1,692,447	1,748,874
Damage Deposit (school rental)	1,000	0	0	1,000
Non-Resident Tuition fees	47,200	0	47,200	0
Other	216	0	0	216
	$ 1,740,863	1,748,874	1,739,647	1,750,090

6. Other Borrowings from the Provincial Government

The long term debt of the Division is in the form of twenty-year debentures/promissory notes payable, principal and interest, in twenty equal yearly instalments and maturing at various dates from 2019 to 2039. Payment of principal and interest is funded entirely by grants from the Province of Manitoba. The debentures/promissory notes carry interest rates that range from 3.25% to 7.00%. Long term debt 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 years are:

2019/2020	7,542,589
2020/2021	7,421,151
2021/2022	7,350,350
2022/2023	7,288,566
2023/2024	7,200,076
	$ 36,802,732

7. Other Borrowings

Other borrowings are debts other than overdrafts or debentures.

	2019	2018
Access Credit Union, demand loan, prime less .625% (3.325% at June 30, 2019); repayable in monthly instalments of $17,560, including principal and interest; secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement for Administration Office	$ 0	158,574
Access Credit Union, demand loan, prime less .625% (3.325% at June 30, 2019); repayable in monthly instalments of $5,000, including principal and interest; secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement for Northlands Parkway Collegiate land.	$ 130,542	185,438
Access Credit Union, demand loan, prime less .625% (3.325% at June 30, 2019); repayable in monthly instalments of $6,325, including principal and interest; secured by a demand promissory note, financing by-law, banking documents, and a Registered General Security Agreement for future school site land	$ 102,573	173,982
Total Other Borrowings	$ 233,115	517,994

Principal and interest repayment of total Other Borrowings in the next five years are:

	Principal	Interest	Total
2019/20	130,160	5,740	135,900
2020/21	87,388	1,791	89,179
2021/22	15,567	89	15,656
2022/23	0	0	0
2023/24	0	0	0
	$ 233,115	7,620	240,735

8. Net Tangible Capital Assets

The Schedule of Tangible Capital Assets (TCA), page 23 of the audited financial statements, provides a breakdown of cost, accumulated amortization and net book value by class. The amount of interest capitalized in the period included in School Buildings was $157,903.46.

9. Accumulated Surplus

The consolidated accumulated surplus is comprised of the following:

	2019	2018
Operating Fund		
Designated Surplus	$ 442,139	264,601
Undesignated Surplus	1,008,176	1,497,079
	$ 1,450,315	1,761,680
Capital Fund		
Reserve Accounts	$ 1,148,731	1,262,702
Equity in Tangible Capital Assets	22,940,798	21,772,069
	$24,089,529	23,034,771
Special Purpose Fund		
School Generated Funds	$ 165,330	174,338
Other Special Purpose Funds	-	-
	$ 165,330	174,338
Total Accumulated Surplus	$25,705,174	24,970,789

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 the Designated Surplus as disclosed at page 5 of the audited financial statements are as follows:

	2019	2018
School budget surplus (deficit) carryovers by board policy	$ 290,652	271,952
Applied to 2018/2019 Operating budget deficit	-	-
Board approved appropriation by motion	151,487	(7,351)
Designated surplus	$ 442,139	264,601

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

	2019	2018
Bus reserves (deficit)	$ 445,756	759,727
New K-8 School Capital Reserve	700,000	500,000
Maintenance Shop relocation reserve	2,975	2,975
Other reserves	-	-
Capital Reserve	$ 1,148,731	1,262,702

School Generated Funds and Other Special Purpose Funds are externally restricted moneys 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 is raised over the two calendar (tax) years; 50% from 2018 tax year and 50% from 2019 tax year. Below are the related revenue and receivable amounts:

	2019	2018
Revenue – Municipal Government – Property Tax	$ 16,003,003	15,765,148
Receivable – Due from Municipal – Property Tax	$ 8,051,780	7,939,830

11. Interest Received and Paid

The Division received interest during the year of $2,903,511 ($2,771,067 in 2018); interest paid during the year was $2,852,865 ($2,766,983 in 2018). Amounts reflect interest received and paid on an accrual basis.

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

	2019	2018
Operating Fund		
Fiscal-short term loan, interest and bank charges	$ 21,643	24,342
Capital Fund		
Debenture interest	2,820,905	2,717,882
Other interest	10,317	24,759
	$2,852,865	2,766,983

The accrual portion of debenture debt interest expense of $1,182,377 at June 30, 2019 ($1,125,059 at June 30, 2018) 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 2019	Actual 2018
Salaries	$ 37,990,380	36,981,566
Employees benefits and allowances	3,389,958	3,761,096
Services	4,094,586	4,108,535
Supplies, materials and minor equipment	3,776,084	3,543,210
Interest	2,852,865	2,766,983
Bad debt expense	6,673	-
Payroll tax	818,923	806,561
Transfers	562,804	473,046
Amortization	3,887,674	3,919,900
Other capital items	-	-
School generated funds	164,707	100,713
	$ 57,544,654	56,461,610

13. Commitments

Commitments of Operating Fund Surplus at year end are detailed in the Analysis of Consolidated Accumulated Surplus. Designated Operating Fund Accumulated Surplus is $442,139 at June 30, 2019 ($264,601 at June 30, 2018). The details of the Designated Surplus as disclosed at note 9 and page 5 of the audited financial statements.

The Division is currently constructing a new K-8 school facility and has entered into a contract with WBS Construction / Division of: Winkler Building Supplies (1981) Ltd. to complete the project. Occupancy is anticipated by Fall 2019. The contract value (including GST) is: $25,011,052

The remaining commitment as of June 30, 2019 is estimated at: $6,866,091 plus GST.

14. Contingent Liabilities

As of June 30, 2019 there are no known contingent liabilities.