

Holm Clements Kwong Svenkeson Raiche

Chartered Accountants

1321 – 101st Street

North Battleford, Saskatchewan S9A 0Z9

Telephone: (306) 445-6291 Facsimile: (306) 445-3882

Email: info@jhsca.ca

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board Members of
Living Sky School Division No. 202

Report on the Financial Statements

We have audited the accompanying financial statements of Living Sky School Division No. 202, which comprise the statement of financial position as at August 31, 2013, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Living Sky School Division No. 202 as at August 31, 2013, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

North Battleford, Saskatchewan
November 20, 2013

Holm Clements Kwong Svenkeson Raiche
Chartered Accountants


Living Sky School Division No. 202
Statement of Financial Position
as at August 31, 2013

	2013	2012
Financial Assets		
Cash and Cash Equivalents	17,677,095	19,092,994
Accounts Receivable (Note 8)	13,445,820	13,529,252
Portfolio Investments (Note 4)	123,698	129,312
Total Financial Assets	31,246,613	32,751,558
Liabilities		
Provincial Grant Overpayment	-	13,950
Accounts Payable and Accrued Liabilities (Note 9)	2,337,671	3,008,111
Long Term Debt (Note 10)	500,000	600,000
Liability for Employee Future Benefits (Note 6)	1,573,000	1,562,000
Deferred Revenue (Note 11)	3,634,321	2,238,362
Total Liabilities	8,044,992	7,422,423
Net Financial Assets	23,201,621	25,329,135
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	39,938,952	36,376,618
Prepaid Expenses	173,903	166,303
Total Non-Financial Assets	40,112,855	36,542,921
Accumulated Surplus (Note 14)	63,314,476	61,872,056
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	63,314,476	61,872,056
Accumulated remeasurement gains and losses	-	-
Total Accumulated Surplus (Note 14)	63,314,476	61,872,056

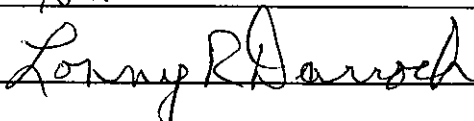
Contractual Obligations and Commitments (Note 17)

The accompanying notes and schedules are an integral part of these statements

Approved by the Board:



Chairperson



Chief Financial Officer

Living Sky School Division No. 202
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2013

	2013 Budget (Note 15)	2013 Actual	2012 Actual
REVENUES			
Property Taxation	20,649,081	19,354,422	20,535,472
Grants	43,997,119	44,103,697	46,975,172
Tuition and Related Fees	5,348,769	4,618,014	5,716,114
School Generated Funds	2,065,000	1,918,479	1,789,855
Complementary Services (Note 12)	895,389	1,321,359	1,535,782
External Services (Note 13)	121,000	733,074	140,779
Other	220,000	1,008,900	940,770
Total Revenues (Schedule A)	73,296,358	73,057,945	77,633,944
EXPENSES			
Governance	486,222	460,447	461,651
Administration	1,569,420	1,647,100	1,482,723
Instruction	49,580,066	47,870,803	47,792,848
Plant	10,147,348	9,338,047	9,595,648
Transportation	6,818,388	6,546,580	6,373,388
Tuition and Related Fees	868,093	148,977	135,486
School Generated Funds	2,065,000	1,904,076	1,871,861
Complementary Services (Note 12)	1,936,237	2,685,529	2,749,736
External Services (Note 13)	461,588	980,482	392,765
Other Expenses	90,000	33,484	46,464
Total Expenses (Schedule B)	74,022,362	71,615,525	70,902,570
Operating Surplus (Deficit) for the Year	(726,004)	1,442,420	6,731,374
Accumulated Surplus from Operations, Beginning of Year	61,872,056	61,872,056	55,140,682
Accumulated Surplus from Operations, End of Year	61,146,052	63,314,476	61,872,056

The accompanying notes and schedules are an integral part of these statements

Living Sky School Division No. 202
Statement of Changes in Net Financial Assets
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
	(Note 15)		
Net Financial Assets, Beginning of Year	25,329,135	25,329,135	22,748,182
Changes During the Year:			
Operating Surplus (Deficit) for the Year	(726,004)	1,442,420	6,731,374
Acquisition of Tangible Capital Assets (Schedule C)	(1,559,000)	(6,488,014)	(6,709,288)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	12,412	-
Net Loss (Gain) on Disposal of Capital Assets (Schedule C)	-	(12,412)	-
Amortization of Tangible Capital Assets (Schedule C)	2,319,761	2,925,680	2,548,062
Net Change in Other Non-Financial Assets	-	(7,600)	10,805
Change in Net Financial Assets / Net Debt	34,757	(2,127,514)	2,580,953
Net Financial Assets, End of Year	25,363,892	23,201,621	25,329,135

The accompanying notes and schedules are an integral part of these statements

Living Sky School Division No. 202
Statement of Cash Flows
for the year ended August 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Operating Surplus for the Year	1,442,420	6,731,374
Add Non-Cash Items Included in Surplus (Schedule D)	2,913,268	2,548,062
Net Change in Non-Cash Operating Activities (Schedule E)	798,401	(1,639,570)
Cash Provided (Used) by Operating Activities	5,154,089	7,639,866
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(6,488,014)	(6,709,288)
Proceeds on Disposal of Tangible Capital Assets	12,412	-
Cash Used by Capital Activities	(6,475,602)	(6,709,288)
INVESTING ACTIVITIES		
Proceeds on Disposal of Portfolio Investments	5,614	144,399
Cash Provided by Investing Activities	5,614	144,399
FINANCING ACTIVITIES		
Repayment of Long Term Debt	(100,000)	(100,000)
Cash Used by Financing Activities	(100,000)	(100,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,415,899)	974,977
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,092,994	18,118,017
CASH AND CASH EQUIVALENTS, END OF YEAR	17,677,095	19,092,994
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash and Cash Equivalents	17,677,095	19,092,994
CASH AND CASH EQUIVALENTS, END OF YEAR	17,677,095	19,092,994

The accompanying notes and schedules are an integral part of these statements

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	21,246,534	19,771,038	21,372,436
Total Property Tax Revenue	21,246,534	19,771,038	21,372,436
Grants in Lieu of Taxes:			
Federal Government	100,000	88,176	101,172
Provincial Government	225,000	208,233	231,261
Railways	300	1,875	-
Other	90,000	39,773	106,157
Total Grants in Lieu of Taxes	415,300	338,057	438,590
Other Tax Revenues:			
Treaty Land Entitlement - Rural	-	-	6,800
House Trailer Fees	14,325	10,439	8,579
Total Other Tax Revenues	14,325	10,439	15,379
Additions to Levy:			
Penalties	235,000	139,286	182,536
Total Additions to Levy	235,000	139,286	182,536
Deletions from Levy:			
Discounts	(1,100,000)	(838,808)	(1,260,106)
Cancellations	(162,078)	(65,590)	(213,363)
Total Deletions from Levy	(1,262,078)	(904,398)	(1,473,469)
Total Property Taxation Revenue	20,649,081	19,354,422	20,535,472
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	43,772,119	41,660,507	46,388,268
Other Ministry Grants	-	153,745	-
Total Ministry Grants	43,772,119	41,814,252	46,388,268
Grants from Others	225,000	258,889	177,590
Total Operating Grants	43,997,119	42,073,141	46,565,858
Capital Grants			
Ministry of Education Capital Grants	-	2,030,556	112,808
Other Provincial Capital Grants	-	-	296,506
Total Capital Grants	-	2,030,556	409,314
Total Grants	43,997,119	44,103,697	46,975,172

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
School Boards	-	-	-
Federal Government and First Nations	5,348,769	4,625,657	5,708,748
Total Tuition Fees	5,348,769	4,625,657	5,708,748
Transportation Fees	-	(7,643)	7,366
Total Operating Tuition and Related Fees	5,348,769	4,618,014	5,716,114
Total Tuition and Related Fees Revenue	5,348,769	4,618,014	5,716,114
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	200,000	136,166	134,349
Total Curricular Fees	200,000	136,166	134,349
Non-Curricular Fees:			
Commercial Sales - Non-GST	260,000	151,645	159,708
Fundraising	750,000	975,878	694,338
Grants and Partnerships	55,000	27,115	51,362
Students Fees	400,000	427,102	416,380
Other	400,000	200,573	333,718
Total Non-Curricular Fees	1,865,000	1,782,313	1,655,506
Total School Generated Funds Revenue	2,065,000	1,918,479	1,789,855
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	826,889	1,135,401	1,243,440
Ministry of Education Grants-Other	10,000	23,080	16,308
Other Grants	10,000	74,957	82,546
Total Operating Grants	846,889	1,233,438	1,342,294
Fees and Other Revenue			
Tuition and Related Fees	5,500	34,774	27,989
Gain on Disposal of Capital Assets	-	-	-
Other Revenue	43,000	53,147	165,499
Total Fees and Other Revenue	48,500	87,921	193,488
Total Complementary Services Revenue	895,389	1,321,359	1,535,782

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
External Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	-	567,427	-
Ministry of Education Grants-Other	-	21,000	20,000
Total Operating Grants	-	588,427	20,000
Fees and Other Revenue			
Tuition and Related Fees	-	-	240
Other Revenue	121,000	144,647	120,539
Total Fees and Other Revenue	121,000	144,647	120,779
Total External Services Revenue	121,000	733,074	140,779
Other Revenue			
Miscellaneous Revenue	15,000	449,185	410,281
Sales & Rentals	55,000	269,327	287,057
Investments	150,000	277,976	243,432
Gain on Disposal of Capital Assets		12,412	
Total Other Revenue	220,000	1,008,900	940,770
TOTAL REVENUE FOR THE YEAR	73,296,358	73,057,945	77,633,944

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Governance Expense			
Board Members Expense	185,022	182,640	161,358
Professional Development- Board Members	31,000	-	15,961
Advisory Committees	51,000	34,747	30,522
Professional Development- Advisory Committees	6,000	-	-
Elections	20,000	20,450	-
Other Governance Expenses	192,000	222,610	253,810
Amortization of Tangible Capital Assets	1,200	-	-
Total Governance Expense	486,222	460,447	461,651
Administration Expense			
Salaries	1,034,901	985,877	887,718
Benefits	171,218	169,527	135,420
Supplies & Services	107,700	75,717	70,096
Non-Capital Furniture & Equipment	35,000	46,588	70,623
Building Operating Expenses	92,601	105,225	50,488
Communications	48,500	137,315	182,656
Travel	22,000	14,410	14,842
Professional Development	37,500	17,507	21,455
Amortization of Tangible Capital Assets	20,000	94,934	49,425
Total Administration Expense	1,569,420	1,647,100	1,482,723
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	33,236,087	32,891,818	32,720,746
Instructional (Teacher & LEADS Contract) Benefits	1,522,592	1,815,804	1,693,250
Program Support (Non-Teacher Contract) Salaries	8,230,968	7,589,535	7,150,853
Program Support (Non-Teacher Contract) Benefits	1,449,597	1,594,221	1,420,781
Instructional Aids	1,666,025	974,190	1,413,942
Supplies & Services	658,071	638,693	946,982
Non-Capital Furniture & Equipment	749,865	277,468	442,155
Communications	402,292	186,450	199,254
Travel	249,391	285,865	289,070
Professional Development	762,920	464,718	635,007
Student Related Expense	302,258	327,902	323,856
Amortization of Tangible Capital Assets	350,000	824,139	556,952
Total Instruction Expense	49,580,066	47,870,803	47,792,848

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Plant Operation & Maintenance Expense			
Salaries	2,819,722	2,833,622	2,711,290
Benefits	638,827	675,264	637,759
Supplies & Services	10,925	7,099	11,982
Non-Capital Furniture & Equipment	89,321	14,444	25,844
Building Operating Expenses	5,044,467	4,349,411	4,778,795
Communications	4,160	6,773	7,671
Travel	48,568	70,584	61,480
Professional Development	16,358	11,859	9,257
Amortization of Tangible Capital Assets	1,475,000	1,368,991	1,351,570
Total Plant Operation & Maintenance Expense	10,147,348	9,338,047	9,595,648
Student Transportation Expense			
Salaries	1,762,231	1,681,448	1,504,552
Benefits	322,691	341,502	289,236
Supplies & Services	790,000	791,866	779,174
Non-Capital Furniture & Equipment	400,000	477,168	571,632
Building Operating Expenses	-	5,198	-
Communications	19,500	18,904	19,824
Travel	2,000	1,021	1,447
Professional Development	20,000	5,969	4,499
Contracted Transportation	3,031,905	2,589,437	2,616,457
Amortization of Tangible Capital Assets	470,061	634,067	586,567
Total Student Transportation Expense	6,818,388	6,546,580	6,373,388
Tuition and Related Fees Expense			
Tuition Fees	868,093	148,977	71,728
Other Fees	-	-	63,758
Total Tuition and Related Fees Expense	868,093	148,977	135,486
School Generated Funds Expense			
Supplies & Services	135,000	93,403	99,021
Cost of Sales	425,000	389,872	370,189
Non-Capital Furniture & Equipment	90,000	2,508	7,111
Special Programs	-	31,349	-
School Fund Expenses	1,415,000	1,386,944	1,395,540
Amortization of Tangible Capital Assets	-	-	-
Total School Generated Funds Expense	2,065,000	1,904,076	1,871,861

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Complementary Services Expense			
Tuition Fees	-	15,698	13,520
Administration Salaries & Benefits	-	-	125,998
Instructional (Teacher & LEADS Contract) Salaries & Benefits	505,860	509,118	580,110
Program Support (Non-Teacher Contract) Salaries & Benefits	1,343,927	1,957,561	1,802,688
Instructional Aids	-	31,755	35,422
Supplies & Services	86,450	148,931	173,266
Non-Capital Furniture & Equipment	-	11,749	16,078
Building Operating Expenses	-	5,958	-
Communications	-	483	463
Travel	-	1,811	1,115
Professional Development (Non-Salary Costs)	-	1,525	208
Student Related Expenses	-	940	758
Contracted Transportation & Allowances	-	-	110
Total Complementary Services Expense	1,936,237	2,685,529	2,749,736
External Service Expense			
Administration Salaries & Benefits	10,000	-	-
Instructional (Teacher & LEADS Contract) Salaries & Benefits	-	508,295	-
Program Support (Non-Teacher Contract) Salaries & Benefits	96,288	102,298	108,184
Supplies & Services	155,000	172,863	137,243
Non-Capital Furniture & Equipment	-	-	4,040
Building Operating Expenses	11,500	35,752	-
Communications	-	2,157	-
Travel	1,000	-	-
Professional Development (Non-Salary Costs)	-	3,344	-
Contracted Transportation & Allowances	184,300	152,224	139,750
Amortization of Tangible Capital Assets	3,500	3,549	3,548
Total External Services Expense	461,588	980,482	392,765

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Other Expense			
Allowance for Uncollectible Taxes	50,000	-	-
Interest and Bank Charges:			
Current Interest and Bank Charges	-	1,518	8,417
Interest on Debentures			
School Facilities	-	-	38,047
Interest on Other Capital Loans and Long Term Debt			
School Facilities	40,000	31,966	-
Total Interest and Bank Charges	<u>40,000</u>	<u>33,484</u>	<u>46,464</u>
Total Other Expense	90,000	33,484	46,464
 TOTAL EXPENSES FOR THE YEAR	 74,022,362	 71,615,525	 70,902,570

Living Sky School Division No. 202

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2013**

	Land	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Work-in- Progress	2013	2012
Tangible Capital Assets - at Cost:												
Opening Balance as of September 1	1,002,194		79,073,533	1,553,351	8,411,640	323,019	10,288,650	2,037,950	237,085	153,900	103,081,322	96,372,034
Additions/Purchases			3,924,327	-	564,497	88,971	766,778	890,655	252,786		6,488,014	6,709,288
Disposals					(770,358)						(770,358)	
Transfers to (from)			153,900							(153,900)	-	
Closing Balance as of August 31	1,002,194	-	83,151,760	1,553,351	8,205,779	411,990	11,055,428	2,928,605	489,871	-	108,798,978	103,081,322
Tangible Capital Assets - Amortization:												
Opening Balance as of September 1			51,545,302	941,913	4,465,170	219,016	8,122,805	1,316,202	94,296		66,704,704	64,156,642
Amortization of the Period			1,423,971	61,993	526,924	60,171	352,603	402,044	97,974		2,925,680	2,548,062
Disposals					(770,358)						(770,358)	
Closing Balance as of August 31	N/A	-	52,969,273	1,003,906	4,221,736	279,187	8,475,408	1,718,246	192,270	N/A	68,860,026	66,704,704
Net Book Value:												
Opening Balance as of September 1	1,002,194		27,528,231	611,438	3,946,470	104,003	2,165,845	721,748	142,789	153,900	36,376,618	32,215,392
Closing Balance as of August 31	1,002,194	-	30,182,487	549,445	3,984,043	132,803	2,580,020	1,210,359	297,601	-	39,936,952	36,376,618
Change in Net Book Value	-	-	2,654,256	(61,993)	37,573	28,800	414,175	488,611	154,812	(153,900)	3,562,334	4,161,226
Disposals:												
Historical Cost					770,358						770,358	
Accumulated Amortization					(770,358)						(770,358)	
Net Cost	-	-	-	-	-	-	-	-	-	-	-	-
Price of Sale					12,412						12,412	
Gain/loss on Disposal	-	-	-	-	12,412	-	-	-	-	-	12,412	-
Net Book Value (NBV) of Assets Pledged as Security for Debt												
											-	

Living Sky School Division No. 202
Schedule D: Non-Cash Items Included in Surplus
for the year ended August 31, 2013

	2013	2012
Non-Cash Items Included in Surplus:		
Amortization of Tangible Capital Assets (Schedule C)	2,925,680	2,548,062
Net Gain on Disposal of Tangible Capital Assets	(12,412)	-
Total Non-Cash Items Included in Surplus	2,913,268	2,548,062

Living Sky School Division No. 202
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2013

	2013	2012
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	83,432	(1,381,164)
Increase (Decrease) in Provincial Grant Overpayment	(13,950)	13,950
Decrease In Accounts Payable and Accrued Liabilities	(670,440)	(820,957)
Increase in Liability for Employee Future Benefits	11,000	100,100
Increase in Deferred Revenue	1,395,959	437,696
Decrease (Increase) in Prepaid Expenses	(7,600)	10,805
Total Net Change in Non-Cash Operating Activities	798,401	(1,639,570)

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

1. AUTHORITY AND PURPOSE

The School Division operates under the authority of *The Education Act, 1995* of Saskatchewan as a corporation under the name of "The Board of Education of the Living Sky School Division No. 202" and operates as "Living Sky School Division No. 202". The School Division provides education services to residents within its geographic region and is governed by an elected board of trustees.

The School Division is funded mainly by grants from the Government of Saskatchewan and a levy on the property assessment included in the School Division's boundaries at mill rates determined by the provincial government. The School Division is exempt from income tax and is a registered charity under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and as published by the Canadian Institute of Chartered Accountants (CICA).

Significant aspects of the accounting policies adopted by the School Division are as follows:

a) Adoption of New Public Sector Accounting (PSA) Standards

In 2013, the school division adopted the new PSA standards PS1201 Financial Statement Presentation, PS2601 Foreign Currency Translation, PS3041 Portfolio Investments, PS3410 Government Transfers and PS3450 Financial Instruments.

Detailed information on the impact of the adoption of these new PSA standards is provided in Note 18 Accounting Changes.

b) Reporting Entity

The financial statements include all of the assets, liabilities, revenues and expenses of the School Division reporting entity.

c) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. 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.

d) Measurement Uncertainty and the Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Measurement uncertainty that may be material to these financial statements exist for:

- The liability for employee future benefits of \$1,573,000 (2012: \$1,562,000) because actual experience may differ significantly from actuarial estimations.
- Property tax revenue of \$19,354,422 (2012: \$20,535,472) because final tax assessments may differ from initial estimates.

Living Sky School Division No. 202

Notes to the Financial Statements

As at August 31, 2013

- Uncollectible taxes of \$341,407 (2012: \$341,407) because actual collectability may differ from initial estimates.
- Useful lives of tangible capital assets and related amortization of \$2,925,680 (2012: \$2,548,062).
- Valuation allowance for Other Receivables of \$504,063 (2012: Nil) because actual collectability may differ from amount invoiced.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require material changes in the amounts recognized or disclosed.

e) Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity. A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The school division recognizes a financial instrument when it becomes a party to a financial instrument. The financial assets and financial liabilities portray these rights and obligations in financial statements. Financial instruments of the school division include cash and cash equivalents, accounts receivable, portfolio investments, accrued salaries and benefits, accounts payable, accrued liabilities, and long term debt.

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost.

f) Fair Value

Fair value measurement applies to portfolio investments in equity instruments that are quoted in an active market. Any associated transaction costs are expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, at which time they are transferred to the statement of operations.

Fair value is determined by:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 inputs other than quoted prices that are observable for the asset or liability either directly, (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from any accumulated remeasurement gains and reported in the statement of operations.

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses until they are realized, at which time they are transferred to the statement of operations.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

g) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Impairment losses such as write-downs or write-offs are reported in the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the consolidated statement of operations in the period the gain or loss occurs.

h) Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Valuation allowances are used where considered necessary to reduce the amounts reported for financial assets to their net realizable value.

Cash and Cash Equivalents consist of cash and bank deposits and highly liquid investments with initial maturity terms of three months or less and held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

Accounts Receivable includes taxes receivable, provincial grants receivable and other receivables. Taxes receivable represent education property taxes assessed or estimated owing to the end of the fiscal period but not yet received. The allowance for uncollected taxes is a valuation allowance used to reduce the amount reported for taxes receivable to the estimated net recoverable amount. The allowance represents management's estimate of the amount of taxes that will not be collected taking into consideration prior years' tax collections and information provided by municipalities regarding collectability of outstanding balances. Provincial grants receivable represent operating, capital, and other grants earned but not received at the end of the fiscal year, provided reasonable estimates of the amounts can be made. Grants are earned when the events giving rise to the grant have occurred, the grant is authorized and any eligibility criteria have been met. Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

Portfolio Investments consist of term deposits and equity in co-operatives. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (f).

i) Non-Financial Assets

Non-financial assets are assets held for consumption in the provision of services. These assets do not normally provide resources to discharge the liabilities of the School Division unless they are sold.

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the School Division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, buildings, school buses, other vehicles, furniture and equipment, computer hardware and software, and assets under construction. Tangible capital assets are recorded at cost and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The School Division does not capitalize interest incurred while a tangible capital asset is under construction.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

The cost of depreciable tangible capital assets, net of any residual value, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	50 years
Buildings – short-term (portables, storage sheds, outbuildings, garages)	20 years
School buses	12 years
Other vehicles – passenger and light duty trucks and vans	5 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years

Prepaid Expenses are prepaid amounts for goods or services such as, Saskatchewan School Board Association fees, legal fees and insurance, which will provide economic benefits in one or more future periods.

j) Liabilities

Liabilities are present obligations arising from transactions and events occurring prior to year-end, which will be satisfied in the future through the use of assets or another form of economic settlement.

Provincial Grant Overpayment represents government transfers (grants) advanced to the School Division in excess of the determined entitlement and which are repayable to the provincial government.

Accounts Payable and Accrued Liabilities include accounts payable and accrued liabilities owing to third parties and employees for work performed, goods supplied and services rendered, but not yet paid, at the end of the fiscal period. Amounts are payable within one year.

Long-Term Debt is comprised of capital loans with initial maturities of more than one year and are incurred for the purpose of financing capital expenditures in accordance with the provisions of *The Education Act, 1995*

Liability for Employee Future Benefits represent post-employment and compensated absence benefits that accrue to the School Division's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected discount rate, inflation, salary escalation, termination and retirement rates and mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Actuarial valuations are performed periodically. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year.

Recognition of employee future benefits obligations commenced on September 1, 2008. The School Division recorded the full value of the obligation related to these benefits for employees' past service at this time.

Deferred revenue from non-government sources represents fees or payments for services received in advance of the fee being earned or the services being performed, and other contributions for which the contributor has placed restrictions on the use of the resources. Revenue from tuition and related fees is recognized as the course is delivered, revenue from contractual services is recognized as the services are delivered, and revenue from

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

other contributions is recognized in the fiscal year in which the resources are used for the purpose specified by the contributor.

k) Employee Pension Plans

The School Division's employees participate in one of the following multi-employer defined benefit plans:

- i) Teachers participate in the retirement plan of the Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP). The School Division's obligation for these plans is limited to collecting and remitting contributions of the employees at rates determined by the plans.
- ii) Other employees participate in the Municipal Employees' Pension Plan (MEPP). In accordance with PSAB, the plan is accounted for as a defined contribution plan whereby the School Division's contributions are expensed when due.

l) Revenue Recognition

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

The School Division's sources of revenue include the following:

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with the new PS3410 standard, government transfers are recognized as revenues when the transfer is authorized, all eligibility criteria have been met, the amount can be estimated and collection is reasonably assured except when, and to the extent, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Eligibility criteria are criteria that the school division has to meet in order to receive the transfer. Stipulations describe how the school division must use the transfer or the actions it must perform in order to keep the transfer.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the stipulations give rise to a liability. Restricted transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations, revenue is recognized in the statement of operations as the stipulation liabilities are settled.

ii) Property taxation:

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the School Division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the School Division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the School Division.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

The final annual taxation amounts are reported to the School Division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the School Division's estimates is recorded as an adjustment to revenue in the next fiscal year.

iii) Fees and Services

Revenues from tuition fees and other fees and services are recognized in the year they are earned. Amounts that are restricted pursuant to legislation, regulation or agreements with external parties that may only be used in the conduct of certain programs or in the delivery of specific services and transactions are initially recorded as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

iv) Interest Income

Interest is recognized on an accrual basis when it is earned.

v) Other (Non-Government Transfer) Contributions

Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the school division if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions that are to be held in perpetuity are recognized as revenue in the year in which they are received or committed if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions that are not held in perpetuity are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

m) Statement of Remeasurement Gain and Losses

The school division has not presented a Statement of Remeasurement Gains and Losses because it does not have financial instruments that give rise to remeasurement gains and losses.

3. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$10,000,000 that bears interest at Bank prime rate less 0.50% per annum. This line of credit is authorized by a borrowing resolution by the Board of Education and is secured by Provincial Grant receipts. This line of credit was approved by the Minister of Education on October 29, 2010. There was no balance outstanding on the line of credit at August 31, 2013 or August 31, 2012.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2013		2012	
		Cost		Cost
Portfolio investments in the cost and amortized cost category:				
Term deposits		\$ 88,600		\$ 88,600
Total portfolio investments reported at cost and amortized cost		\$ 88,600		\$ 88,600
Portfolio investments in the fair value category:	Cost	Fair Value	Cost	Fair Value
Credit Union Shares	\$ 5	\$ 5	\$ 5	\$ 5
Credit Union Equity	10,000	10,000	10,520	10,520
Member Equity in Co-op Organizations	25,093	25,093	30,187	30,187
Total portfolio investments reported at fair value	\$ 35,098	\$ 35,098	\$ 40,712	\$ 40,712
Total portfolio investments		\$ 123,698		\$ 129,312

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2013 Budget	2013 Actual	2012 Actual
Governance	\$ 182,640	\$ 277,807	-	\$ -	\$ 486,222	\$ 460,447	\$461,651
Administration	1,155,404	396,762	-	94,934	1,569,420	1,647,100	1,482,723
Instruction	43,891,378	3,155,286	-	824,139	49,580,066	47,870,803	47,792,848
Plant	3,508,886	4,460,170	-	1,368,991	10,147,348	9,338,047	9,595,648
Transportation	2,022,950	3,889,563	-	634,067	6,818,388	6,546,580	6,373,388
Tuition and Related Fees	-	148,977	-	-	868,093	148,977	135,486
School Generated Funds	-	1,904,076	-	-	2,065,000	1,904,076	1,871,861
Complementary Services	2,466,679	218,850	-	-	1,936,237	2,685,529	2,749,736
External Services	610,593	366,340	-	3,549	461,588	980,482	392,765
Other	-	-	33,484	-	90,000	33,484	46,464
TOTAL	\$53,838,530	\$14,817,831	\$ 33,484	\$ 2,925,680	\$74,022,362	\$71,615,525	\$70,902,570

6. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment and compensated absence benefits to its employees. These benefits include: non-vested sick leave payout, retirement gratuity, vacation banks and paid-time-off banks. These benefits generally accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. Significant assumptions include discount rate, inflation and salary scale. The liability associated with these benefits is calculated at the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the Statement of Financial Position.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

Details of the employee future benefits are as follows:

	2013	2012
Actuarial valuation date	08/31/2013	08/31/2012
Long-term assumptions used:		
Salary escalation rate (percentage)	3.25%	3.25%
Discount rate (percentage)	3.50%	2.70%
Inflation rate (percentage)	2.25%	2.25%
Expected average remaining service life (years)	13	13

Liability for Employee Future Benefits	2013	2012
Accrued Benefit Obligation – beginning of year	\$ 1,789,400	\$ 1,553,100
Current period benefit cost	144,600	119,900
Interest cost	49,500	55,500
Benefit payments	(201,400)	(82,600)
Actuarial (gains) / losses	(136,400)	143,500
Plan amendments	-	-
Accrued Benefit Obligation – end of year	1,645,700	1,789,400
Unamortized Net Actuarial Gains / Losses	(72,700)	(227,400)
Liability for Employee Future Benefits	\$ 1,573,000	\$ 1,562,000

Employee Future Benefits Expense	2013	2012
Current period benefit cost	\$ 144,600	\$ 119,900
Amortization of net actuarial gain / loss	18,300	7,300
Plan amendments	-	-
Benefit cost	162,900	127,200
Interest cost on unfunded employee future benefits obligation	49,500	55,500
Total Employee Future Benefits Expense	\$ 212,400	\$ 182,700

7. PENSION PLANS

Multi-Employer Defined Benefit Plans

Information on the multi-employer pension plans to which the School Division contributes is as follows:

- i) Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP):

The STRP and STSP provide retirement benefits based on length of service and pensionable earnings.

The STRP and STSP are funded by contributions by the participating employee members and the Government of Saskatchewan. The School Division's obligation to the STRP and STSP is limited to collecting and remitting contributions of the employees at rates determined by the plans. Accordingly, these financial statements do not include any expense for employer contributions to these plans. Net pension assets or liabilities for these plans are not reflected in these financial statements as ultimate responsibility for retirement benefits rests with the Saskatchewan Teachers' Federation for the STRP and with the Government of Saskatchewan for the STSP.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

Details of the contributions to these plans for the School Division's employees are as follows:

	2013			2012
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	505	35	540	526
Member contribution rate (percentage of salary)	7.8%-10.00%	6.05%-7.85%	6.05%-10.00%	6.05%-10.00%
Member contributions for the year	\$2,608,484	\$104,454	\$2,712,938	\$2,657,073

ii) **Municipal Employees' Pension Plan (MEPP)**

The MEPP provides retirement benefits based on length of service and pensionable earnings.

The MEPP is funded by employer and employee contributions at rates set by the Municipal Employees' Pension Commission.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees which could affect future contribution rates and/or benefits.

The contributions to the MEPP by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. In accordance with PSAB requirements, the plan is accounted for as a defined contribution plan whereby the School Division's contributions are expensed when due.

Details of the MEPP are as follows:

	2013	2012
Number of active School Division members	491	477
Member contribution rate (percentage of salary)	7.40% - 8.15%	7.40%
School Division contribution rate (percentage of salary)	7.40% - 8.15%	7.40%
Member contributions for the year	\$1,097,759	\$ 957,034
School Division contributions for the year	\$1,097,759	\$ 957,034
Actuarial valuation date	31 Dec 12	31 Dec 11
Plan Assets (in thousands)	\$ 1,578,536	\$ 1,395,109
Plan Liabilities (in thousands)	\$ 1,420,319	\$ 1,627,865
Plan Surplus (Deficit) (in thousands)	\$ 158,217	\$ (232,756)

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

8. ACCOUNTS RECEIVABLE

All accounts receivable presented in the Statement of Financial Position are net of any valuation allowances for doubtful accounts. Details of account receivable balances and allowances are as follows:

	2013			2012		
	Total Receivables	Valuation Allowance	Net of Allowance	Total Receivables	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 9,690,281	\$ 341,407	\$9,348,874	\$ 10,254,634	\$ 341,407	\$9,913,227
Provincial Grants Receivable	1,200,125	-	1,200,125	356,778	-	356,778
Other Receivables	3,400,884	504,063	2,896,821	3,259,247	-	3,259,247
Total Accounts Receivables	\$ 14,291,290	\$ 845,470	\$13,445,820	\$ 13,870,659	\$ 341,407	\$13,529,252

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2013	2012
Accrued Salaries	\$ 982,892	\$ 903,992
Supplier Payments	1,354,779	2,104,119
Total Accounts Payable and Accrued Liabilities	\$ 2,337,671	\$ 3,008,111

10. LONG-TERM DEBT

Details of long-term debt are as follows:

Capital Loan	2013	2012
Innovation Credit Union – loan repayable in annual principal installments of \$100,000 plus interest at 6.00% paid monthly	\$ 500,000	\$ 600,000
Total Long-Term Debt	\$ 500,000	\$ 600,000

Principal repayments over the next 5 years are as follows:	
2014	\$ 100,000
2015	\$ 100,000
2016	\$ 100,000
2017	\$ 100,000
2018	\$ 100,000
Total	\$ 500,000

Principal and interest payments on long-term debt are as follows:		
	2013	2012
Principal	\$ 100,000	\$ 100,000
Interest	\$ 31,966	\$ 38,047
Total	\$ 131,966	\$ 138,047

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2012	Additions during the Year	Revenue recognized in the Year	Balance as Aug. 31, 2013
Capital Projects:				
Federal Capital Tuition	\$ 918,108	\$ 193,207	\$ -	\$ 1,111,315
Total Capital Projects Deferred Revenue	\$ 918,108	\$ 193,207	\$ -	\$ 1,111,315
Other Deferred Revenue:				
Cash Receipts from Municipalities				
Exceeding Tax Assessments	\$ 1,285,254	\$ 1,237,752	-	\$ 2,523,006
Sask. Arts Board Grant	35,000	-	(35,000)	\$ -
Total Other Deferred Revenue	\$ 1,320,254	\$ 1,237,752	\$ (35,000)	\$ 2,523,006
Total Deferred Revenue	\$ 2,238,362	\$ 1,430,959	\$ (35,000)	\$ 3,634,321

12. COMPLEMENTARY SERVICES

Complementary services represent those services and programs where the primary purpose is other than K-12 learning/learning support, but which have the specific objective of enhancing the School Division's ability to successfully deliver its K-12 curriculum/learning programs.

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the School Division in 2013 and 2012:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community and Inter- Agency Liaison	Other Programs	2013	2012
Revenue:					
Grants	\$ 580,547	\$ 554,853	\$ 98,037	\$ 1,233,437	\$ 1,342,294
Tuition and Related Fees	-	-	34,775	34,775	27,989
Miscellaneous Revenue	-	-	53,147	53,147	165,499
Total Revenue	\$ 580,547	\$ 554,853	\$ 185,959	\$ 1,321,359	\$ 1,535,782
Expenses:					
Tuition Fees	15,698	-	-	15,698	13,520
Salaries & Benefits	633,862	1,761,459	71,358	2,466,679	2,508,796
Instructional Aids	24,323	-	7,432	31,755	35,423
Supplies and Services	-	-	154,889	154,889	173,266
Non-Capital Equipment	11,749	-	-	11,749	16,078
Communications	-	-	483	483	462
Travel	1,811	-	-	1,811	1,115
Professional Development	1,525	-	-	1,525	208
Student Related Expenses	275	-	665	940	758
Contracted Transportation & Allowances	-	-	-	-	110
Total Expenses	689,243	1,761,459	234,827	2,685,529	2,749,736
Deficiency of Revenue over Expenses	\$ (108,696)	\$ (1,206,606)	\$ (48,868)	\$ (1,364,170)	\$ (1,213,954)

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

The purpose and nature of each Complementary Services program is as follows:

Pre-K Programs – provides support to early intervention programs that target pre-school age children and their families who are living in vulnerable circumstances.

Community and Inter-Agency Liaison – supports the delivery of a range of diverse and comprehensive supports and effective practices that address the complex needs of vulnerable students and that help eliminate learning barriers.

Other Programs – have the objective of enhancing the K-12 curriculum/learning programs and include such things as nutrition programs.

13. EXTERNAL SERVICES

External services represent those services and programs that are outside of the School Division's learning/learning support and complementary programs. These services have no direct link to the delivery of the School Division's K-12 programs nor do they directly enhance the School Division's ability to deliver its K-12 programs.

Following is a summary of the revenue and expenses of the External Services programs operated by the School Division in 2013 and 2012:

Summary of External Services Revenues and Expenses, by Program	Cafeteria	Associate Schools	Other Programs	2013	2012
Revenue:					
Grants	\$ -	\$ 567,427	\$ 21,000	\$ 588,427	\$ 20,000
Tuition and Related Fees	-	-	-	-	240
Miscellaneous Revenue	-	-	-	-	-
Sales and Rentals	142,770	-	1,877	144,647	120,539
Total Revenue	142,770	567,427	22,877	733,074	140,779
Expenses:					
Salaries & Benefits	102,298	508,295	-	610,593	108,184
Supplies and Services	172,863	-	-	172,863	137,243
Building Operating Expenses	-	28,670	9,239	37,909	4,039
Travel	-	-	-	-	-
Professional Development	-	3,244	100	3,344	-
Contracted Transportation & Allowances	-	-	152,224	152,224	139,750
Amortization of Tangible Capital Assets	-	-	3,549	3,549	3,549
Total Expenses	275,161	540,209	165,112	980,482	392,765
Excess (Deficiency) of Revenue over Expenses	(\$132,391)	\$27,218	(\$142,235)	(\$247,408)	(\$251,986)

The purpose and nature of each External Services program is as follows:

Cafeteria – provides meals to students, staff and the general public.

Other Programs – are services that have no direct link to the K-12 program and include staff residences and extra-curricular transportation.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

Summary of Associate School Revenues and Expenses - Details by School	Heritage Christian School	Meadow Lake Christian Academy	2013	2012
Revenue:				
Operating Grants	\$ 398,498	\$ 168,929	\$ 567,427	\$ -
Total Revenue	398,498	168,929	567,427	
Expenses:				
Salaries & Benefits	370,633	137,662	508,295	499,331
Building Operating Expenses	28,670	-	28,670	26,113
Professional Development	2,956	288	3,244	4,764
Total Expenses	402,259	137,950	540,209	530,208
Excess (Deficiency) of Revenue over Expenses	\$ (3,761)	\$ 30,979	\$ 27,218	\$ (530,208)

14. ACCUMULATED SURPLUS

Accumulated Surplus represents the financial assets and non-financial assets of the School Division less liabilities. This represents the accumulated balance of net surplus arising from the operations of the School Division, including school generated funds.

Accumulated surplus is comprised of the following two amounts:

- i) Accumulated surplus (deficit) from operations, which represents the accumulated balance of net surplus arising from the operations of the school division and school generated funds as detailed in the table below; and
- ii) Accumulated remeasurement gains and losses, which represents the unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value.

Certain amounts of the Accumulated Surplus from operations, as approved by the Board of Education, have been designated for specific future purposes. These internally restricted amounts are included in the Accumulated Surplus from operations presented in the Statement of Financial Position. The School Division does not maintain separate bank accounts for the internally restricted amounts.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

Details of accumulated surplus are as follows:

	August 31 2012	Additions during year	Reductions during year	August 31 2013
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 36,376,618	\$6,488,014	\$ (2,925,680)	\$ 39,938,952
Less: Debt owing on Tangible Capital Assets	(600,000)	-	100,000	(500,000)
	35,776,618	6,488,014	(2,825,680)	39,438,952
PMR maintenance project allocations (1)	-	681,573	(681,573)	-
Internally Restricted Surplus:				
Capital Projects:				
Designated for tangible capital assets expenditures	11,400	-	-	11,400
	11,400	-	-	11,400
Other:				
School generated funds	757,565	16,317	-	773,882
Scholarship funds	199,241	-	(13,550)	185,691
Other – Tax Loss Compensations	3,819,650	-	-	3,819,650
Other – Future Expenditure	4,748,106	-	(2,222,681)	2,525,425
Other – Bus Replacement	163,728	-	-	163,728
	9,688,290	16,317	(2,236,231)	7,468,376
Unrestricted Surplus	16,395,748			16,395,748
Total Accumulated Surplus from Operations	\$61,872,056	\$7,185,904	\$ (5,743,484)	\$63,314,476

- (1) PMR Maintenance Project Allocations represent transfers received from the Ministry of Education as funding support for maintenance projects on the school division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.

The purpose and nature of each Internally Restricted Surplus amount is as follows:

School generated funds – the amount of funds held in the school-based bank accounts.

Scholarship funds – the amount of funds donated to provide scholarships.

Tax Loss Compensations – the amount of tax loss compensation from Treaty Land Entitlement receipts.

Future Expenditure – the amount for future capital expenditures.

Bus Replacement – the amount for bus replacements.

15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board of Education on May 23, 2012, and the Minister of Education on August 10, 2012.

16. RELATED PARTIES

These financial statements include transactions with related parties. The School Division is related to all Province of Saskatchewan ministries, agencies, boards, school divisions, health authorities, colleges, and crown corporations under the common control of the Government of Saskatchewan. The School Division is also related to non-crown enterprises that the Government jointly controls or significantly influences. In addition, the School Division is related to other non-government organizations by virtue of its economic interest in these organizations.

Living Sky School Division No. 202

Notes to the Financial Statements

As at August 31, 2013

Related Party Transactions:

Transactions with these related parties are in the normal course of operations. Amounts due to or from and the recorded amounts of transactions resulting from these transactions are included in the financial statements and the table below. They are recorded at exchange amounts which approximate prevailing market rates charged by those organizations and are settled on normal trade terms.

A portion of the revenue from the Ministry of Education includes funding allocated to principal and interest repayments on some school division loans.

	2013	2012
Revenues:		
<i>Ministry of Education</i>	\$ 45,739,299	\$ 48,314,115
<i>Sask Workers' Compensation Board</i>	53,674	11,661
<i>Light of Christ School Division No. 16</i>	21,952	47,213
<i>North West Regional College</i>	222,468	219,316
<i>Sask Power Corp</i>	-	31,701
<i>Saskatchewan Rivers School Division No. 119</i>	56,742	53,481
<i>SGI</i>	258,889	115,340
<i>Ministry of Finance</i>	1,654	125,628
<i>Sask Arts Board</i>	43,000	8,000
<i>Sask Culture</i>	-	25,000
<i>Conseil Scolaire</i>	11,255	6,847
<i>Other</i>	1,000	1,950
	\$ 46,409,933	\$ 48,960,252
Expenses:		
<i>Good Spirit School Division No. 204</i>	\$ 21,239	\$ 20,863
<i>Light of Christ School Division No. 16</i>	20,000	20,000
<i>Ministry of Finance</i>	3,703	4,335
<i>North West Regional College</i>	129,590	153,545
<i>Northwest School Division No. 203</i>	-	525
<i>Prairie North Health Region</i>	-	36,128
<i>Saskatoon School Division No. 13</i>	2,895	9,050
<i>St. Paul's R.C.S.S.D. No. 20</i>	20,000	15,500
<i>Western Development Museum</i>	3,208	1,062
<i>Sask Tel</i>	267,950	323,651
<i>SGI Auto Fund</i>	70,566	47,145
<i>Sask Energy</i>	719,817	671,564
<i>Sask Power Corp</i>	882,969	883,695
<i>Sask Workers' Compensation Board</i>	131,152	161,630
<i>Sun West School Division No. 207</i>	24,000	16,000
<i>Regina School Division No. 4</i>	415	4,070
<i>Other</i>	5,275	13,236
	\$ 2,302,779	\$ 2,381,999

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

	2013	2012
Accounts Receivable:		
<i>Ministry of Education</i>	\$ 1,200,125	\$ 510,429
<i>Light of Christ School Division No. 16</i>	10,657	44,743
<i>North West Regional College</i>	20,968	29,959
<i>Conseil Scolaire</i>	-	6,847
	\$ 1,231,750	\$ 591,978
Tangible Capital Asset Additions:		
<i>Sask Tel</i>	\$ 294,510	\$ 662,139
	\$ 294,510	\$ 662,139
Accounts Payable and Accrued Liabilities:		
<i>Light of Christ School Division No. 16</i>	\$ -	\$ 20,000
<i>Sask Energy</i>	286	-
<i>Sask Power Corp</i>	5,046	20,263
<i>Sask Tel</i>	2,099	220,102
<i>Sun West School Division No. 207</i>	500	4,000
<i>Other</i>	-	2,232
	\$ 7,931	\$ 266,597

In addition, the School Division pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases and customer sales on items that are deemed taxable. Taxes paid are recorded as part of the cost of those purchases.

17. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the School Division are as follows:

- Operating lease obligations, as follows:

	Operating Leases	
	Copier Lease	Total Operating
Future minimum lease payments:		
2014	\$ 131,048	\$ 131,048
2015	131,048	131,048
2016	129,469	129,469
Total Lease Obligations	\$ 391,565	\$ 391,565

18. ACCOUNTING CHANGES

The school division adopted the following new/revised Public Sector Accounting (PSA) Standards in 2013:

PS1201 Financial Statement Presentation

The school division adopted the new PS1201 Financial Statement Presentation standard in 2013. PS1201 establishes general reporting principles and standards for the disclosure of information in financial statements, and introduces a new Statement of Remeasurement Gains and Losses which reports unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value, and accounts for amounts reclassified to the statement of operations upon derecognition or settlement. This standard is applicable to the fiscal year in which the new PS2601 Foreign

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

Currency Translation and PS3450 Financial Instruments standards are adopted. These standards are adopted on a prospective basis, without restatement of prior period comparative amounts and accordingly, no 2012 comparatives have been provided in the new Statement of Remeasurement Gains and Losses. Implementation of PS1201, PS2601 and PS3450 required the school division to remeasure its financial instruments at September 1, 2012 and to recognize the accumulated remeasurement gains and losses in the opening balance in the Statement of Remeasurement Gains and Losses.

The adoption of the new PS1201 standard has not impacted the school division's financial statements as the school division had no remeasurement gains or losses to report in 2013.

PS2601 Foreign Currency Translation

The school division adopted the revised PS2601 Foreign Currency Translation standard in 2013. This revised standard establishes standards on how to account for and report transactions that are denominated in a foreign currency, and replaces the previous PS2600 Foreign Currency Translation. The revised PS2601 standard must be implemented in the same fiscal year as the new PS3450 Financial Instruments standard is adopted, and is adopted on a prospective basis, without restatement of prior period comparative amounts. Accordingly, the 2012 comparative amounts were not restated and have been presented in these financial statements in accordance with the accounting policies applied by the school division immediately preceding its adoption of the revised standard.

The adoption of the revised PS2601 standard has not resulted in any changes to the measurement and recognition of foreign currency transactions or balances by the school division.

PS3041 Portfolio Investments

The school division adopted the new PS3041 Portfolio Investments standard in 2013. The new PS3041 This new standard establishes standards on how to account for and report portfolio investment, and replaces the previous PS3030 Temporary Investments and PS3040 Portfolio Investments standards and is applicable to the fiscal year in which the PS2601 Foreign Currency Translation and PS3450 Financial Instruments standards are adopted. The PS3041 standard refers to PS3450 for recognition and measurement of investments and is adopted on a prospective basis, without restatement of prior period comparative amounts. Accordingly, the 2012 comparative amounts were not restated and have been presented in these financial statements in accordance with the accounting policies applied by the school division immediately preceding its adoption of the revised standard.

The adoption of the new PS3041 standard has not resulted in any changes to the measurement and recognition of portfolio investments by the school division.

PS3450 Financial Instruments

The school division adopted the new PS3450 Financial Instruments standard in 2013. This new standard provides guidance for the recognition, measurement and disclosure of financial instruments. The new PS3450 Financial Instruments standard is adopted on a prospective basis, without restatement of prior period comparative amounts. In accordance with the transition provisions provided in PS3450:

- (a) the recognition, derecognition and measurement policies for financial instruments followed by the school division in financial statements for periods prior to the 2013

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

are not reversed and, therefore, the financial statements of prior periods, including 2012 comparative amounts, have not been restated.

- (b) at the beginning of the 2012-13 fiscal year, the school division:
- (i) recognized all financial assets and financial liabilities on its statement of financial position and classified items in accordance with PS3450 standards;
 - (ii) applied the criteria in PS3450 in identifying those financial assets and financial liabilities to be measured at fair value; and
 - (iii) remeasured assets and liabilities as appropriate, and recognized the adjustment to September 1, 2012 amounts as an adjustment to the accumulated remeasurement gains and losses at the beginning of the 2012-13 fiscal year.
- (c) no adjustments to carrying values were made to retroactively expense transaction costs applicable to items in the fair value category.
- (d) the school division established an accounting policy for the identification of embedded derivatives in contracts entered into by it. The school division's policy, and its application, recognizes as separate assets and liabilities those embedded derivatives required to be reported in accordance with provisions of PS3450 on either a retroactive or prospective basis. The adoption of this policy has not impacted the school division's 2013 financial statements as the school division did not have any derivative contracts.

The adoption of the new PS3450 standard has not resulted in any changes to the measurement and recognition of the school division's financial instruments other than additional disclosures which include the school division's risk management practices.

PS3410 Government Transfers

The school division adopted the revised PS3410 Government Transfers standard in 2013. This revised standard establishes standards on how to account for and report government transfers (grants), with the most significant impact to the school division pertaining to the criteria for recognition of revenue for the government transfers it receives. The revised standard allows for either prospective or retroactive implementation. The school division has elected to apply the requirements of the revised standard on a prospective basis. Accordingly, the adoption of this revised standard did not have an impact on the school division's comparative figures but did require additional disclosures in the notes.

The adoption of the revised PS3410 standard has not resulted in any changes to the measurement and recognition of government transfers in the school division's 2013 financial statements.

Change in Accounting Policy

During the year the school division changed its accounting policy with respect to recording Tangible Capital Assets. The school division now accounts for such transactions by placing physical assets in the furniture and equipment; and computer hardware and audio visual equipment classes in the pool regardless of per asset cost. Prior to this change in policy the school division would only capitalize these transactions if the individual asset had a cost greater than \$1,000.00. The school division believes the new policy is preferable as it provides a fairer representation of the results and the financial position of the school division and the policy aligns with the recommendation from the Ministry of Education. This change has been applied prospectively as the effect of the

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

new accounting policy is not reasonably determinable for the cumulative effect of the change or for individual prior periods. Consequently, prior year comparatives have not been restated to reflect this revised accounting policy and comparisons between the current year and prior fiscal years may not be meaningful. The change in accounting policy has impacted the school division's financial statements as follows: the expenses are less and the asset additions are higher.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

20. RISK MANAGEMENT

The school division is exposed to financial risks from its financial assets and liabilities. These risks include credit risk, liquidity risk and market risk (consisting of interest rate risk and foreign exchange risk).

(i) Credit Risk

Credit risk is the risk to the school division from potential non-payment of accounts receivable. The credit risk related to the school division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the school division has adopted credit policies which include close monitoring of overdue accounts. The school division does not have a significant exposure to any individual customer. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect an impairment in collectability.

The aging of accounts receivable at August 31, 2013 and August 31, 2012 was:

	August 31, 2013		August 31, 2012	
	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable	Allowance for Doubtful Accounts
Current	\$ 405,878	\$ -	\$ 512,424	\$ -
30-60 days	478	-	15,933	-
60-90 days	675	-	336	-
Over 90 days	2,993,853	(504,063)	2,730,554	-
Total	\$ 3,400,884	\$ (504,063)	\$ 3,259,247	\$ -
Net		\$ 2,896,821		\$ 3,259,247

(ii) Liquidity Risk

Liquidity risk is the risk that the school division will not be able to meet its financial obligations as they come due. The school division manages liquidity risk by maintaining adequate cash balances, budget practices, monitoring, and forecasts. The following table sets out the contractual maturities of the school division's financial liabilities:

	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 1,884,508	\$ 453,163	\$ -	\$ -
Long term debt	-	100,000	400,000	-
Total	\$ 1,884,508	\$ 553,163	\$ 400,000	\$ -

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2013

(iii) Market Risk:

The school division is exposed to market risks with respect to interest rates and foreign currency exchange rates, as follows:

(a) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents, and portfolio investments. The school division also has an authorized bank line of credit of \$10 million with interest payable monthly at a rate of prime less 0.50%. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility as of August 31, 2013.

The school division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency,
- investing in GICs and term deposits for short terms at fixed interest rates,
- managing cash flows to minimize utilization of its bank line of credit and,
- managing its interest rate risk on long-term debt through the exclusive use of fixed rate terms for its long-term debt.

(b) Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The school division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the school division does not make a significant amount of purchases denominated on a foreign currency. The school division did not have any financial instruments denominated in foreign currency outstanding at August 31, 2013 or August 31, 2012.