

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
South East Cornerstone School Division No. 209

We have audited the accompanying financial statements of South East Cornerstone School Division No. 209 which comprise the statement of financial position as at August 31, 2013 and the statements of operations and accumulated surplus (deficit) from operations, remeasurement gains and losses, changes in net financial assets net (debt) and cash flows for the year then ended, with related schedules 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.

Auditors' 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 of 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 school division'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 school division'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, these financial statements present fairly, in all material respects, the financial position of the school division as at August 31, 2013 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

November 21, 2013
Regina, Saskatchewan


Chartered Accountants

South East Cornerstone School Division No. 209
Statement of Financial Position
as at August 31, 2013


	2013	2012
Financial Assets		
Cash and Cash Equivalents	1,754,457	1,341,840
Accounts Receivable (Note 8)	31,887,414	34,823,364
Inventories for Sale	8,278	14,339
Portfolio Investments (Note 4)	121,300	109,801
Total Financial Assets	33,771,449	36,289,344
Liabilities		
Bank Indebtedness (Note 3)	12,543,217	5,670,647
Provincial Grant Overpayment	-	1,572,745
Accounts Payable and Accrued Liabilities (Note 9)	2,478,081	5,291,530
Long Term Debt (Note 10)	472,700	1,451,001
Liability for Employee Future Benefits (Note 6)	668,600	614,300
Deferred Revenue (Note 11)	562,274	5,610,369
Total Liabilities	16,724,872	20,210,592
Net Financial Assets (Net Debt)	17,046,577	16,078,752
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	112,977,414	104,329,976
Inventory of Supplies for Consumption	496,143	498,362
Prepaid Expenses	464,822	474,000
Total Non-Financial Assets	113,938,379	105,302,338
Accumulated Surplus (Note 14)	130,984,956	121,381,090
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	130,984,997	121,381,090
Accumulated remeasurement gains and losses	(41)	
Total Accumulated Surplus (Note 14)	130,984,956	121,381,090

Contingent Liabilities (Note 18)

Contractual Obligations and Commitments (Note 19)

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

Approved by the Board:



Chairperson



Chief Financial Officer

South East Cornerstone School Division No. 209
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
REVENUES	(Note 15)		
Property Taxation	46,914,606	50,143,337	49,153,591
Grants	51,821,264	49,801,012	55,204,693
Tuition and Related Fees	1,324,800	1,284,507	1,701,596
School Generated Funds	2,600,000	2,920,868	3,049,069
Complementary Services (Note 12)	1,316,320	1,392,103	1,090,879
External Services (Note 13)	388,400	420,981	385,584
Other	670,600	722,067	953,329
Total Revenues (Schedule A)	105,035,990	106,684,875	111,538,741
EXPENSES			
Governance	652,200	602,060	566,647
Administration	1,243,622	1,409,309	1,218,785
Instruction	69,702,990	67,538,283	66,156,914
Plant	13,423,470	13,061,440	12,419,759
Transportation	9,583,606	9,152,774	8,895,720
Tuition and Related Fees	10,000	7,500	277,554
School Generated Funds	2,442,313	2,710,060	2,819,128
Complementary Services (Note 12)	2,126,076	1,894,211	1,669,504
External Services (Note 13)	460,430	496,140	451,718
Other Expenses	159,029	209,191	878,411
Total Expenses (Schedule B)	99,803,736	97,080,968	95,354,140
Operating Surplus for the Year	5,232,254	9,603,907	16,184,601
Accumulated Surplus from Operations, Beginning of Year	121,381,090	121,381,090	105,196,489
Accumulated Surplus from Operations, End of Year	126,613,344	130,984,997	121,381,090

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

South East Cornerstone School Division No. 209
Statement of Remeasurement Gains and Losses
as at August 31, 2013

	2013
Accumulated Remeasurement Gains (Losses), Beginning of Year (Note 20)	\$
Unrealized gains (losses) attributable to:	
Foreign exchange	<u>(41)</u>
Net remeasurement gains and (losses) for the year	<u>(41)</u>
Accumulated Remeasurement Gains (Losses), End of Year	<u>\$ (41)</u>

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

South East Cornerstone School Division No. 209
Statement of Changes in Net Financial Assets (Net Debt)
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
	(Note 15)		
Net Financial Assets (Net Debt), Beginning of Year	16,078,752	16,078,752	13,307,563
Changes During the Year:			
Operating Surplus for the Year	5,232,254	9,603,907	16,184,601
Acquisition of Tangible Capital Assets (Schedule C)	(20,575,100)	(15,010,248)	(19,698,019)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	255,000	268,245	42,066
Net Loss (Gain) on Disposal of Capital Assets (Schedule C)	-	(99,724)	724,904
Amortization of Tangible Capital Assets (Schedule C)	6,849,201	6,194,289	5,534,865
Net Acquisition of Inventory of Supplies	-	2,219	(17,626)
Net Change in Other Non-Financial Assets	-	9,178	398
	(8,238,645)	967,866	2,771,189
Net Remeasurement Gains (Losses)	-	(41)	-
Change in Net Financial Assets / Net Debt	(8,238,645)	967,825	2,771,189
Net Financial Assets, End of Year	7,840,107	17,046,577	16,078,752

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

South East Cornerstone School Division No. 209
Statement of Cash Flows
for the year ended August 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Operating Surplus for the Year	9,603,907	16,184,601
Add (Deduct) Non-Cash Items Included in Surplus / Deficit (Schedule D)	6,094,565	6,259,769
Net Change in Non-Cash Operating Activities (Schedule E)	(6,426,581)	3,626,277
Cash Provided (Used) by Operating Activities	9,271,891	26,070,647
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(15,010,248)	(19,698,019)
Proceeds on Disposal of Tangible Capital Assets	268,245	42,066
Cash Provided (Used) by Capital Activities	(14,742,003)	(19,655,953)
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	(11,499)	(10,221)
Cash Provided (Used) by Investing Activities	(11,499)	(10,221)
FINANCING ACTIVITIES		
Repayment of Long Term Debt	(978,301)	(1,523,492)
Proceeds from (Cash Used for) Other Non-Financial Assets	(41)	
Cash Provided (Used) by Financing Activities	(978,342)	(1,523,492)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,459,953)	4,880,981
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(4,328,807)	(9,209,788)
CASH AND CASH EQUIVALENTS, END OF YEAR	(10,788,760)	(4,328,807)
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash and Cash Equivalents	1,754,457	1,341,840
Bank Indebtedness	(12,543,217)	(5,670,647)
CASH AND CASH EQUIVALENTS, END OF YEAR	(10,788,760)	(4,328,807)

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

South East Cornerstone School Division No. 209
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	46,914,606	51,258,976	50,908,373
Total Property Tax Revenue	46,914,606	51,258,976	50,908,373
Grants in Lieu of Taxes:			
Federal Government	-	136,814	146,503
Provincial Government	-	225,439	83,837
Railways	-	(38,881)	175,116
Other	-	194,406	137,676
Total Grants in Lieu of Taxes	-	517,778	543,132
Other Tax Revenues:			
House Trailer Fees	-	67,929	51,557
Total Other Tax Revenues	-	67,929	51,557
Additions to Levy:			
Penalties	-	179,018	118,940
Other	-	80,172	55,789
Total Additions to Levy	-	259,190	174,729
Deletions from Levy:			
Discounts	-	(1,380,840)	(2,113,330)
Cancellations	-	(93,476)	(390,150)
Other Deletions	-	(486,220)	(20,720)
Total Deletions from Levy	-	(1,960,536)	(2,524,200)
Total Property Taxation Revenue	46,914,606	50,143,337	49,153,591
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	42,491,464	38,212,871	45,880,094
Other Ministry Grants	-	24,939	-
Total Ministry Grants	42,491,464	38,237,810	45,880,094
Other Provincial Grants	417,000	455,597	379,463
Federal Grants	-	-	20,514
Grants from Others	8,000	10,152	-
Total Operating Grants	42,916,464	38,703,559	46,280,071
Capital Grants			
Ministry of Education Capital Grants	8,904,800	6,764,121	7,356,585
Other Capital Grants	-	4,333,332	1,568,037
Total Capital Grants	8,904,800	11,097,453	8,924,622
Total Grants	51,821,264	49,801,012	55,204,693

South East Cornerstone School Division No. 209
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	62,500	92,500	593,712
Federal Government and First Nations	1,222,300	1,148,752	1,056,076
Total Tuition Fees	1,284,800	1,241,252	1,649,788
Transportation Fees	40,000	43,255	51,808
Total Operating Tuition and Related Fees	1,324,800	1,284,507	1,701,596
Total Tuition and Related Fees Revenue	1,324,800	1,284,507	1,701,596
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	90,000	36,202	23,105
Total Curricular Fees	90,000	36,202	23,105
Non-Curricular Fees:			
Commercial Sales - Non-GST	540,000	566,863	561,508
Fundraising	1,200,000	1,169,589	1,395,580
Grants and Partnerships	70,000	143,448	207,365
Students Fees	400,000	335,939	391,365
Other	300,000	668,827	470,146
Total Non-Curricular Fees	2,510,000	2,884,666	3,025,964
Total School Generated Funds Revenue	2,600,000	2,920,868	3,049,069
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	509,660	552,964	520,008
Ministry of Education Grants-Other	462,717	689,190	344,441
Other Provincial Grants	88,000	69,899	116,930
Federal Grants	167,693	-	-
Other Grants	38,250	38,250	62,250
Total Operating Grants	1,266,320	1,350,303	1,043,629
Fees and Other Revenue			
Tuition and Related Fees	50,000	41,800	47,250
Total Fees and Other Revenue	50,000	41,800	47,250
Total Complementary Services Revenue	1,316,320	1,392,103	1,090,879

South East Cornerstone School Division No. 209
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
External Services			
Fees and Other Revenue			
Other Revenue	388,400	420,981	385,584
Total Fees and Other Revenue	388,400	420,981	385,584
Total External Services Revenue	388,400	420,981	385,584
Other Revenue			
Miscellaneous Revenue	84,000	240,036	532,799
Sales & Rentals	81,600	113,912	204,688
Investments	250,000	169,888	215,242
Gain on Disposal of Capital Assets	255,000	198,231	600
Total Other Revenue	670,600	722,067	953,329
TOTAL REVENUE FOR THE YEAR	105,035,990	106,684,875	111,538,741

South East Cornerstone School Division No. 209
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Governance Expense			
Board Members Expense	187,000	182,794	169,430
Professional Development- Board Members	75,000	92,737	118,710
Advisory Committees	84,000	75,258	73,661
Elections	25,000	30,555	7,410
Other Governance Expenses	281,200	220,716	197,436
Total Governance Expense	652,200	602,060	566,647
Administration Expense			
Salaries	740,603	797,253	752,868
Benefits	126,035	127,049	121,794
Supplies & Services	79,425	151,619	77,206
Non-Capital Furniture & Equipment	12,500	6,900	8,882
Building Operating Expenses	138,900	174,421	127,651
Communications	38,500	57,128	55,261
Travel	8,900	14,649	10,618
Amortization of Tangible Capital Assets	98,759	80,290	64,505
Total Administration Expense	1,243,622	1,409,309	1,218,785
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	45,597,279	45,422,703	45,020,796
Instructional (Teacher & LEADS Contract) Benefits	2,476,505	2,343,165	2,340,808
Program Support (Non-Teacher Contract) Salaries	10,156,400	9,039,244	8,955,090
Program Support (Non-Teacher Contract) Benefits	2,134,673	1,828,358	1,818,209
Instructional Aids	2,511,099	2,908,325	2,770,020
Supplies & Services	1,204,890	1,132,675	981,411
Non-Capital Furniture & Equipment	823,262	929,859	721,718
Communications	345,020	295,205	292,314
Travel	1,147,793	942,355	980,635
Student Related Expense	452,501	368,514	413,713
Amortization of Tangible Capital Assets	2,853,568	2,327,880	1,862,200
Total Instruction Expense	69,702,990	67,538,283	66,156,914

South East Cornerstone School Division No. 209
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Plant Operation & Maintenance Expense			
Salaries	3,994,299	3,757,348	3,694,217
Benefits	804,270	695,359	668,850
Supplies & Services	26,700	237,198	101,545
Non-Capital Furniture & Equipment	156,000	117,709	206,239
Building Operating Expenses	5,250,980	5,148,134	4,713,468
Communications	7,200	28,417	26,731
Travel	142,050	167,741	163,172
Amortization of Tangible Capital Assets	3,041,971	2,909,534	2,845,537
Total Plant Operation & Maintenance Expense	13,423,470	13,061,440	12,419,759
Student Transportation Expense			
Salaries	3,134,282	3,060,603	2,911,620
Benefits	758,898	616,622	595,917
Supplies & Services	1,254,550	1,271,525	1,280,110
Non-Capital Furniture & Equipment	534,000	410,254	491,582
Building Operating Expenses	43,500	61,405	42,154
Communications	39,000	41,569	34,937
Travel	32,000	37,337	38,528
Contracted Transportation	2,985,776	2,861,594	2,816,698
Amortization of Tangible Capital Assets	801,600	791,865	684,174
Total Student Transportation Expense	9,583,606	9,152,774	8,895,720
Tuition and Related Fees Expense			
Tuition Fees	10,000	7,500	277,554
Total Tuition and Related Fees Expense	10,000	7,500	277,554
School Generated Funds Expense			
Supplies & Services	75,000	85,116	127,669
Cost of Sales	525,000	706,730	694,239
Non-Capital Furniture & Equipment	70,000	154,333	146,161
School Fund Expenses	1,725,000	1,682,795	1,778,888
Amortization of Tangible Capital Assets	47,313	81,086	72,171
Total School Generated Funds Expense	2,442,313	2,710,060	2,819,128

South East Cornerstone School Division No. 209
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Complementary Services Expense			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	894,609	746,779	691,336
Program Support (Non-Teacher Contract) Salaries & Benefits	885,014	903,202	769,240
Instructional Aids	16,850	61,614	65,398
Supplies & Services	227,293	88,924	61,566
Non-Capital Furniture & Equipment	5,550	5,253	19,736
Building Operating Expenses	5,400	4,087	2,071
Communications	4,500	10,647	7,465
Travel	78,860	68,251	48,731
Student Related Expenses	8,000	5,454	3,961
Total Complementary Services Expense	2,126,076	1,894,211	1,669,504
External Service Expense			
Program Support (Non-Teacher Contract) Salaries & Benefits	171,940	161,350	154,898
Supplies & Services	265,000	319,074	271,942
Non-Capital Furniture & Equipment	-	-	400
Building Operating Expenses	17,500	12,082	17,079
Communications	-	-	1,121
Amortization of Tangible Capital Assets	5,990	3,634	6,278
Total External Services Expense	460,430	496,140	451,718

South East Cornerstone School Division No. 209
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	115,000	126,250	71,695
Interest on Other Capital Loans and Long Term Debt			
School Facilities	41,219	40,944	107,873
Other	2,810	1,266	4,866
Total Interest and Bank Charges	159,029	168,460	184,434
Loss on Disposal of Tangible Capital Assets	-	98,507	725,504
Provision for Uncollectable Taxes	-	(57,776)	(31,527)
Total Other Expense	159,029	209,191	878,411
TOTAL EXPENSES FOR THE YEAR			
	99,803,736	97,080,968	95,354,140

South East Cornerstone School Division No. 209
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
<i>Tangible Capital Assets - at Cost:</i>												
Opening Balance as of September 1	4,341,400	3,442,447	131,908,643	3,294,437	10,028,022	1,331,942	13,505,538	11,941,940	1,388,766	17,108,731	198,291,866	181,379,361
Additions/Purchases	170,000	-	1,187,331	970,650	930,790	330,017	290,630	2,848,943	72,566	8,209,321	15,010,248	19,698,019
Disposals	(114,336)	-	(117,794)	-	-	-	-	-	-	-	(232,130)	(2,785,514)
Closing Balance as of August 31	4,397,064	3,442,447	132,978,180	4,265,087	10,958,812	1,661,959	13,796,168	14,790,883	1,461,332	25,318,052	213,069,984	198,291,866
<i>Tangible Capital Assets - Amortization:</i>												
Opening Balance as of September 1	-	3,114,444	61,564,210	766,669	6,308,571	1,199,470	11,708,039	8,107,226	1,193,261	-	93,961,890	90,445,569
Amortization of the Period	-	88,605	2,659,552	199,429	642,745	121,917	522,069	1,800,272	159,700	-	6,194,289	5,534,865
Disposals	-	-	(63,609)	-	-	-	-	-	-	-	(63,609)	(2,018,544)
Closing Balance as of August 31	N/A	3,203,049	64,160,153	966,098	6,951,316	1,321,387	12,230,108	9,907,498	1,352,961	N/A	100,092,570	93,961,890
Net Book Value:												
Opening Balance as of September 1	4,341,400	328,003	70,344,433	2,527,768	3,719,451	132,472	1,797,499	3,834,714	195,505	17,108,731	104,329,976	90,933,792
Closing Balance as of August 31	4,397,064	239,398	68,818,027	3,298,989	4,007,496	340,572	1,566,060	4,883,385	108,371	25,318,052	112,977,414	104,329,976
Change in Net Book Value	55,664	(88,605)	(1,526,406)	771,221	288,045	208,100	(231,439)	1,048,671	(87,134)	8,209,321	8,647,438	13,396,184
Disposals:												
Historical Cost	114,336	-	117,794	-	-	-	-	-	-	-	232,130	2,785,514
Accumulated Amortization	-	-	63,609	-	-	-	-	-	-	-	63,609	2,018,543
Net Cost	114,336	-	54,185	-	-	-	-	-	-	-	168,521	766,970
Price of Sale	13,245	-	255,000	-	-	-	-	-	-	-	268,245	42,066
Gain/loss on Disposal	(101,091)	-	200,815	-	-	-	-	-	-	-	99,724	(724,904)
Net Book Value (NBV) of Assets Pledged as Security for Debt	-	-	-	-	-	-	-	-	-	-	-	-

South East Cornerstone School Division No. 209
Schedule D: Non-Cash Items Included in Surplus / Deficit
for the year ended August 31, 2013

	2013	2012
Non-Cash Items Included in Surplus / Deficit:		
Amortization of Tangible Capital Assets (Schedule C)	6,194,289	5,534,865
Net (Gain) Loss on Disposal of Tangible Capital Assets	(99,724)	724,904
Total Non-Cash Items Included in Surplus / Deficit	6,094,565	6,259,769

South East Cornerstone School Division No. 209
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	2,935,950	(2,145,542)
Decrease (Increase) in Inventories for Sale	6,061	(7,420)
Increase (Decrease) in Provincial Grant Overpayment	(1,572,745)	1,572,745
Decrease In Accounts Payable and Accrued Liabilities	(2,813,449)	(871,953)
Increase in Liability for Employee Future Benefits	54,300	54,300
Increase (Decrease) in Deferred Revenue	(5,048,095)	5,041,375
Decrease (Increase) in Inventory of Supplies for Consumption	2,219	(17,626)
Decrease in Prepaid Expenses	9,178	398
Total Net Change in Non-Cash Operating Activities	(6,426,581)	3,626,277

SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209
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 South East Cornerstone School Division No. 209 and operates as the South East Cornerstone School Division No. 209. 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 20 Accounting Changes.

b) Reporting Entity

The financial statements include all of the assets, liabilities, revenues and expenses of the school division reporting entity. The school division reporting entity is comprised of all the organizations which are controlled by the school division.

c) Trust Funds

Trust funds are properties assigned to the school division (trustee) under a trust agreement or statute to be administered for the benefit of the trust beneficiaries. As trustee, the school division merely administers the terms and conditions embodied in the agreement and has no unilateral authority to change the conditions set out in the trust indenture.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trust funds are not included in the financial statements as they are not controlled by the school division.

d) 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.

e) 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 exists for:

- the liability for employee future benefits of \$ 668,600 (2012 - \$ 614,300) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 50,143,337 (2012 - \$ 49,153,591) because final tax assessments may differ from initial estimates,
- uncollectible taxes of \$ 41,007 (2012 - \$ 98,783) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related accumulated amortization of \$100,092,570 (2012-\$93,961,890)
- tangible capital asset historical costs and related amortization represents an estimate for assets owned at September 1, 2009. At the time assets were capitalized in 2009 (with the implementation of PS3150) historical cost records were not available for all assets; therefore, other methods, such as deflated replacement costs, were used to determine a best estimate of historical costs and accumulated amortization.

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 a material changes in the amounts recognized or disclosed.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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, bank indebtedness, accounts payable and accrued liabilities, long term debt, and deferred revenue.

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

i) 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.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from any accumulated reameasurement 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.

ii) 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. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

g) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents consist of cash, and bank deposits held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

Accounts Receivable include 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.

Inventories for Sale consist of school clothing and shop supplies which are held for sale in the ordinary course of operations and are valued at the lower of cost and net realizable value. Cost is determined by the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business.

Portfolio Investments consist of the equity held at various Co-operative stores across the school division. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (f).

h) 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, audio visual equipment, capital lease assets, and assets under construction. Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) 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.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land improvements (pavement, fencing, lighting, etc.)	20 years
Buildings	50 years
Buildings – short-term (portables, storage sheds, outbuildings, garages)	20 years
School buses	12 years
Other vehicles – passenger	5 years
Other vehicles – heavy (graders, 1 ton truck, etc.)	10 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years
Leased capital assets	Lease term

Assets that have a historical or cultural significance, such as works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with these properties cannot be made.

Inventory of Supplies for Consumption consists of supplies held for consumption by the school division in the course of normal operations and are recorded at the lower of cost and replacement cost.

Prepaid Expenses are prepaid amounts for goods or services (such as insurance, membership fees, and photocopier leases) which will provide economic benefits in one or more future periods.

i) 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.

Short-Term Borrowings are comprised of bank indebtedness and short-term loans with initial maturities of one year or less and are incurred for the purpose of financing current expenses in accordance with the provisions of *The Education Act, 1995*.

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 expenses 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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

j) Employee Pension Plans

Employees of the school division participate in the following pension plans:

Multi-Employer Defined Benefit 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.

k) 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.

Restricted revenues are amounts received 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. Restricted revenues are initially recorded as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The school division's sources of revenues 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. The final annual taxation amounts are reported to the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$20,000,000 that bears interest at 0.025% below the bank prime rate. This line of credit is authorized by a borrowing resolution by the board of education. This line of credit was approved by the Minister of Education on October 29, 2012. The balance drawn on the line of credit at August 31, 2013 was \$12,543,217 at an interest rate of 2.75% (August 31, 2012 - \$ 5,670,647 at an interest rate of 2.75%).

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Portfolio investments in the fair value category:				
<i>Co-op Equity</i>	121,300	121,300	109,801	109,801
Total portfolio investments reported at fair value	121,300	121,300	109,801	109,801
Total portfolio investments	\$ 121,300		\$ 109,801	

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2013 Budget	2013 Actual	2012 Actual
Governance	\$ 177,331	\$ 424,729	\$ -	\$ -	\$ 652,200	\$ 602,060	\$ 566,647
Administration	\$ 924,302	\$ 404,717	\$ -	\$ 80,290	\$ 1,243,622	1,409,309	1,218,785
Instruction	\$ 58,633,470	\$ 6,576,933	\$ -	\$ 2,327,880	\$ 69,702,990	67,538,283	66,156,914
Plant	\$ 4,452,707	\$ 5,699,199	\$ -	\$ 2,909,534	\$ 13,423,470	13,061,440	12,419,759
Transportation	\$ 3,677,225	\$ 4,683,684	\$ -	\$ 791,865	\$ 9,583,606	9,152,774	8,895,720
Tuition and Related Fees	\$ -	\$ 7,500	\$ -	\$ -	\$ 10,000	7,500	277,554
School Generated Funds	\$ -	\$ 2,628,974	\$ -	\$ 81,086	\$ 2,442,313	2,710,060	2,819,128
Complementary Services	\$ 1,649,981	\$ 244,230	\$ -	\$ -	\$ 2,126,076	1,894,211	1,669,504
External Services	\$ 161,349	\$ 331,157	\$ -	\$ 3,634	\$ 460,430	496,140	451,718
Other	\$ -	\$ 46,779	\$ 162,412	\$ -	\$ 159,029	209,191	878,411
TOTAL	\$ 69,676,365	\$ 21,047,902	\$ 162,412	\$ 6,194,289	\$ 99,803,736	\$ 97,080,968	\$ 95,354,140

6. EMPLOYEE FUTURE BENEFITS

The school division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave. Significant assumptions include the following:

- Demographic assumptions (those that predict future employee behavior) have been harmonized where possible with the pension plan that employees belong to.
- Assumptions regarding the buildup and usage of certain benefits have been developed based on the experience of the employees noted in the data submitted by the school division, supplemented where required by experience of a valuator.
- The discount rate has been determined based on the Province of Saskatchewan borrowing costs for durations similar to the benefit obligation, provided by Ministry of Finance.

The liability associated with these benefits is calculated as 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.

Details of the employee future benefits are as follows:

	2013	2012
Actuarial valuation date		
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)	15	15

Liability for Employee Future Benefits	2013	2012
Accrued Benefit Obligation - beginning of year	\$ 693,000	\$ 601,400
Current period benefit cost	70,000	49,300
Interest cost	20,000	21,800
Benefit payments	(41,500)	(19,900)
Actuarial gains / losses	(68,000)	40,400
Plan amendments		
Accrued Benefit Obligation - end of year	673,500	693,000
Unamortized Net Actuarial Gains / Losses	(4,900)	(78,700)
Liability for Employee Future Benefits	\$ 668,600	\$ 614,300

Employee Future Benefits Expense	2013	2012
Current period benefit cost	\$ 70,000	\$ 49,300
Amortization of net actuarial gain / loss	5,800	3,100
Plan amendments		
Benefit cost	75,800	52,400
Interest cost on unfunded employee future benefits obligation	20,000	21,800
Total Employee Future Benefits Expense	\$ 95,800	\$ 74,200

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.

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	741	42	783	796
Member contribution rate (percentage of salary)	7.80%	6.05%		7% / 6.05%
Member contributions for the year	\$ 3,633,366	\$ 123,462	\$ 3,756,828	\$ 3,706,189

- 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

7. PENSION PLANS (Continued)

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	638	640
Member contribution rate (percentage of salary)	8.15%	7.40%
School Division contribution rate (percentage of salary)	8.15%	7.40%
Member contributions for the year	\$ 1,333,770	\$ 1,227,374
School Division contributions for the year	\$ 1,333,770	\$ 1,227,374
Actuarial valuation date	12/31/2012	12/31/2011
Plan Assets	\$ 1,578,536,000	\$ 1,395,109,000
Plan Liabilities	\$ 1,420,319,000	\$ 1,627,865,000
Plan Surplus (Deficit)	\$ 158,217,000	\$ (232,756,000)

8. ACCOUNTS RECEIVABLE

All accounts receivable presented on 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 Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 30,219,494	\$ 41,007	\$ 30,178,487	\$ 30,314,692	\$ 98,783	\$ 30,215,909
Provincial Grants Receivable	587,599	-	587,599	2,087,702	-	2,087,702
Other Receivables	1,121,328	-	1,121,328	2,519,753	-	2,519,753
Total Accounts Receivable	\$ 31,928,421	\$ 41,007	\$ 31,887,414	\$ 34,922,147	\$ 98,783	\$ 34,823,364

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2013	2012
Accrued Salaries and Benefits	\$ 977,211	\$ 1,229,852
Supplier Payments	1,499,838	3,724,960
Other (Grants, Awards, Tuition)	1,032	336,718
Total Accounts Payable and Accrued Liabilities	\$ 2,478,081	\$ 5,291,530

10. LONG-TERM DEBT

Details of long-term-term debt are as follows:

Capital Loans:	2013	2012
Bank of Montreal - Carnduff-Monthly pmts \$32,040 inc int(5.15%)	87,987	427,184
Bank of Montreal - Weldon-Monthly pmts \$32,143 inc int(5.22%)	-	139,324
Bank of Montreal - Spruce Ridge-Monthly pmts \$15,000 inc int(5.22%)	-	65,017
Bank of Montreal - Lampman-Monthly pmts \$26,921 inc int(4.48%)	384,713	683,276
RBC Financial Group - Hillcrest-Monthly pmts \$8,561 inc int(5.48%)	-	34,018
RBC Financial Group - Spruce Ridge-Monthly pmts \$15,181 inc int(5.48%)	-	60,285
CIBC - Div Office-Annual pmts \$80,797 inc int(5.73%)	-	41,897
Total Long Term Debt	\$ 472,700	\$ 1,451,001

Principal repayment over the next 2 years:

	Capital Loans
2014	\$ 400,180
2015	72,520
Total	\$ 472,700

Principal and interest payments on the long-term debt are as follows:

Capital Loans	2013	2012
Principal	\$ 978,301	\$ 1,523,492
Interest	42,210	112,738
Total	\$ 1,020,511	\$ 1,636,230

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 at Aug. 31, 2013
Capital projects:				
Federal capital tuition	\$ 473,295	\$ 44,552	\$ -	\$ 517,847
Ministry of Education capital transfers	5,063,991	-	(5,063,991)	-
Total capital projects deferred revenue	5,537,286	44,552	(5,063,991)	517,847
Other deferred revenue:				
Early Childhood Intervention Programs	73,083	-	(73,083)	-
Tuition - International Students	-	44,427	-	44,427
Total other deferred revenue	73,083	44,427	(73,083)	44,427
Total Deferred Revenue	\$ 5,610,369	\$ 88,979	\$ (5,137,074)	\$ 562,274

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 & Early Learning Programs	Community Schools	Family School Liaisons	First Nations	2013	2012
Revenue:						
Operating Grants	\$ 552,964	\$ -	\$ -	\$ -	\$ 552,964	\$ 520,008
Other Ministry of Ed Grants	623,460	13,460	-	52,270	689,190	344,441
Other Provincial Grants	-	-	69,899	-	69,899	116,930
Other Grants	-	-	38,250	-	38,250	62,250
Tuition & Related Fees	-	-	41,800	-	41,800	47,250
Total Revenue	1,176,424	13,460	149,949	52,270	1,392,103	1,090,879
Expenses:						
Salaries & Benefits	1,023,844	117,360	508,777	-	1,649,981	1,460,577
Instructional Aids	59,711	-	827	1,076	61,614	13,005
Supplies and Services	9,447	13,460	64	65,953	88,924	113,959
Non-Capital Equipment	4,974	-	279	-	5,253	698
Capital Equipment	-	-	-	-	-	19,038
Building Operating Expenses	4,087	-	-	-	4,087	2,071
Communications	6,235	625	3,787	-	10,647	7,465
Travel	49,947	-	17,020	1,284	68,251	48,730
Student Related Expenses	5,454	-	-	-	5,454	3,961
Total Expenses	1,163,699	131,445	530,754	68,313	1,894,211	1,669,504
Excess (Deficiency) of Revenue over Expenses	\$ 12,725	\$ (117,985)	\$ (380,805)	\$ (16,043)	\$ (502,108)	\$ (578,625)

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

- **Pre-K (Prekindergarten)** is a developmentally-appropriate early childhood education program for three and four year old children. The school division has 8 programs being offered in 6 different schools as well as one Pre-K/K Pilot program.
- **Community School** is a program to recognize areas that have a high percentage of at risk students due to socio-economic factors. The school division has 1 Community School.
- **Family School Liaisons** liaise between home, school and community. Liaisons provide counselling for students and their parents pertaining to social emotional barriers that prevent students from realizing their full potential at school and within the community. The school division has 6.0 FTE's for Family School Liaisons.
- **First Nations** is a program instructed by a First Nations Elder to increase the knowledge of Nakota history, culture and language. The school division has 1 First Nations program being offered at 1 school.

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	Teacherages	2013	2012
Revenue:				
Sales & Rentals	398,954	22,027	420,981	385,584
Total Revenue	398,954	22,027	420,981	385,584
Expenses:				
Salaries & Benefits	161,350	-	161,350	154,898
Supplies and Services	308,200	10,874	319,074	271,943
Building Operating Expenses	-	12,082	12,082	18,599
Amortization of Tangible Capital Assets	-	3,634	3,634	6,278
Total Expenses	469,550	26,590	496,140	451,718
Excess (Deficiency) of Revenue over Expenses	\$ (70,596)	\$ (4,563)	\$ (75,159)	\$ (66,134)

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

- **Cafeterias** are offered in 2 schools within the school division, providing students the option of purchasing meals on site.
- **Teacherages** are housing owned by the school division. The school division owns 7 residences which are primarily rented to teachers.

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, and accumulated net remeasurement gains and losses.

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 as detailed in the Statement of Remeasurement Gains and Losses.

The school division does not maintain separate bank accounts for the internally restricted amounts.

14. ACCUMULATED SURPLUS (Continued)

Details of accumulated surplus from operations are as follows:

	August 31 2012	Additions during the year	Reductions during the year	August 31 2013
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 104,329,976	\$ 8,815,959	\$ (168,521)	\$ 112,977,414
Less: Debt owing on Tangible Capital Assets	1,451,001	-	(978,301)	472,700
	102,878,975	8,815,959	809,780	112,504,714
S.286 pre-April 2009 capital reserves (1)	3,802,971	-	(3,802,971)	-
PMR maintenance project allocations (2)	-	954,873	(148,120)	806,753
Unrestricted Surplus	14,699,144	2,974,386	-	17,673,530
Total Accumulated Surplus from Operations	\$ 121,381,090	\$ 12,745,218	\$ (3,141,311)	\$ 130,984,997

- (1) **S.286 pre-April 2009 Capital Reserves** represent capital reserves that were created by pre-April 2009 board of education motions that designated certain prior years' operating surpluses to be set aside for the purpose of future capital expenditures. Pursuant to S.286 of *The Education Act, 1995*, the school division is required to hold these reserves as a special fund for the purpose of constructing or acquiring any capital works that may be approved by the minister.
- (2) **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.

15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 21, 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 Government 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.

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.

16. RELATED PARTIES (Continued)

	2013	2012
Revenues:		
Ministry of Education	\$ 46,265,731	\$ 53,606,420
Ministry of Social Services	69,899	63,261
Holy Family RCSSD # 140	-	532,212
Southeast Regional College	43,094	152,133
Saskatchewan Worker's Compensation Board	37,841	57,146
Saskatchewan Government Insurance	455,598	356,623
Other Related Parties	7,000	12,500
	\$ 46,879,163	\$ 54,780,295
Expenses:		
Holy Family RCSSD # 140	\$ 277,554	\$ 278,554
Ministry of Finance	23,715	12,819
Sask Power	2,576,860	2,344,020
Sask Tel	899,455	827,202
Sask Ed Leadership Unit	7,517	31,490
Saskatchewan Worker's Compensation Board	146,564	177,460
Saskatchewan Government Insurance	117,880	100,817
Southeast Regional College	18,940	89,723
Other Related Parties	39,841	35,820
	\$ 4,108,326	\$ 3,897,905
Accounts Receivable:		
Ministry of Education	\$ 587,599	\$ 2,087,702
Southeast Regional College	-	554,993
Holy Family RCSSD # 140	-	531,712
	\$ 587,599	\$ 3,174,407
Provincial Grant Overpayment:		
Ministry of Education	\$ -	\$ 1,572,745
	\$ -	\$ 1,572,745
Accounts Payable and Accrued Liabilities:		
Holy Family RCSSD # 140	\$ -	\$ 277,554
Sask Power	1,090	100,249
Sask Tel	208,304	86,832
Other Related Parties	1,170	1,194
	\$ 210,564	\$ 465,829
Deferred Revenue:		
Ministry of Education	\$ -	\$ 5,137,074
	\$ -	\$ 5,137,074

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.

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

16. RELATED PARTIES (Continued)

Other transactions with related parties and amounts due to/from them are described separately in the financial statements or notes thereto.

17. TRUSTS

The school division, as the trustee, administers trust funds for student scholarships. The trust assets and transactions are not included in the financial statements.

Information about these trusts is as follows:

	Total	Total
	2013	2012
Cash and short-term investments	\$ 730,191	\$ 737,190
Portfolio investments	28,385	-
Total Assets	\$ 758,576	\$ 737,190
Revenues		
Contributions and donations	\$ 36,368	\$ 6,800
Interest on investments	9,652	10,302
	46,020	17,102
Expenses		
Scholarships Issued	24,634	25,783
	24,634	25,783
Excess of Revenue over Expenses	21,386	(8,682)
Trust Fund Balance, Beginning of Year	737,190	745,872
Trust Fund Balance, End of Year	\$ 758,576	\$ 737,190

18. CONTINGENT LIABILITIES

Litigation:

The school division has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability that may result. The school division's share of settlement, if any, will be charged to expenses in the year in which the related litigation is settled.

19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the school division are as follows (*provide details as appropriate*):

- Construction contract # 1 with HDH Architects and Quorex Construction Services for the remodeling of Weyburn Comprehensive High School in the amount of \$25,952,094. At August 31, 2013, 90.33% of this contract has been completed. The project is estimated to be completed by December 31, 2013.

19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (Continued)

- operating and capital lease obligations, as follows:

	Operating Leases		
	Office Rental	Copier Leases	Total Operating
Future minimum lease payments:			
2014	\$ 23,409	\$ 200,489	\$ 223,898
2015	18,653	200,489	219,142
2016	-	200,489	200,489
2017	-	200,489	200,489
Interest and executory costs	\$ 42,062	\$ 801,956	\$ 844,018
	-	-	-
Total Lease Obligations	\$ 42,062	\$ 801,956	\$ 844,018

20. 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 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 Remeasurment Gains and Losses.

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.

20. ACCOUNTING CHANGES (Continued)

PS3041 Portfolio Investments

The school division adopted the new PS3041 Portfolio Investments standard in 2013. 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 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.

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

20. ACCOUNTING CHANGES (Continued)

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.

Previously, government transfers (grants) that restricted how those resources were to be used were deferred and recognized in revenue as the related expenses or expenditures were incurred. The adoption of the new PS3410 required that the school division assess government transfers (grants) received to determine if they meet the requirement for deferral as a liability, in accordance with the new standard. The impact to the school division resulting from the adoption of the new PS3410 standard is as follows:

- In 2012-2013 we had a deferred capital grant of \$5,063,991 for the Weyburn Comprehensive capital project. These funds are now fully recognized in revenue.
- In 2012-2013 we had deferred revenue of \$73,083 for early childhood programs. These funds are now recognized in the year funds are received.
- We have received \$75,385 from the Kids First Program to operate in the 2013-2014 year but all funds are recognized when received.

21. 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. 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 of Doubtful Accounts	Accounts Receivable	Allowance of Doubtful Accounts
Current	\$ 587,599	\$ -	\$ 2,619,414	\$ -
0-30 days	569,903	-	614,969	-
30-60 days	24,823	-	583,223	-
60-90 days	39,820	-	9,157	-
Over 90 days	486,782	-	780,692	-
Total	\$ 1,708,927	\$ -	\$ 4,607,455	\$ -
Net		\$ 1,708,927		\$ 4,607,455

21. RISK MANAGEMENT (Continued)

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 performing quarterly forecasts and reports as well as maintaining an operating line of credit as a temporary means of meeting the financial obligations. 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
Bank indebtedness	\$ 12,543,217	\$ -	\$ -	-
Provincial grant overpayment	-	-	-	-
Accounts payable and accrued liabilities	2,478,081	-	-	-
Short term loans	-	-	-	-
Long term debt	242,374	157,806	72,520	-
Total	\$ 15,263,672	\$ 157,806	\$ 72,520	\$ -

iii) Market Risk

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

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, portfolio investments, and bank indebtedness. The school division also has an authorized bank line of credit of \$ 20,000,000 with interest payable monthly at a rate of prime less 0.025 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. The balance outstanding on this credit facility at August 31, 2013 was \$ 12,543,217 (2012 - \$ 5,670,647).

The school division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency
- managing cash flows to minimize utilization of its bank line of credit

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. As at August 31, 2013 the school division had a cash balance of \$636 denominated in U.S. dollars and converted to Canadian dollars at \$1.0652 USD - \$677 CAD.