

BAERT CAMERON ODISHAW LA COCK
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Directors
Ile-a-la Crosse School Division No. 112
Ile-a-la Crosse, Saskatchewan

We have audited the accompanying financial statements of Ile-a-la Crosse School Division No. 112, which comprise the statement of financial position as at August 31, 2014, the statements of operations and accumulated surplus from operations, 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.

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 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 auditors' 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 Ile-a-la Crosse School Division No. 112 as at August 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

North Battleford, Saskatchewan
December 8, 2014


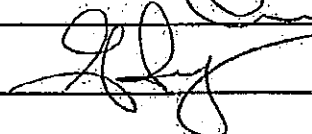
Ile a la Crosse School Division No. 112
Statement of Financial Position
as at August 31, 2014

	2014	2013
Financial Assets		
Cash and Cash Equivalents	2,264,055	3,015,560
Accounts Receivable (Note 7)	1,011,885	157,402
Portfolio Investments (Note 3)	1,006,628	1,006,628
Total Financial Assets	4,282,568	4,179,590
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	194,913	22,919
Liability for Employee Future Benefits (Note 5)	54,400	53,900
Total Liabilities	249,313	76,819
Net Financial Assets	4,033,255	4,102,771
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	18,227,581	17,350,208
Prepaid Expenses	74,245	24,841
Total Non-Financial Assets	18,301,826	17,375,050
Accumulated Surplus (Note 11)	22,335,082	21,477,821

Contractual Obligations and Commitments (Note 14)

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

Approved by the Board:


 _____ Chairperson

 _____ Chief Financial Officer

Ile a la Crosse School Division No. 112
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2014

	2014 Budget (Note 12)	2014 Actual	2013 Actual
REVENUES			
Property Taxation	167,482	194,243	191,450
Grants	6,331,670	6,731,629	5,177,986
Tuition and Related Fees	-	18	19,717
School Generated Funds	50,000	75,132	48,290
Complementary Services (Note 9)	337,053	268,494	309,238
External Services (Note 10)	584,422	218,891	319,878
Other	117,528	158,985	175,300
Total Revenues (Schedule A)	7,588,155	7,647,392	6,241,859
EXPENSES			
Governance	154,709	130,145	167,339
Administration	446,423	430,095	407,233
Instruction	3,722,452	3,672,768	3,423,481
Plant	1,364,274	1,454,460	1,273,528
Transportation	281,257	263,533	219,107
School Generated Funds	50,000	83,281	79,821
Complementary Services (Note 9)	409,987	399,733	420,655
External Services (Note 10)	375,730	355,544	361,813
Other Expenses	150	572	384
Total Expenses (Schedule B)	6,804,982	6,790,131	6,353,361
Operating Surplus (Deficit) for the Year	783,173	857,261	(111,502)
Accumulated Surplus-from Operations, Beginning of Year	21,477,821	21,477,821	21,589,323
Accumulated Surplus from Operations, End of Year	22,260,994	22,335,082	21,477,821

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

Ile a la Crosse School Division No. 112
Statement of Changes in Net Financial Assets
for the year ended August 31, 2014

	2014 Budget (Note 12)	2014 Actual	2013 Actual
Net Financial Assets, Beginning of Year	4,102,771	4,102,771	3,994,867
Changes During the Year:			
Operating Surplus (Deficit) for the Year	783,173	857,261	(111,502)
Acquisition of Tangible Capital Assets (Schedule C)	(1,811,123)	(1,523,972)	(410,579)
Amortization of Tangible Capital Assets (Schedule C)	(719,300)	646,599	630,281
Net Change in Other Non-Financial Assets	-	(49,404)	(295)
Change in Net Financial Assets	(1,747,250)	(69,516)	107,904
Net Financial Assets, End of Year	2,355,521	4,033,255	4,102,771

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

Ile a la Crosse School Division No. 112

Statement of Cash Flows
for the year ended August 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Operating Surplus (Deficit) for the Year	857,261	(111,502)
Add Non-Cash Items Included in Surplus / Deficit (Schedule D)	646,599	630,281
Net Change in Non-Cash Operating Activities (Schedule E)	(731,393)	(61,997)
Cash Provided by Operating Activities	772,467	456,782
CAPITAL ACTIVITIES		
Cash (Used) to Acquire Tangible Capital Assets	(1,523,972)	(410,579)
Cash (Used) by Capital Activities	(1,523,972)	(410,579)
INVESTING ACTIVITIES		
Proceeds on Disposal of Portfolio Investments	-	655
Cash Provided by Investing Activities	-	655
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(751,505)	46,857
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,015,560	2,968,703
CASH AND CASH EQUIVALENTS, END OF YEAR	2,264,055	3,015,560

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

Ile a la Crosse School Division No. 112
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	167,482	155,600	165,572
Total Property Tax Revenue	167,482	155,600	165,572
Grants in Lieu of Taxes:			
Federal Government	-	6,839	2,242
Provincial Government	-	2,096	6,585
Total Grants in Lieu of Taxes	-	8,935	8,827
Additions to Levy:			
Penalties	-	30,348	28,037
Total Additions to Levy	-	30,348	28,037
Deletions from Levy:			
Cancellations	-	(1,172)	(11,047)
Other Deletions	-	532	61
Total Deletions from Levy	-	(640)	(10,986)
Total Property Taxation Revenue	167,482	194,243	191,450
Grants:			
Operating Grants			
Ministry of Education Grants:			
Operating Grant	5,590,775	5,565,111	5,097,305
Other Ministry Grants	-	48,132	40,685
Total Ministry Grants	5,590,775	5,613,243	5,137,990
Other Provincial Grants	-	17,500	-
Total Operating Grants	5,590,775	5,630,743	5,137,990
Capital Grants			
Ministry of Education Capital Grants	740,895	1,100,886	39,996
Total Capital Grants	740,895	1,100,886	39,996
Total Grants	6,331,670	6,731,629	5,177,986

Ile a la Crosse School Division No. 112
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
Individuals and Other	-	18	-
Total Tuition Fees	-	18	-
Other Related Fees	-	-	19,717
Total Operating Tuition and Related Fees	-	18	19,717
Total Tuition and Related Fees Revenue	-	18	19,717
School Generated Funds Revenue			
Non-Curricular Fees:			
Fundraising	50,000	75,132	47,870
Grants and Partnerships	-	-	420
Total Non-Curricular Fees	50,000	75,132	48,290
Total School Generated Funds Revenue	50,000	75,132	48,290
Complementary Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	193,116	193,116	192,444
Other Ministry Grants	88,000	20,000	78,489
Other Grants	48,937	44,350	28,750
Total Operating Grants	330,053	257,466	299,683
Fees and Other Revenue			
Other Revenue	7,000	11,028	9,555
Total Fees and Other Revenue	7,000	11,028	9,555
Total Complementary Services Revenue	337,053	268,494	309,238

Ile a la Crosse School Division No. 112
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
External Services			
Operating Grants:			
Ministry of Education Grants:			
Other Ministry Grants	-	-	50,000
Other Grants	115,000	79,718	115,500
Total Operating Grants	115,000	79,718	165,500
Capital Grants			
Ministry of Education Capital Grants	342,422	-	-
Total Capital Grants	342,422	-	-
Fees and Other Revenue			
Other Revenue	127,000	139,173	154,378
Total Fees and Other Revenue	127,000	139,173	154,378
Total External Services Revenue	584,422	218,891	319,878
Other Revenue			
Miscellaneous Revenue	37,500	36,569	30,605
Sales & Rentals	55,028	82,221	101,197
Investments	25,000	38,191	43,498
Gain on Disposal of Capital Assets	-	2,004	-
Total Other Revenue	117,528	158,985	175,300
TOTAL REVENUE FOR THE YEAR	7,588,155	7,647,392	6,241,859

Ile a la Crosse School Division No. 112
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Governance Expense			
Board Members Expense	82,345	86,015	124,783
Professional Development- Board Members	68,864	25,495	34,907
Advisory Committees	-	2,541	-
Elections	-	-	2,459
Other Governance Expenses	3,500	16,094	5,190
Total Governance Expense	154,709	130,145	167,339
Administration Expense			
Salaries	307,280	283,546	309,908
Benefits	45,668	27,616	32,074
Supplies & Services	26,875	75,799	25,246
Non-Capital Furniture & Equipment	9,200	8,559	6,669
Building Operating Expenses	9,900	6,959	6,743
Communications	11,900	12,118	6,205
Travel	22,000	5,830	10,203
Professional Development	6,000	2,098	2,615
Amortization of Tangible Capital Assets	7,600	7,570	7,570
Total Administration Expense	446,423	430,095	407,233
Instruction Expense			
Instructional (Teacher Contract) Salaries	2,462,350	2,392,838	2,374,030
Instructional (Teacher Contract) Benefits	126,800	117,982	116,485
Program Support (Non-Teacher Contract) Salaries	412,586	362,951	359,157
Program Support (Non-Teacher Contract) Benefits	99,777	91,468	90,385
Instructional Aids	127,299	141,071	95,651
Supplies & Services	179,500	113,253	115,539
Non-Capital Furniture & Equipment	23,900	57,490	25,468
Communications	10,150	16,092	14,085
Travel	2,100	22,332	20,810
Professional Development	51,900	41,101	43,962
Student Related Expense	124,970	217,094	73,256
Amortization of Tangible Capital Assets	101,120	99,096	94,653
Total Instruction Expense	3,722,452	3,672,768	3,423,481

Ile a la Crosse School Division No. 112
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Plant Operation & Maintenance Expense			
Salaries	280,930	354,483	352,003
Benefits	71,500	61,891	65,602
Supplies & Services	69,500	59,503	44,106
Non-Capital Furniture & Equipment	11,000	7,491	4,507
Building Operating Expenses	485,944	548,489	401,239
Communications	2,900	2,609	2,476
Travel	12,500	21,398	10,498
Professional Development	1,000	-	406
Amortization of Tangible Capital Assets	429,000	398,596	392,691
Total Plant Operation & Maintenance Expense	1,364,274	1,454,460	1,273,528
Student Transportation Expense			
Salaries	95,407	74,840	77,029
Benefits	25,100	13,872	17,530
Supplies & Services	48,500	57,479	48,214
Non-Capital Furniture & Equipment	25,000	42,559	10,615
Building Operating Expenses	-	4,818	425
Communications	1,250	438	432
Travel	2,000	126	972
Professional Development	-	-	163
Contracted Transportation	-	-	390
Amortization of Tangible Capital Assets	84,000	69,401	63,337
Total Student Transportation Expense	281,257	263,533	219,107
School Generated Funds Expense			
Supplies & Services	-	19,250	22,805
School Fund Expenses	49,300	64,031	56,494
Amortization of Tangible Capital Assets	700	-	522
Total School Generated Funds Expense	50,000	83,281	79,821

Ile a la Crosse School Division No. 112
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Complementary Services Expense			
Instructional (Teacher Contract) Salaries & Benefits	191,680	217,753	215,679
Program Support (Non-Teacher Contract) Salaries & Benefits	105,597	99,383	77,591
Plant Operation & Maintenance Salaries & Benefits	-	507	9,124
Transportation Salaries & Benefits	-	-	-
Instructional Aids	42,580	45,280	40,533
Supplies & Services	9,000	5,657	9,752
Non-Capital Furniture & Equipment	4,000	1,790	375
Building Operating Expenses	12,550	9,806	45,339
Communications	2,800	2,253	2,669
Travel	-	2,647	2,262
Professional Development (Non-Salary Costs)	5,900	2,648	3,631
Student Related Expenses	26,100	1,101	3,135
Contracted Transportation & Allowances	5,000	4,875	5,010
Amortization of Tangible Capital Assets	4,780	6,033	5,555
Total Complementary Services Expense	409,987	399,733	420,655
External Service Expense			
Instructional (Teacher Contract) Salaries & Benefits	108,030	108,177	108,043
Instructional Aids	3,250	-	3,567
Supplies & Services	5,300	366	9,462
Non-Capital Furniture & Equipment	4,300	11,902	2,099
Building Operating Expenses	151,400	154,077	157,340
Communications	3,000	3,363	3,254
Travel	-	1,256	4,148
Professional Development (Non-Salary Costs)	900	-	1,697
Student Related Expenses	7,450	10,500	6,250
Amortization of Tangible Capital Assets	92,100	65,903	65,953
Total External Services Expense	375,730	355,544	361,813

Ile a la Crosse School Division No. 112
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<hr/>			
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	150	572	384
Total Interest and Bank Charges	150	572	384
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Total Other Expense	150	572	384
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TOTAL EXPENSES FOR THE YEAR	6,804,982	6,790,131	6,353,361
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Ile a la Crosse School Division No. 112

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2014**

	Land		Buildings		School	Other	Furniture and	Computer Hardware and	Assets Under		
	Land	Improvements	Buildings	Short term	Buses	Vehicles	Equipment	Audio Equipment	Construction	2014	2013
Tangible Capital Assets - at Cost:											
Opening Balance as of September 1	124,339	156,201	18,323,741	1,111,491	362,694	259,548	1,033,128	301,874	74,000	21,747,016	21,336,437
Additions/Purchases	-	187,910	535,632	9,551	200,318	31,944	22,109	6,544	529,963	1,523,972	410,579
Disposals	-	-	-	-	(172,535)	-	-	-	-	(172,535)	-
Closing Balance as of August 31	124,339	344,111	18,859,373	1,121,042	390,478	291,492	1,055,237	308,418	603,963	23,098,453	21,747,016
Tangible Capital Assets - Amortization:											
Opening Balance as of September 1	-	73,528	2,552,627	532,486	251,475	167,105	607,346	212,241	-	4,396,808	3,766,527
Amortization of the Period	-	7,810	368,801	51,895	28,312	58,298	92,923	38,559	-	646,599	630,281
Disposals	-	-	-	-	(172,535)	-	-	-	-	(172,535)	-
Closing Balance as of August 31	N/A	81,338	2,921,428	584,381	107,253	225,403	700,269	250,800	N/A	4,870,872	4,396,808
Net Book Value:											
Opening Balance as of September 1	124,339	82,673	15,771,114	579,005	111,219	92,443	425,782	89,633	74,000	17,350,208	17,569,910
Closing Balance as of August 31	124,339	262,773	15,937,945	536,661	283,225	66,088	354,969	57,618	603,963	18,227,581	17,350,208
Change in Net Book Value	-	180,100	166,831	(42,344)	172,006	(26,355)	(70,813)	(32,015)	529,963	877,373	(219,702)
Disposals:											
Historical Cost	-	-	-	-	172,535	-	-	-	-	172,535	-
Accumulated Amortization	-	-	-	-	172,535	-	-	-	-	172,535	-
Net Cost	-	-	-	-	-	-	-	-	-	-	-
Price of Sale	-	-	-	-	-	-	-	-	-	-	-
Gain/loss on Disposal	-	-	-	-	-	-	-	-	-	-	-

Ile a la Crosse School Division No. 112
Schedule D: Non-Cash Items Included in Surplus / Deficit
for the year ended August 31, 2014

	2014	2013
Non-Cash Items Included in Surplus / Deficit:		
Amortization of Tangible Capital Assets (Schedule C)	646,599	630,281
Total Non-Cash Items Included in Surplus / Deficit	646,599	630,281

Ile a la Crosse School Division No. 112
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2014

	2014	2013
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	(854,483)	51,231
Increase In Accounts Payable and Accrued Liabilities	171,994	1,367
Increase (Decrease) in Liability for Employee Future Benefits	500	(4,300)
(Decrease) in Deferred Revenue	-	(110,000)
(Increase) in Prepaid Expenses	(49,404)	(295)
Total Net Change in Non-Cash Operating Activities	(731,393)	(61,997)

ILE-A-LA-CROSSE SCHOOL DIVISION NO. 112
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2014

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 Ile-a-la-Crosse School Division No. 112" and operates as "the Ile-a-la-Crosse School Division No. 112". 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 the Chartered Professional Accountants of Canada (CPA Canada).

Significant aspects of the accounting policies adopted by the school division are as follows:

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

In 2014, the school division adopted the new PSA standard PS3260 Liability for Contaminated Sites.

Detailed information on the impact of the adoption of this new PSA standard is provided in Note 15 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.

ILE-A-LA-CROSSE SCHOOL DIVISION NO. 112
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2014

d) Measurement Uncertainty and the Use of Estimates

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 \$ 54,400 (2013 - \$ 53,900) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 194,243 (2013 - \$ 191,450) because final tax assessments may differ from initial estimates.
- allowance for uncollectible taxes of \$ 469,278 (2013 - \$ 469,278) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related amortization for land improvements, buildings, vehicles, furniture and equipment because these assets may become obsolete prior to the end of their estimated lives.

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.

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, and accounts payable.

All 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 and accumulated surplus from operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized

ILE-A-LA-CROSSE SCHOOL DIVISION NO. 112
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2014

in the statement of operations and accumulated surplus from operations in the period the gain or loss occurs.

f) 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, 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 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 and capital 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 deposit with CIBC. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (e).

g) 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 and land improvements, buildings, short-term buildings, school buses, other vehicles, furniture and equipment, computer hardware, audio visual equipment, 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,

ILE-A-LA-CROSSE SCHOOL DIVISION NO. 112
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2014

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:

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

Assets under construction are not amortized until completed and placed into service for use.

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.

Prepaid Expenses are prepaid amounts for insurance premiums which will provide economic benefits in one or more future periods.

h) 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.

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.

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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. Actuarial valuations are performed periodically using assumptions including discount rate, inflation, salary escalation, termination and retirement rates and mortality. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups.

i) 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 Saskatchewan Teachers' Retirement Plan (STRP). The school division's obligation for this plan is limited to collecting and remitting contributions of the employees at rates determined by the plan.
- 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.

j) 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 revenues include the following:

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with 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. For transfers with stipulations, revenue is recognized in the statement of operations and accumulated surplus from operations as the stipulation liabilities are settled.

ii) Property Taxation:

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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.

iv) Interest Income

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

k) Statement of Remeasurement Gain And Losses

The school division has not presented a statement of remeasurement of gains or losses because it does not have financial instruments that give rise to remeasurement of gains or losses.

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3. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2014	2013
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
Term deposits (CIBC)	\$ 1,006,628	\$ 1,006,628
Total portfolio investments	\$ 1,006,628	\$ 1,006,628

4. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2014 Budget	2014 Actual	2013 Actual
Governance	\$ 86,015	\$ 44,130	\$ -	\$ -	\$ 154,509	\$ 130,145	\$ 167,339
Administration	311,162	111,363	-	7,570	446,423	430,095	407,233
Instruction	3,106,310	467,362	-	99,096	3,722,452	3,672,768	3,423,481
Plant	416,169	639,695	-	398,596	1,364,274	1,454,460	1,273,528
Transportation	88,712	105,420	-	69,401	281,257	263,533	219,107
School Generated Funds	-	83,281	-	-	50,000	83,281	79,821
Complementary Services	317,643	76,057	-	6,033	409,987	399,733	420,655
External Services	108,177	181,464	-	65,903	375,730	355,544	361,813
Other	-	-	572	-	150	572	384
TOTAL	\$ 4,434,188	\$ 1,708,772	\$ 572	\$ 646,599	\$ 6,804,782	\$ 6,790,131	\$ 6,353,361

5. 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, severance benefits and retirement gratuity. Significant assumptions include discount rate, inflation and salary scale. 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.

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Details of the employee future benefits are as follows:

	2014	2013
	31-Aug-14	31-Aug-13
Actuarial valuation date		
Long-term assumptions used:		
Salary escalation rate (percentage)	3.25	3.25
Discount rate (percentage)	2.80	3.50
Inflation rate (percentage)	2.25	2.25
Expected average remaining service life (years)	13	13

Liability for Employee Future Benefits	2014	2013
Accrued Benefit Obligation - beginning of year	\$ 60,100	\$ 70,200
Current period benefit cost	4,800	5,200
Interest cost	2,100	1,900
Benefit payments	(7,100)	(12,500)
Actuarial gains / losses	3,800	(4,700)
Accrued Benefit Obligation - end of year	63,700	60,100
Unamortized Net Actuarial Losses	(9,300)	(6,200)
Liability for Employee Future Benefits	\$ 54,400	\$ 53,900

Employee Future Benefits Expense	2014	2013
Current period benefit cost	\$ 4,800	\$ 5,200
Amortization of net actuarial loss	700	1,100
Benefit cost	5,500	6,300
Interest cost on unfunded employee future benefits obligation	2,100	1,900
Total Employee Future Benefits Expense	\$ 7,600	\$ 8,200

6. 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):

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

The STRP is funded by contributions by the participating employee members and the Government of Saskatchewan. The school division's obligation to the STRP is limited to collecting and remitting contributions of the employees at rates determined by the plan. Accordingly, these financial statements do not include any expense for employer contributions to the plan. Net pension assets or

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liabilities for this plan is not reflected in these financial statements as ultimate responsibility for retirement benefits rests with the Saskatchewan Teachers' Federation .

Details of the contributions to this plan for the school division's employees is as follows:

	2014		2013
	STRP	TOTAL	TOTAL
Number of active School Division members	49	49	49
Member contribution rate (percentage of salary)	10.00%	10.00%	10.00%
Member contributions for the year	\$209,702	\$209,702	\$213,387

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.

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Details of the MEPP are as follows:

	2014	2013
Number of active School Division members	34	34
Member contribution rate (percentage of salary)	8.15%	8.15%
School Division contribution rate (percentage of salary)	8.15%	8.15%
Member contributions for the year	\$ 65,160	\$ 67,075
School Division contributions for the year	\$ 65,813	\$ 68,075
Actuarial valuation date	Dec-31-2013	Dec-31-2012 (Restated)
Plan Assets (in thousands)	\$ 1,685,167	\$ 1,560,967
Plan Liabilities (in thousands)	\$ 1,498,853	\$ 1,420,319
Plan Surplus (in thousands)	\$ 186,314	\$ 140,648

7. 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:

	2014			2013		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 636,854	\$ 469,278	\$ 167,576	\$ 567,560	\$ 469,278	\$ 98,282
Provincial Grants Receivable	744,389	-	744,389	-	-	-
Other Receivables	99,920	-	99,920	59,120	-	59,120
Total Accounts Receivable	\$ 1,481,163	\$ 469,278	\$ 1,011,885	\$ 626,680	\$ 469,278	\$ 157,402

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2014	2013
Accrued Salaries and Benefits	\$ 63,816	\$ 22,919
Supplier Payments	131,097	-
Total Accounts Payable and Accrued Liabilities	\$ 194,913	\$ 22,919

9. 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 2014 and 2013:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community and Inter-Agency Liaison	Nutrition	Other Programs	2014	2013
Revenue:						
Operating Grants	\$ 193,116	\$ 44,350	-	\$ 20,000	\$ 257,466	\$ 299,833
Fees and Other Revenue	-	-	11,028	-	11,028	9,405
Total Revenue	193,116	44,350	11,028	20,000	268,494	309,238
Expenses:						
Salaries & Benefits	133,905	42,954	17,128	123,656	317,643	302,396
Instructional Aids	284	4,953	-	420	5,657	379
Supplies and Services	10,831	1,782	24,403	8,264	45,280	42,103
Non-Capital Equipment	-	-	-	1,790	1,780	375
Building Operating Expenses	-	-	-	9,806	9,806	45,338
Communications	-	297	-	1,956	2,253	2,669
Travel	-	-	-	2,647	2,647	2,262
Professional Development (Non-Salary Costs)	-	1,415	25	1,208	2,648	3,630
Student Related Expenses	-	738	-	363	1,101	10,935
Contacted Transportation & Allowances	4,875	-	-	-	4,875	5,010
Amortization of Tangible Capital Assets	3,815	26	92	2,100	6,033	5,556
Total Expenses	153,710	52,165	41,648	152,210	399,733	420,655
Excess (Deficiency) of Revenue over Expenses	\$ 39,406	\$ (7,815)	\$ (30,620)	\$ (132,210)	\$ (131,239)	\$ (111,417)

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

Pre-K – Is an early childhood education program supporting vulnerable three and four year old children and their families. It is a partnership between the Government of Saskatchewan, the boards of education and communities.

Community and Inter-agency Liaison – The purpose of the Northern Community & the School Recreation Coordinator Program is to enhance the quality and life for northerners through the provision of community based sport, culture and recreation programs after school, in the evenings, on weekends and at community and school special events.

Nutrition - To deliver services in accordance with the Child Nutrition and Development Program with support from the Ministry of Education, Breakfast For Learning, businesses and members within the community to promote good nutrition practices for children, help develop independent living skills for children and families and provide opportunities for communities to take ownership of local food security initiatives that enhance child nutrition and development.

Elders, Storefront and Outdoor Learning – Given the demographics of the school division the purpose of these programs is to inspire goals of “Inspiring Success” through “WISE” (holistic inclusive student engagement) outlined in our First Nations and Métis Education Plan and an outreach program (Storefront) designed to teach basic living and education for teenagers that are from grade 10 to grade 12.

Literacy Camps - The Northern Summer Literacy Camps with support from the Ministry of Education and Frontier College provides continuity in the literacy development of our young people over the summer months. We see the Camps as a significant strategy for addressing the literacy and achievement outcomes of northern/Aboriginal students.

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10. 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 2014 and 2013:

Summary of External Services Revenues and Expenses, by Program	Adult Education	Teacherages	Other Programs	2014	2013
Revenue:					
Operating Grants	\$ -	\$ -	\$ 79,718	\$ 79,718	\$ 165,520
Fees and Other Revenue	-	139,173	-	139,173	154,358
Total Revenue	-	139,173	79,718	218,891	319,878
Expenses:					
Salaries & Benefits	108,177	-	-	108,177	108,043
Instructional Aids	-	-	-	-	1,672
Supplies and Services	-	-	366	366	2,261
Non-Capital Equipment	-	10,811	1,091	11,902	2,099
Building Operating Expenses	-	146,001	8,076	154,077	151,194
Communications	-	-	3,363	3,363	7,481
Travel	-	-	1,256	1,256	6,067
Professional Development	-	-	-	-	1,697
Student Related Expenses	750	-	9,750	10,500	6,250
Contacted Transportation &	-	-	-	-	9,096
Amortization of Tangible Capital	68	55,701	10,134	65,903	65,953
Total Expenses	108,995	212,513	34,036	355,544	361,813
Excess (Deficiency) of Revenue over Expenses	\$ (108,995)	\$ (73,340)	\$ 45,682	\$ (136,653)	\$ (41,935)

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

Adult Education - The clientele targeted for participation in this program consists of five major groups within the community of Ile-a-la Crosse. These groups are: young mothers who need daycare for their children, students who are not attending Rossignol School because they have been unsuccessful in a structured, school setting, ages 16 – 21, young adults who have dropped out of school and have been out of school for at least one year and meet the criteria for classification as adult students, adults from the community who wish to take Adult 12 and students who need only one or two classes to graduate from Grade 12. This program runs in partnership with Gabriel Dumont Institute/Dumont Technical Institute and Northlands College.

Teacherages – Teacher residences with operational rent and expenses to maintain and retain qualified educators.

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Future Education – This year the program held was “Women in Industrial Trades” in partnership with Northlands College.

Other Programs – Include learning opportunity grants available through the sponsorship of a school division and contributions of the school division to offset and maintain the expenses of a public library within the community.

11. 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.

Certain amounts of the accumulated surplus from operations, as approved by the board of education, have been designated for specific future purposes such capital projects and school generated funds. 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.

Details of accumulated surplus from operations are as follows:

	August 31 2013	Additions during the year	Reductions during the year	August 31 2014
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 17,350,207	\$ 1,523,973	\$ 646,599	\$ 18,227,581
	17,350,207	1,523,973	646,599	18,227,581
S.286 pre-April 2009 capital reserves (1)	1,894,199	-	-	1,894,199
PMR maintenance project allocations (2)	37,897	48,376	37,897	48,376
Internally Restricted Surplus:				
Capital projects:				
Designated for tangible capital asset expenditures	470,733	-	-	470,733
	470,733	-	-	470,733
Other:				
School generated funds	23,356	-	-	23,356
School budget carryovers	632,505	-	42,864	589,641
	655,861	-	42,864	612,997
Unrestricted Surplus	1,068,923	852,227	839,954	1,081,196
Total Accumulated Surplus from Operations	\$ 21,477,821	\$ 2,424,576	\$ 1,567,314	\$ 22,335,082

- (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

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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.

The purpose and nature of each Internally Restricted Surplus amounts are as follows:

- Equipment Capital Reserve represents funds to replace capital equipment including school buses
- Computer Equipment Capital Reserve are funds held for the replacement of computer and network hardware
- Playground Capital Reserve represents funds for the replacement of outdoor play structures and facilities such as track, ball diamonds or basketball courts.
- General Capital reserve are funds set aside to meet unforeseen capital needs of the school division
- School Generated Funds carry over are school based funds that are carried over from fiscal year to year to be utilized for the purpose the funds were generated for.
- School Budget carry overs are unexpended school budget allocations that are carried over from year to year.

12. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 4, 2013 and the Minister of Education on August 23, 2013.

Budget figures are reported for information purposes only and are not included in the scope of the external audit.

13. 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.

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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.

	2014	2013
Revenues:		
Ministry of Education	\$ 6,919,733	\$ 5,408,234
Northlands College	17,500	89,907
Ministry of Finance	2,096	8,917
Creighton School Division	-	500
Northern Lights School Division	-	2,523
Saskatchewan Liquor and Gaming	-	420
Keewatin Yathe Regional Health Authority	16,483	85,013
Saskatchewan Government Insurance	18	2,619
<i>Tourism Saskatchewan</i>	2,400	2,400
	\$6,958,230	\$ 5,600,533
Expenses:		
Keewatin Yathe Regional Health Authority	\$ 133,624	\$ 80,511
Ministry of Finance	75	300
Northwest School Division	-	8,183
Northlands College	500	125
Northern Lights School Division	2,853	9,922
Saskatchewan Government Insurance	14,101	7,537
Saskatchewan Power	242,979	239,078
Saskatchewan Telecommunications	-	18,965
Saskatchewan Rivers School Division	-	1,639
Saskatchewan Workers Compensation	13,312	11,467
	\$ 407,444	\$ 377,727
Accounts Receivable:		
Keewatin Yathe Regional Health Authority	\$ -	\$ 15,500
Ministry of Education	744,389	-
	\$ 744,389	\$ 15,500

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

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14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the school division are as follows :

- operating lease obligations, as follows:

Operating Leases				
	Copier Leases	Cell Alarm Postage	Land lease	Total Lease Obligations
Future minimum lease payments:				
2015	\$ 2,394	\$ 1,170	\$ 55	\$ 3,619
2016	2,394	570	55	3,019
2017	-	-	55	55
2018	-	-	55	55
2019	-	-	55	55
Thereafter	-	-	220	220
Total Lease Obligations	\$ 4,788	\$ 1,740	\$ 495	\$ 7,023

15. ACCOUNTING CHANGES

PS 3260 Liability for Contaminated Sites

On September 1, 2013, the school division adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the school division:
 - directly responsible; or
 - accepts responsibility
- the school division expects that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the school division's 2014 financial statements

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16. 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.

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. 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 other accounts receivable at August 31, 2014 and August 31, 2013 was:

	August 31, 2014			August 31, 2013		
	Accounts Receivable	Allowance for Doubtful Accounts	Net of Allowances	Accounts Receivable	Allowance for Doubtful Accounts	Net of Allowances
Current	\$ 99,920	\$ -	\$ 99,920	\$ 59,120	\$ -	\$ 59,120
0-30 days	-	-	-	-	-	-
30-60 days	-	-	-	-	-	-
60-90 days	-	-	-	-	-	-
Over 90 days	-	-	-	-	-	-
Total	\$ 99,920	\$ -	\$ 99,920	\$ 59,120	\$ -	\$ 59,120

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 to meet operational requirements. The following table sets out the contractual maturities of the school division's financial liabilities:

	August 31, 2014			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 194,913	-	-	-
Total	\$ 194,913	\$ -	\$ -	\$ -

iii) Market Risk

The school division is exposed to market risks with respect to interest rates as follows:

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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 the portfolio of investments.

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

17. COMPARATIVE INFORMATION

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