

## Independent Auditors' Report

To the Board of Education of Northern Lights School Division #113:

We have audited the accompanying financial statements of Northern Lights School Division #113, which comprise the statement of financial position as at August 31, 2014, and the statements of operations and accumulated surplus from operations, changes in net financial assets, cash flows and supporting schedules 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 Northern Lights School Division #113 as at August 31, 2014, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*MNP LLP*

November 25, 2014

Prince Albert, Saskatchewan

Chartered Accountants

**Northern Lights School Division No. 113**  
**Statement of Financial Position**  
**as at August 31, 2014**

	2014	2013
<b>Financial Assets</b>		
Cash and Cash Equivalents	877,163	1,982,774
Accounts Receivable (Note 8)	9,847,617	14,753,405
Inventories for Sale	3,777	10,171
Portfolio Investments (Note 4)	8,746	4,067
<b>Total Financial Assets</b>	<b>10,737,303</b>	<b>16,750,417</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 9)	4,460,861	7,008,464
Liability for Employee Future Benefits (Note 6)	1,029,200	927,200
Deferred Revenue (Note 10)	513,407	400,305
<b>Total Liabilities</b>	<b>6,003,468</b>	<b>8,335,969</b>
<b>Net Financial Assets</b>	<b>4,733,835</b>	<b>8,414,448</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule C)	92,327,016	89,837,657
Inventory of Supplies for Consumption	784,255	732,359
Prepaid Expenses	268,231	270,591
<b>Total Non-Financial Assets</b>	<b>93,379,502</b>	<b>90,840,607</b>
<b>Accumulated Surplus (Note 13)</b>	<b>98,113,337</b>	<b>99,255,055</b>

Contractual Obligations and Commitments (Note 16)

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

Approved by the Board:



Chairperson



Secretary Treasurer

**Northern Lights School Division No. 113**  
**Statement of Operations and Accumulated Surplus from Operations**  
**for the year ended August 31, 2014**

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>REVENUES</b>	(Note 14)		
Property Taxation	7,120,325	7,091,944	6,626,544
Grants	53,733,151	48,730,528	55,044,898
Tuition and Related Fees	6,453,378	6,269,325	5,910,380
School Generated Funds	850,000	1,016,932	1,116,643
Complementary Services (Note 11)	3,066,439	3,698,340	3,764,779
External Services (Note 12)	1,171,000	1,265,999	1,361,570
Other	50,000	276,518	220,840
<b>Total Revenues (Schedule A)</b>	<b>72,444,293</b>	<b>68,349,586</b>	<b>74,045,654</b>
<b>EXPENSES</b>			
Governance	826,725	790,003	894,065
Administration	3,121,981	2,984,123	3,185,914
Instruction	41,476,209	41,873,217	42,349,310
Plant	10,747,554	10,310,252	10,138,104
Transportation	2,872,432	3,106,499	2,677,310
Tuition and Related Fees	2,942,082	2,908,342	3,240,802
School Generated Funds	850,000	1,047,901	911,551
Complementary Services (Note 11)	3,612,952	3,763,094	4,084,308
External Services (Note 12)	2,094,790	2,281,541	2,318,668
Other Expenses	10,000	426,332	14,693
<b>Total Expenses (Schedule B)</b>	<b>68,554,725</b>	<b>69,491,304</b>	<b>69,814,725</b>
<b>Operating Surplus (Deficit) for the Year</b>	<b>3,889,568</b>	<b>(1,141,718)</b>	<b>4,230,929</b>
<b>Accumulated Surplus from Operations, Beginning of Year</b>	<b>99,255,055</b>	<b>99,255,055</b>	<b>95,024,126</b>
<b>Accumulated Surplus from Operations, End of Year</b>	<b>103,144,623</b>	<b>98,113,337</b>	<b>99,255,055</b>

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

**Northern Lights School Division No. 113**  
**Statement of Changes in Net Financial Assets**  
**for the year ended August 31, 2014**

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
	(Note 14)		
<b>Net Financial Assets, Beginning of Year</b>	<b>8,414,448</b>	<b>8,414,448</b>	<b>11,475,603</b>
<b>Changes During the Year:</b>			
Operating Surplus (Deficit) for the Year	3,889,568	(1,141,718)	4,230,929
Acquisition of Tangible Capital Assets (Schedule C)	(11,589,715)	(6,612,782)	(11,271,522)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	91,201	3,532
Net (Gain) on Disposal of Capital Assets (Schedule C)	-	(91,201)	(2,124)
Write-Down of Tangible Capital Assets (Schedule C)	-	17,642	-
Amortization of Tangible Capital Assets (Schedule C)	3,866,789	4,105,781	3,967,466
Net Acquisition of Inventory of Supplies	-	(51,896)	(1,194)
Net Change in Other Non-Financial Assets	-	2,360	11,758
<b>Change in Net Financial Assets</b>	<b>(3,833,358)</b>	<b>(3,680,613)</b>	<b>(3,061,155)</b>
<b>Net Financial Assets, End of Year</b>	<b>4,581,090</b>	<b>4,733,835</b>	<b>8,414,448</b>

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

**Northern Lights School Division No. 113**  
**Statement of Cash Flows**  
**for the year ended August 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>OPERATING ACTIVITIES</b>		
Operating (Deficit) Surpluse for the Year	(1,141,718)	4,230,929
Add Non-Cash Items Included in Surplus / Deficit (Schedule D)	4,032,222	3,965,342
Net Change in Non-Cash Operating Activities (Schedule E)	2,530,145	(604,828)
<b>Cash Provided by Operating Activities</b>	<b>5,420,649</b>	<b>7,591,443</b>
<b>CAPITAL ACTIVITIES</b>		
Cash (Used) to Acquire Tangible Capital Assets	(6,612,782)	(11,271,522)
Proceeds on Disposal of Tangible Capital Assets	91,201	3,532
<b>Cash (Used) by Capital Activities</b>	<b>(6,521,581)</b>	<b>(11,267,990)</b>
<b>INVESTING ACTIVITIES</b>		
Cash (Used) to Acquire Portfolio Investments	(4,679)	-
Proceeds on Disposal of Portfolio Investments	-	4,997,183
<b>Cash (Used) Provided by Investing Activities</b>	<b>(4,679)</b>	<b>4,997,183</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,105,611)</b>	<b>1,320,636</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,982,774</b>	<b>662,138</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>877,163</b>	<b>1,982,774</b>

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

**Northern Lights School Division No. 113**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Property Taxation Revenue</b>			
<b>Tax Levy Revenue:</b>			
Property Tax Levy Revenue	6,782,557	6,651,697	6,284,150
<b>Total Property Tax Revenue</b>	<b>6,782,557</b>	<b>6,651,697</b>	<b>6,284,150</b>
<b>Grants in Lieu of Taxes:</b>			
Federal Government	36,637	61,050	46,255
Provincial Government	185,596	162,465	198,044
Other	-	-	5,362
<b>Total Grants in Lieu of Taxes</b>	<b>222,233</b>	<b>223,515</b>	<b>249,661</b>
<b>Other Tax Revenues:</b>			
Treaty Land Entitlement - Urban	13,313	-	-
House Trailer Fees	8,026	5,703	-
<b>Total Other Tax Revenues</b>	<b>21,339</b>	<b>5,703</b>	<b>-</b>
<b>Additions to Levy:</b>			
Penalties	301,997	318,175	333,940
Other	27,969	2,315	(329)
<b>Total Additions to Levy</b>	<b>329,966</b>	<b>320,490</b>	<b>333,611</b>
<b>Deletions from Levy:</b>			
Cancellations	(210,841)	(74,684)	(212,282)
Other Deletions	(24,929)	(34,777)	(28,596)
<b>Total Deletions from Levy</b>	<b>(235,770)</b>	<b>(109,461)</b>	<b>(240,878)</b>
<b>Total Property Taxation Revenue</b>	<b>7,120,325</b>	<b>7,091,944</b>	<b>6,626,544</b>
<b>Grants:</b>			
<b>Operating Grants</b>			
Ministry of Education Grants:			
Operating Grant	44,696,185	45,904,222	43,625,131
Other Ministry Grants	-	598,898	1,284,041
<b>Total Ministry Grants</b>	<b>44,696,185</b>	<b>46,503,120</b>	<b>44,909,172</b>
Other Provincial Grants	400,000	93,000	83,150
Federal Grants	-	13,000	141,766
Grants from Others	215,500	202,842	-
<b>Total Operating Grants</b>	<b>45,311,685</b>	<b>46,811,962</b>	<b>45,134,088</b>
<b>Capital Grants</b>			
Ministry of Education Capital Grants	8,421,466	1,918,566	9,832,453
Other Capital Grants	-	-	78,357
<b>Total Capital Grants</b>	<b>8,421,466</b>	<b>1,918,566</b>	<b>9,910,810</b>
<b>Total Grants</b>	<b>53,733,151</b>	<b>48,730,528</b>	<b>55,044,898</b>

**Northern Lights School Division No. 113**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Tuition and Related Fees Revenue</b>			
<b>Operating Fees:</b>			
Tuition Fees:			
School Boards	-	11,075	19,000
Federal Government and First Nations	6,453,378	6,203,722	5,829,794
<b>Total Tuition Fees</b>	<b>6,453,378</b>	<b>6,214,797</b>	<b>5,848,794</b>
<b>Total Operating Tuition and Related Fees</b>	<b>6,453,378</b>	<b>6,214,797</b>	<b>5,848,794</b>
<b>Capital Fees:</b>			
Federal/First Nations Capital Fees	-	54,528	61,586
<b>Total Capital Tuition and Fees</b>	<b>-</b>	<b>54,528</b>	<b>61,586</b>
<b>Total Tuition and Related Fees Revenue</b>	<b>6,453,378</b>	<b>6,269,325</b>	<b>5,910,380</b>
<b>School Generated Funds Revenue</b>			
<b>Non-Curricular Fees:</b>			
Commercial Sales - Non-GST	85,000	84,593	127,816
Fundraising	627,800	805,963	745,253
Grants and Partnerships	132,000	120,032	241,884
Students Fees	-	4,195	-
Other	5,200	2,149	1,690
<b>Total Non-Curricular Fees</b>	<b>850,000</b>	<b>1,016,932</b>	<b>1,116,643</b>
<b>Total School Generated Funds Revenue</b>	<b>850,000</b>	<b>1,016,932</b>	<b>1,116,643</b>
<b>Complementary Services</b>			
<b>Operating Grants:</b>			
Ministry of Education Grants:			
Operating Grant	2,401,269	2,510,070	2,441,065
Other Ministry Grants	215,170	648,225	751,884
Other Provincial Grants	-	-	3,837
Other Grants	-	520,820	82,827
<b>Total Operating Grants</b>	<b>2,616,439</b>	<b>3,679,115</b>	<b>3,279,613</b>
<b>Fees and Other Revenue</b>			
Other Revenue	450,000	19,225	485,166
<b>Total Fees and Other Revenue</b>	<b>450,000</b>	<b>19,225</b>	<b>485,166</b>
<b>Total Complementary Services Revenue</b>	<b>3,066,439</b>	<b>3,698,340</b>	<b>3,764,779</b>

**Northern Lights School Division No. 113**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>External Services</b>			
<b>Operating Grants:</b>			
Other Grants	-	4,311	10,065
<b>Total Operating Grants</b>	<b>-</b>	<b>4,311</b>	<b>10,065</b>
<b>Fees and Other Revenue</b>			
Other Revenue	1,171,000	1,261,688	1,351,505
<b>Total Fees and Other Revenue</b>	<b>1,171,000</b>	<b>1,261,688</b>	<b>1,351,505</b>
<b>Total External Services Revenue</b>	<b>1,171,000</b>	<b>1,265,999</b>	<b>1,361,570</b>
<b>Other Revenue</b>			
Miscellaneous Revenue	30,000	140,146	130,822
Sales & Rentals	-	14,900	10,895
Investments	20,000	30,271	76,998
Gain on Disposal of Capital Assets	-	91,201	2,125
<b>Total Other Revenue</b>	<b>50,000</b>	<b>276,518</b>	<b>220,840</b>
<b>TOTAL REVENUE FOR THE YEAR</b>	<b>72,444,293</b>	<b>68,349,586</b>	<b>74,045,654</b>

**Northern Lights School Division No. 113**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Governance Expense</b>			
Board Members Expense	431,385	450,776	465,136
Professional Development- Board Members	135,840	99,248	124,141
Advisory Committees	47,000	37,067	50,574
Professional Development - Advisory Committees	65,000	48,277	59,409
Elections	2,500	-	62,409
Other Governance Expenses	145,000	154,635	132,396
<b>Total Governance Expense</b>	<b>826,725</b>	<b>790,003</b>	<b>894,065</b>
<b>Administration Expense</b>			
Salaries	2,225,957	2,017,617	2,124,875
Benefits	297,245	243,021	256,696
Supplies & Services	107,780	179,405	241,732
Non-Capital Furniture & Equipment	20,000	10,967	16,137
Building Operating Expenses	121,000	128,331	135,967
Communications	54,000	45,609	56,039
Travel	157,000	160,878	177,308
Professional Development	41,000	49,960	53,559
Amortization of Tangible Capital Assets	97,999	148,335	123,601
<b>Total Administration Expense</b>	<b>3,121,981</b>	<b>2,984,123</b>	<b>3,185,914</b>
<b>Instruction Expense</b>			
Instructional (Teacher Contract) Salaries	26,099,846	27,039,216	27,064,131
Instructional (Teacher Contract) Benefits	1,365,284	1,389,107	1,356,330
Program Support (Non-Teacher Contract) Salaries	7,025,666	6,891,121	6,419,994
Program Support (Non-Teacher Contract) Benefits	1,507,788	1,407,412	1,331,485
Instructional Aids	674,003	926,273	905,042
Supplies & Services	999,761	964,656	1,951,587
Non-Capital Furniture & Equipment	175,002	188,892	194,213
Communications	172,998	177,077	180,538
Travel	638,586	546,072	671,503
Professional Development	924,744	595,501	896,044
Student Related Expense	1,162,531	761,930	491,783
Amortization of Tangible Capital Assets	730,000	985,960	886,660
<b>Total Instruction Expense</b>	<b>41,476,209</b>	<b>41,873,217</b>	<b>42,349,310</b>

**Northern Lights School Division No. 113**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Plant Operation &amp; Maintenance Expense</b>			
Salaries	3,496,322	3,054,685	3,334,718
Benefits	681,231	582,639	615,112
Supplies & Services	43,500	78,897	37,411
Non-Capital Furniture & Equipment	11,500	9,806	14,387
Building Operating Expenses	3,553,001	3,893,530	3,427,052
Communications	27,000	28,727	26,952
Travel	285,000	220,314	257,188
Professional Development	50,000	23,562	14,935
Amortization of Tangible Capital Assets	2,600,000	2,418,092	2,410,349
<b>Total Plant Operation &amp; Maintenance Expense</b>	<b>10,747,554</b>	<b>10,310,252</b>	<b>10,138,104</b>
<b>Student Transportation Expense</b>			
Salaries	64,539	56,125	7,076
Benefits	450	6,618	335
Supplies & Services	134,000	155,390	108,455
Non-Capital Furniture & Equipment	40,000	92,261	48,272
Building Operating Expenses	-	6,946	507
Communications	-	199	-
Travel	10,000	8,390	5,060
Professional Development	-	1,930	-
Contracted Transportation	2,473,443	2,608,097	2,337,062
Amortization of Tangible Capital Assets	150,000	170,543	170,543
<b>Total Student Transportation Expense</b>	<b>2,872,432</b>	<b>3,106,499</b>	<b>2,677,310</b>
<b>Tuition and Related Fees Expense</b>			
Tuition Fees	2,942,082	2,906,232	3,209,136
Transportation Fees	-	-	29,748
Other Fees	-	2,110	1,918
<b>Total Tuition and Related Fees Expense</b>	<b>2,942,082</b>	<b>2,908,342</b>	<b>3,240,802</b>
<b>School Generated Funds Expense</b>			
Supplies & Services	10,000	-	-
Cost of Sales	90,000	88,297	100,919
School Fund Expenses	750,000	959,604	810,632
<b>Total School Generated Funds Expense</b>	<b>850,000</b>	<b>1,047,901</b>	<b>911,551</b>

**Northern Lights School Division No. 113**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Complementary Services Expense</b>			
Instructional (Teacher Contract) Salaries & Benefits	725,840	959,347	832,323
Program Support (Non-Teacher Contract) Salaries & Benefits	1,723,083	1,635,106	1,860,077
Plant Operation & Maintenance Salaries & Benefits	-	2,167	-
Instructional Aids	385,029	547,842	653,366
Supplies & Services	1,000	150,629	132,233
Non-Capital Furniture & Equipment	-	2,126	6,130
Communications	500	1,226	-
Travel	90,000	54,802	62,858
Professional Development (Non-Salary Costs)	42,500	70,044	68,648
Student Related Expenses	615,000	332,432	450,281
Contracted Transportation & Allowances	30,000	7,373	18,392
<b>Total Complementary Services Expense</b>	<b>3,612,952</b>	<b>3,763,094</b>	<b>4,084,308</b>
<b>External Service Expense</b>			
Administration Salaries & Benefits	163,390	160,286	168,816
Instructional (Teacher Contract) Salaries & Benefits	521,000	565,528	661,590
Program Support (Non-Teacher Contract) Salaries & Benefits	-	16,153	15,679
Plant Operation & Maintenance Salaries & Benefits	461,000	537,615	546,889
Supplies & Services	9,000	6,657	5,879
Building Operating Expenses	533,000	514,823	447,566
Travel	55,000	81,942	87,691
Professional Development (Non-Salary Costs)	2,400	3,099	3,834
Student Related Expenses	-	-	4,410
Contracted Transportation & Allowances	-	12,589	-
Amortization of Tangible Capital Assets	350,000	382,849	376,314
<b>Total External Services Expense</b>	<b>2,094,790</b>	<b>2,281,541</b>	<b>2,318,668</b>

**Northern Lights School Division No. 113**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Other Expense</b>			
Interest and Bank Charges:			
Current Interest and Bank Charges	10,000	21,217	14,693
Total Interest and Bank Charges	<b>10,000</b>	<b>21,217</b>	<b>14,693</b>
Provision for Uncollectable Taxes	-	405,115	-
<b>Total Other Expense</b>	<b>10,000</b>	<b>426,332</b>	<b>14,693</b>
<b>TOTAL EXPENSES FOR THE YEAR</b>	<b>68,554,725</b>	<b>69,491,304</b>	<b>69,814,725</b>

**Northern Lights School Division No. 113**

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

	Land		Buildings	School	Other	Furniture and	Computer Hardware and	Computer	Assets			
	Land	Improvements	Buildings	Short term	Buses	Vehicles	Equipment	Audio Equipment	Software	Under Construction	2014	2013
<b>Tangible Capital Assets - at Cost:</b>												
Opening Balance as of September 1	585,476	1,249,127	101,808,777	11,751,632	65,114	1,780,774	8,240,264	4,781,355	610,163	13,074,301	143,946,983	132,678,979
Additions/Purchases	-	31,031	-	141,958	-	-	1,030,411	618,366	27,274	4,763,742	6,612,782	11,271,522
Disposals	-	-	-	(7,992)	-	-	-	-	-	-	(7,992)	(3,518)
Write-Downs	-	-	-	-	-	-	-	-	-	(17,642)	(17,642)	-
<b>Closing Balance as of August 31</b>	<b>585,476</b>	<b>1,280,158</b>	<b>101,808,777</b>	<b>11,885,598</b>	<b>65,114</b>	<b>1,780,774</b>	<b>9,270,675</b>	<b>5,399,721</b>	<b>637,437</b>	<b>17,820,401</b>	<b>150,534,131</b>	<b>143,946,983</b>
<b>Tangible Capital Assets - Amortization:</b>												
Opening Balance as of September 1	-	705,952	37,425,768	7,349,664	5,426	465,111	4,742,442	3,056,861	358,102	-	54,109,326	50,143,970
Amortization of the Period	-	36,041	2,028,838	376,139	5,426	178,077	617,551	741,676	122,033	-	4,105,781	3,967,466
Disposals	-	-	-	(7,992)	-	-	-	-	-	-	(7,992)	(2,110)
<b>Closing Balance as of August 31</b>	<b>N/A</b>	<b>741,993</b>	<b>39,454,606</b>	<b>7,717,811</b>	<b>10,852</b>	<b>643,188</b>	<b>5,359,993</b>	<b>3,798,537</b>	<b>480,135</b>	<b>N/A</b>	<b>58,207,115</b>	<b>54,109,326</b>
<b>Net Book Value:</b>												
Opening Balance as of September 1	585,476	543,175	64,383,009	4,401,968	59,688	1,315,663	3,497,822	1,724,494	252,061	13,074,301	89,837,657	82,535,009
Closing Balance as of August 31	585,476	538,165	62,354,171	4,167,787	54,262	1,137,586	3,910,682	1,601,184	157,302	17,820,401	92,327,016	89,837,657
<b>Change in Net Book Value</b>	<b>-</b>	<b>(5,010)</b>	<b>(2,028,838)</b>	<b>(234,181)</b>	<b>(5,426)</b>	<b>(178,077)</b>	<b>412,860</b>	<b>(123,310)</b>	<b>(94,759)</b>	<b>4,746,100</b>	<b>2,489,359</b>	<b>7,302,648</b>
<b>Disposals:</b>												
Historical Cost	-	-	-	7,992	-	-	-	-	-	-	7,992	3,518
Accumulated Amortization	-	-	-	7,992	-	-	-	-	-	-	7,992	2,110
<b>Net Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,408</b>
Price of Sale	-	-	-	91,201	-	-	-	-	-	-	91,201	3,532
<b>Gain on Disposal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,201</b>	<b>2,124</b>

**Northern Lights School Division No. 113**  
**Schedule D: Non-Cash Items Included in Surplus / Deficit**  
**for the year ended August 31, 2014**

	2014	2013
<b>Non-Cash Items Included in Surplus / Deficit:</b>		
Amortization of Tangible Capital Assets (Schedule C)	4,105,781	3,967,466
Net (Gain) on Disposal of Tangible Capital Assets	(91,201)	(2,124)
Write-Down of Tangible Capital Assets (Schedule C)	17,642	-
<b>Total Non-Cash Items Included in Surplus / Deficit</b>	<b>4,032,222</b>	<b>3,965,342</b>

**Northern Lights School Division No. 113**  
**Schedule E: Net Change in Non-Cash Operating Activities**  
**for the year ended August 31, 2014**

	2014	2013
<b>Net Change in Non-Cash Operating Activities:</b>		
Decrease (Increase) in Accounts Receivable	4,905,788	(2,228,371)
Decrease (Increase) in Inventories for Sale	6,394	(1,894)
(Decrease) Increase In Accounts Payable and Accrued Liabilities	(2,547,603)	1,940,089
Increase in Liability for Employee Future Benefits	102,000	18,400
Increase (Decrease) in Deferred Revenue	113,102	(343,616)
(Increase) in Inventory of Supplies for Consumption	(51,896)	(1,194)
Decrease in Prepaid Expenses	2,360	11,758
<b>Total Net Change in Non-Cash Operating Activities</b>	<b>2,530,145</b>	<b>(604,828)</b>

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**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 the Northern Lights School Division No.113” and operates as “the Northern Lights School Division No. 113”. 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 Chartered Professional Accountants of Canada (CPA Canada).

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

**a) Reporting Entity**

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

**b) Basis of Accounting**

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

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) 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 \$ 1,029,200 (2013 - \$ 927,200) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 7,091,944 (2013 - \$ 6,626,544) because final tax assessments may differ from initial estimates.
- Uncollectible taxes of \$8,231,241 (2013 - \$ 7,826,126) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related amortization of \$4,105,781 (2013 - \$3,967,466) for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful lives.
- prior years tangible capital asset historical costs and related amortization for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful lives.
- The accrual for retroactive teachers' salaries related to the 2014 year of \$410,138 (2013 - \$Nil) because the actual amount in the final negotiated contract may differ from initial estimates.

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 change in the amounts recognized or disclosed.

**d) 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, accounts payable and accrued liabilities.

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**e) Financial Assets**

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

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

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

Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

**Inventories for Sale** consist of clothing items 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 average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Portfolio Investments** consist of the Innovation Credit Union and equity at the North of 53 Co-op. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (d).

**f) 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 and software, 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, 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
Computer software	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.

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 including insurance, property taxes (Division owned housing), Workers' Compensation premiums, room and board expenditures, and SSBA fees which will provide economic benefits in one or more future periods.

**g) 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.

**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.

**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.

**h) Employee Pension Plans**

Employees of the School Division participate in the following pension plans:

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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) 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.

**i) 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:**

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 1/12<sup>th</sup> 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

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

**iii) Fees and Services**

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

**iv) Interest Income**

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

**v) Other (Non-Government Transfer) Contributions**

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

**j) Statement of Remeasurment Gains and Losses**

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

**k) Future Changes in Accounting Policies**

A number of new standards and amendments to standards issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada are not yet effective and have not been applied in preparing these financial statements.

The following standard will become effective September 1, 2014:

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

PS 3260 Liability for Contaminated Sites, a new standard providing guidance on the recognition, measurement and disclosure of liabilities for the remediation of contaminated sites.

The School Division has identified a handful of contaminated sites and work is underway to estimate the amount of the School Division's liability. The School Division plans to record the contaminated sites liability retroactively without restatement in 2015.

**3. SHORT TERM BORROWINGS**

**Bank indebtedness** consists of a demand operating line of credit with a maximum borrowing limit of \$5,000,000 that bears interest at bank prime minus 0.75%. This line of credit is authorized by a borrowing resolution by the board of education and the approval of the Minister of Education. This line of credit was approved by the Minister of Education on February 16, 2011. The balance drawn on the line of credit at August 31, 2014 was \$NIL (2013 - \$NIL).

**4. PORTFOLIO INVESTMENTS**

Portfolio investments are comprised of the following:

	<u>2014</u>	<u>2013</u>
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
Co-op equity account	\$ 7,746	\$ 3,067
Credit Union equity account	1,000	1,000
<b>Total portfolio investments reported at cost and amortized cost</b>	<b>8,746</b>	<b>4,067</b>
<b>Total portfolio investments</b>	<b>\$ 8,746</b>	<b>\$ 4,067</b>

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION**

Function	Salaries & Benefits	Goods & Services	Amortization of TCA	2014 Budget	2014 Actual	2013 Actual
Governance	\$ 307,381	\$ 482,622	\$ -	\$ 826,725	\$ 790,003	\$ 894,065
Administration	2,260,635	575,153	148,335	3,121,981	2,984,123	3,185,914
Instruction	36,726,856	4,160,401	985,960	41,476,209	41,873,217	42,349,310
Plant	3,637,323	4,254,837	2,418,094	10,747,554	10,310,254	10,138,104
Transportation	62,744	2,873,212	170,543	2,872,432	3,106,499	2,677,310
Tuition and Related Fees	-	2,908,342	-	2,942,082	2,908,342	3,240,802
School Generated Funds	-	1,047,901	-	850,000	1,047,901	911,551
Complementary Services	2,596,621	1,166,473	-	3,612,952	3,763,094	4,084,308
External Services	1,279,582	619,110	382,849	2,094,790	2,281,541	2,318,668
Other	-	426,332	-	10,000	426,332	14,693
<b>TOTAL</b>	<b>\$ 46,871,142</b>	<b>\$ 18,514,383</b>	<b>\$ 4,105,781</b>	<b>\$ 68,554,725</b>	<b>\$ 69,491,306</b>	<b>\$ 69,814,725</b>

**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 and retirement allowance/gratuity. These benefits generally accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. Significant assumptions include discount rate, inflation and salary scale. The liability associated with these benefits is calculated 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.

Morneau Shepell, a firm of consulting actuaries, performed an actuarial valuation as at August 31, 2012 and extrapolated it to August 31, 2014.

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**6. EMPLOYEE FUTURE BENEFITS (Continued)**

Details of the employee future benefits are as follows:

	2014	2013
Actuarial extrapolation date	Sunday, August 31, 2014	Saturday, August 31, 2013
Long-term assumptions used:		
Discount rate (percentage)	2.8% per annum	3.5% per annum
Inflation and productivity	3.25% per annum	3.25% per annum
Expected average remaining service life (years)	14	14

Liability for Employee Future Benefits	2014	2013
Accrued Benefit Obligation - beginning of year	\$ 952,600	\$ 1,033,200
Current service cost	98,400	108,000
Interest cost	36,200	29,100
Benefit payments	(35,900)	(128,400)
Actuarial gains / losses	83,800	(89,300)
Accrued Benefit Obligation - end of year	1,135,100	952,600
Unamortized Net Actuarial Losses	(105,900)	(25,400)
Liability for Employee Future Benefits	\$ 1,029,200	\$ 927,200

Employee Future Benefits Expense	2014	2013
Current period benefit cost	\$ 98,400	\$ 108,000
Amortization of net actuarial loss	3,300	9,700
Benefit cost	101,700	117,700
Interest cost on unfunded employee future benefits obligation	36,200	29,100
Total Employee Future Benefits Expense	\$ 137,900	\$ 146,800

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**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:

	2014			2013
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	326	6	332	349
Member contribution rate (percentage of salary)	9.1%	6.05%	6.05 - 9.1%	6.05-7.8%
Member contributions for the year	\$2,967,428	\$43,581	\$3,011,009	\$2,358,821

- 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.

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As at August 31, 2014

**7. PENSION PLANS (continued)**

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

Details of the MEPP are as follows:

	<b>2014</b>	<b>2013</b>
Number of active School Division members	318	340
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	\$1,071,196	\$1,021,894
School Division contributions for the year	\$1,071,196	\$1,021,894
<b>Total Contributions for the Year</b>	<b>\$2,142,392</b>	<b>\$2,043,788</b>
Actuarial valuation date	December 31, 2013	December 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

**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:

	<b>2014</b>			<b>2013</b>		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$12,505,547	\$8,231,241	\$4,274,306	\$11,979,202	\$7,826,127	\$4,153,075
Provincial Grants Receivable	1,522,036	-	1,522,036	7,241,218	-	7,241,218
Other Receivables	4,051,275	-	4,051,275	3,359,112	-	3,359,112
<b>Total Accounts Receivable</b>	<b>\$18,078,858</b>	<b>\$8,231,241</b>	<b>\$9,847,617</b>	<b>\$22,579,532</b>	<b>\$7,826,127</b>	<b>\$14,753,405</b>

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Details of account payable and accrued liabilities are as follows:

	2014	2013
Accrued Salaries and Benefits	\$ 475,329	\$ 54,367
Supplier Payments	2,784,950	6,181,211
Other (Tuition to First Nations)	1,200,582	772,886
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 4,460,861</b>	<b>\$ 7,008,464</b>

**10. DEFERRED REVENUE**

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2013	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2014
<b>Capital projects:</b>				
Federal capital tuition	\$ 286,805	\$ 113,602	\$ -	\$ 400,407
<b>Total capital projects deferred revenue</b>	<b>286,805</b>	<b>113,602</b>	<b>-</b>	<b>400,407</b>
<b>Other deferred revenue:</b>				
Third Party Grants	13,500	-	500	13,000
Churchill High School Cameco Grant	100,000	-	-	100,000
<b>Total other deferred revenue</b>	<b>113,500</b>	<b>-</b>	<b>500</b>	<b>113,000</b>
<b>Total Deferred Revenue</b>	<b>\$ 400,305</b>	<b>\$ 113,602</b>	<b>\$ 500</b>	<b>\$ 513,407</b>

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
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**11. 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 Schools Program	Northern Recreation Program	Other Programs	2014	2013
<b>Revenue:</b>						
Operating Grants	\$ 889,032	\$ 1,621,038	\$ 471,220	\$ 697,825	\$ 3,679,115	\$ 3,279,613
Fees and Other Revenue	-	-	-	19,225	19,225	485,166
<b>Total Revenue</b>	<b>889,032</b>	<b>1,621,038</b>	<b>471,220</b>	<b>717,050</b>	<b>3,698,340</b>	<b>3,764,779</b>
<b>Expenses:</b>						
Salaries & Benefits	959,348	1,012,943	499,932	124,397	2,596,620	2,692,400
Instructional Aids	756	229,199	39,365	278,522	547,842	653,366
Supplies and Services	-	14,129	-	136,500	150,629	132,233
Non-Capital Equipment	-	2,126	-	-	2,126	6,130
Communications	-	1,226	-	-	1,226	-
Travel	2,893	14,455	-	37,454	54,802	62,858
Professional Development (Non-Salary Costs)	22,676	12,859	16,927	17,582	70,044	68,648
Student Related Expenses	-	177,715	5,082	149,635	332,432	450,281
Contracted Transportation & Allowances	-	7,373	-	-	7,373	18,392
<b>Total Expenses</b>	<b>985,673</b>	<b>1,472,025</b>	<b>561,306</b>	<b>744,090</b>	<b>3,763,094</b>	<b>4,084,308</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ (96,641)</b>	<b>\$ 149,013</b>	<b>\$ (90,086)</b>	<b>\$ (27,040)</b>	<b>\$ (64,754)</b>	<b>\$ (319,529)</b>

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**11. COMPLEMENTARY SERVICES (continued)**

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

**Pre-K Program**

The Pre-Kindergarten program is a developmentally appropriate early childhood education program for three and four-year-old children. All schools in the Northern Lights School Division have Pre-K programs. Nine of these sites are Ministry designated and funded while the rest are supported by the school division. Seven of the designated programs are partnership agreements with the federally funded Aboriginal Head start.

**Community Schools Program**

Community Schools Program is designed to engage the community in the education process for their students. The four pillars of the community schools program, Learning Support, Community Involvement, Community Partnerships and Integrated Services.

**Northern Recreation Program**

The purpose of the Northern Recreation Program is to enhance the quality of 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.

**12. 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.

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**12. EXTERNAL SERVICES (continued)**

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	Residences	Other Programs	2014	2013
<b>Revenue:</b>				
Operating Grants	\$ -	\$ 4,311	\$ 4,311	\$ 10,065
Fees and Other Revenue	-	674,319	674,319	772,726
Sales and Rentals	587,369	-	587,369	578,779
<b>Total Revenue</b>	<b>587,369</b>	<b>678,630</b>	<b>1,265,999</b>	<b>1,361,570</b>
<b>Expenses:</b>				
Salaries & Benefits	537,615	741,967	1,279,582	1,392,974
Instructional Aids	-	-	-	-
Supplies and Services	6,657	-	6,657	5,879
Building Operating Expenses	514,823	-	514,823	447,566
Travel	81,942	-	81,942	87,691
Professional Development	3,099	-	3,099	3,834
Student Related Expenses	-	-	-	4,410
Amortization of Tangible Capital Assets	382,849	-	382,849	376,314
Contracted Transportation & Allowances	-	12,589	12,589	-
<b>Total Expenses</b>	<b>1,526,985</b>	<b>754,556</b>	<b>2,281,541</b>	<b>2,318,668</b>
(Deficiency) of Revenue over Expenses	\$ (939,616)	\$ (75,926)	\$ (1,015,542)	\$ (957,098)

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

**Residences**

Northern Lights School Division provides teachers with lodging in communities where no housing market exists. The rental rates charged to teachers are determined by the local collective bargaining agreement.

**Other Programs**

The majority of revenue and expenditures reflected in this category are directly related to salary and benefit costs administered by the school division on behalf of the NORTEP post-secondary program. The remainder of other programs is comprised of third party grants related to work experience and mentoring programs

**13. 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.

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**13. ACCUMULATED SURPLUS (continued)**

Certain amounts of the accumulated surplus from operations, as approved by the board of education, have been designated for specific future purposes. These internally restricted amounts are included in the accumulated surplus from operations presented in the statement of financial position. The school division does maintain separate bank accounts for the internally restricted amounts.

Details of accumulated surplus are as follows:

	August 31 2013	Additions during the year	Reductions during the year	August 31 2014
<b>Invested in Tangible Capital Assets:</b>				
Net Book Value of Tangible Capital Assets	\$ 89,837,657	\$ 6,612,782	\$ (4,123,424)	\$ 92,327,015
	<u>89,837,657</u>	<u>6,612,782</u>	<u>(4,123,424)</u>	<u>92,327,015</u>
PMR Maintenance Project Allocations (1)	<u>383,551</u>	<u>489,616</u>	<u>(121,187)</u>	<u>751,980</u>
<b>Internally Restricted Surplus:</b>				
<b>Capital projects:</b>				
Designated for tangible capital asset expenditures	3,673,756	-	(3,673,756)	-
<b>Other:</b>				
Learning opportunities grant	87,514	100,000	(71,972)	115,542
Summer Literacy Camps	119,014	415,000	(380,590)	153,424
Other Government Transfers	14,340	-	(8,667)	5,673
	<u>3,894,624</u>	<u>515,000</u>	<u>(4,134,985)</u>	<u>274,639</u>
Unrestricted Surplus	<u>5,139,223</u>	<u>-</u>	<u>(379,520)</u>	<u>4,759,703</u>
<b>Total Accumulated Surplus</b>	<b>\$ 99,255,055</b>	<b>\$ 7,617,398</b>	<b>\$ (8,759,116)</b>	<b>\$ 98,113,337</b>

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**13. ACCUMULATED SURPLUS (continued)**

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

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

**Learning Opportunities Grant**

Restricted grant from Provincial Government to enhance opportunities for students. Unspent funds are internally restricted to be used for future initiatives that meet the requirements of the funding. These funds jointly administered with the Ministry of Education.

**Summer Literacy Camps**

Funding received from the Provincial Government to run summer literacy camps throughout the School Division. Unspent funds are restricted for use at future camps.

**14. BUDGET FIGURES**

Budget figures included in the financial statements were approved by the board of education on June 25, 2013 and the Minister of Education on August 23, 2013.

**15. 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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**15. RELATED PARTIES (continued)**

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.

	2014	2013
<b>Revenues:</b>		
Ministry of Education	\$ 51,579,981	\$ 57,934,574
Northern Teachers Education Program (NORTEP)	471,207	565,893
Kids First North	183,551	185,306
	<b>\$ 52,234,739</b>	<b>\$ 58,685,773</b>
<b>Expenses:</b>		
Northern Teachers Education Program (NORTEP)	\$ 471,207	\$ 565,893
Ministry of Central Services	224,349	292,995
Sask Power	866,830	847,748
Sask Tel	157,683	171,338
Saskatchewan Government Insurance (SGI)	34,468	36,061
Saskatchewan Workers Compensation Board	128,810	122,976
Northlands College	6,460	3,024
	<b>\$ 1,889,807</b>	<b>\$ 2,040,035</b>
<b>Accounts Receivable:</b>		
Kids First North	\$ 632,698	\$ 357,129
Ministry of Education	1,522,036	7,241,218
Northern Revenue Sharing Trust Account	6,394,995	615,435
Northern Teachers Education Program (NORTEP)	37,309	37,344
	<b>\$ 8,587,038</b>	<b>\$ 8,251,126</b>
<b>Accounts Payable and Accrued Liabilities:</b>		
Ministry of Central Services	\$ 41,566	\$ 17,218
Sask Power	63,068	79,675
Sask Tel	1,743	-
	<b>\$ 106,377</b>	<b>\$ 96,893</b>

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.

**NORTHERN LIGHTS SCHOOL DIVISION NO. 113**  
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**16. CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

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

Construction and renovation of the Churchill Community High School began in the 2010-2011 fiscal year, with the construction phase of the project expected to be completed in the 2014-2015 fiscal year. Costs for the completed project are estimated to total \$34,191,180 with Ministry funding anticipated at \$26,637,234 and the remaining \$7,553,946 to be covered by the School Division. Contractual obligation outstanding at August 31, 2014 is \$2,108,778.

Operating lease obligations, as follows:

<b>Operating Leases:</b>		
Future minimum lease payments:	Copier Leases	Total Operating
2015	\$ 195,000	\$ 195,000
<b>Total</b>	<b>\$ 195,000</b>	<b>\$ 195,000</b>
<b>Contractual Obligations:</b>		
Future minimum contract payments:	Conveyance Contracts	Total Contracts
2015	\$ 2,216,064	\$ 2,216,064
2016	2,055,431	2,055,431
2017	1,818,975	1,818,975
2018	1,542,226	1,542,226
2019	46,002	46,002
<b>Total</b>	<b>\$ 7,678,698</b>	<b>\$ 7,678,698</b>

**17. COMPARATIVE INFORMATION**

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

**18. 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.

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**18. RISK MANAGEMENT (Continued)**

**i) Credit Risk**

Credit risk is the risk to the school division from potential non-payment of accounts receivable. The credit risk related to the school division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the school division has adopted credit policies which include the close monitoring of overdue accounts. The school division has significant exposure to one large customer, past events show these amounts to be collectible. 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 of Doubtful Accounts	Accounts Receivable	Allowance of Doubtful Accounts
Current	\$ 1,189,362	\$ -	\$ 1,099,051	\$ -
30-60 days	-	-	1,484	-
60-90 days	-	-	1,017,210	-
Over 90 days	2,861,913	-	1,241,367	-
Total	\$ 4,051,275	\$ -	\$ 3,359,112	\$ -
Net		\$ 4,051,275		\$ 3,359,112

**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 and monitoring the collection of accounts receivable. 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	4,460,861	-	-	-
Total	\$ 4,460,861	\$ -	\$ -	\$ -

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**18. RISK MANAGEMENT (Continued)**

**iii) Market Risk**

The school division is exposed to market risks with respect to interest 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 and portfolio investments. The school division also has an authorized bank line of credit of \$5,000,000 with interest payable monthly at a rate of prime minus 0.75 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no outstanding balance on this credit facility as of August 31, 2014 (2013 - \$NIL).

The school division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency
- investing in GICs and term deposits for short terms at fixed interest rates
- managing cash flows to minimize utilization of its bank line of credit