ST. PAUL'S ROMAN CATHOLIC SEPARATE SCHOOL DIVISION NO. 20

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2014

Deloitte LLP
122 1st Ave. S.
Suite 400, PCS Tower
Saskatoon SK S7K 7E5
Canada

Tel: 306-343-4400
Fax: 306-343-4480
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

**TO THE TRUSTEES OF THE BOARD OF EDUCATION OF
ST. PAUL'S ROMAN CATHOLIC SEPARATE SCHOOL DIVISION NO. 20**

We have audited the accompanying consolidated financial statements of St. Paul's Roman Catholic Separate School Division No. 20, which comprise the consolidated statement of financial position as at August 31, 2014, and the consolidated statements of operations and accumulated surplus from operations, remeasurement gains and losses, changes in net debt 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of St. Paul's Roman Catholic Separate School Division No. 20 as at August 31, 2014, and the results of its operations, its remeasurement gains and losses, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Saskatoon, Saskatchewan
December 8, 2014

St. Paul's Roman Catholic Separate School Division No. 20

Consolidated Statement of Financial Position

as at August 31, 2014

	2014	2013
Financial Assets		
Cash and Cash Equivalents	16,805,444	10,380,689
Accounts Receivable (Note 3)	21,023,596	18,859,707
Portfolio Investments (Note 4)	56,100	56,100
Total Financial Assets	**37,885,140**	**29,296,496**
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	13,313,698	10,199,155
Long Term Debt and Associated Derivatives (Note 7)	41,594,804	16,048,005
Liability for Employee Future Benefits (Note 8)	4,340,800	4,171,400
Deferred Revenue (Note 9)	4,414,881	3,613,272
Total Liabilities	**63,664,183**	**34,031,832**
Net Debt	**(25,779,043)**	**(4,735,336)**
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	146,803,821	126,187,606
Prepaid Expenses	409,151	424,098
Total Non-Financial Assets	**147,212,972**	**126,611,704**
Accumulated Surplus (Note 11)	**121,433,929**	**121,876,368**
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	**121,543,098**	**122,077,336**
Accumulated remeasurement losses	**(109,169)**	**(200,968)**
Total Accumulated Surplus (Note 11)	**121,433,929**	**121,876,368**

Contractual Obligations and Commitments (Note 18)

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

Approved by the Board:

Diane Boyko

Chairperson

Chief Financial Officer

St. Paul's Roman Catholic Separate School Division No. 20

Consolidated Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	(Note 14)		
REVENUES			
Property Taxation	46,251,463	45,673,818	44,351,498
Grants	125,621,808	122,756,037	135,111,964
Tuition and Related Fees	1,172,664	1,816,272	1,540,702
School Generated Funds	3,572,521	3,792,658	3,839,107
Complementary Services (Note 10)	1,648,396	1,648,396	1,595,611
Other	1,901,325	1,741,915	1,107,715
Total Revenues (Schedule A)	**180,168,177**	**177,429,096**	**187,546,597**
EXPENSES			
Governance	757,806	723,233	760,732
Administration	6,333,489	5,474,068	5,069,112
Instruction	124,667,313	125,113,087	120,419,107
Plant	20,893,984	32,710,712	28,907,691
Transportation	6,656,959	6,587,898	5,707,083
Tuition and Related Fees	-	35,700	49,980
School Generated Funds	3,640,905	3,589,333	3,598,176
Complementary Services (Note 10)	2,100,537	1,940,317	1,907,275
Other Expenses	807,924	1,788,986	840,956
Total Expenses (Schedule B)	**165,858,917**	**177,963,334**	**167,260,112**
Operating (Deficit) Surplus for the Year	**14,309,260**	**(534,238)**	**20,286,485**
Accumulated Surplus from Operations, Beginning of Year	**122,077,336**	**122,077,336**	**101,790,851**
Accumulated Surplus from Operations, End of Year	**136,386,596**	**121,543,098**	**122,077,336**

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

St. Paul's Roman Catholic Separate School Division No. 20
Consolidated Statement of Remeasurement Gains and Losses
as at August 31, 2014

	2014	2013
Accumulated Remeasurement Losses, Beginning of Year	(200,968)	-
Unrealized gains (losses) attributable to:		
Derivatives (Note 7)	91,799	(200,968)
Accumulated Remeasurement Losses, End of Year	**(109,169)**	**(200,968)**

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

St. Paul's Roman Catholic Separate School Division No. 20

Consolidated Statement of Changes in Net Debt
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	(Note 14)		
Net Debt, Beginning of Year	**(4,735,336)**	**(4,735,336)**	**(14,727,117)**
Changes During the Year:			
Operating (Deficit) Surplus for the Year	14,309,260	(534,238)	20,286,485
Acquisition of Tangible Capital Assets (Schedule C)	(33,789,546)	(26,336,137)	(15,719,379)
Amortization of Tangible Capital Assets (Schedule C)	5,389,848	5,719,922	5,676,512
Net Change in Other Non-Financial Assets	-	14,947	(50,869)
	(14,090,438)	**(21,135,506)**	**10,192,749**
Net Remeasurement Gains (Losses)	-	91,799	(200,968)
Change in Net Debt	**(14,090,438)**	**(21,043,707)**	**9,991,781**
Net Debt, End of Year	**(18,825,774)**	**(25,779,043)**	**(4,735,336)**

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

St. Paul's Roman Catholic Separate School Division No. 20

Consolidated Statement of Cash Flows

for the year ended August 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Operating (Deficit) Surplus for the Year	(534,238)	20,286,485
Add Non-Cash Items Included in Deficit (Schedule D)	5,719,922	5,676,512
Net Change in Non-Cash Operating Activities (Schedule E)	97,592	(10,229,709)
Cash Provided by Operating Activities	**5,283,276**	**15,733,288**
CAPITAL ACTIVITIES		
Cash (Used) to Acquire Tangible Capital Assets	(23,958,789)	(10,289,049)
Cash (Used) by Capital Activities	**(23,958,789)**	**(10,289,049)**
INVESTING ACTIVITIES		
Cash (Used) to Acquire Portfolio Investments	(34,500)	-
Proceeds on Disposal of Portfolio Investments	34,500	-
Cash Provided by Investing Activities	**-**	**-**
FINANCING ACTIVITIES		
Proceeds from Issuance of Long Term Debt	27,247,669	-
Repayment of Long Term Debt	(2,147,401)	(1,583,951)
Cash Provided (Used) by Financing Activities	**25,100,268**	**(1,583,951)**
INCREASE IN CASH AND CASH EQUIVALENTS	**6,424,755**	**3,860,288**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**10,380,689**	**6,520,401**
CASH AND CASH EQUIVALENTS, END OF YEAR	**16,805,444**	**10,380,689**

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

St. Paul's Roman Catholic Separate School Division No. 20

Schedule A: Consolidated 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	45,254,683	43,714,243	42,225,728
Revenue from Supplemental Levies	216,780	748,379	956,546
Total Property Tax Revenue	**45,471,463**	**44,462,622**	**43,182,274**
Grants in Lieu of Taxes:			
Federal Government	375,000	380,837	310,530
Provincial Government	780,000	736,261	771,647
Other	525,000	388,886	503,594
Total Grants in Lieu of Taxes	**1,680,000**	**1,505,984**	**1,585,771**
Other Tax Revenues:			
House Trailer Fees	25,000	24,054	20,953
Total Other Tax Revenues	**25,000**	**24,054**	**20,953**
Additions to Levy:			
Penalties	20,000	12,552	16,887
Other	20,000	218,373	98,028
Total Additions to Levy	**40,000**	**230,925**	**114,915**
Deletions from Levy:			
Discounts	-	-	(78,225)
Cancellations	(65,000)	(89,428)	(47,710)
Other Deletions	(900,000)	(460,339)	(426,480)
Total Deletions from Levy	**(965,000)**	**(549,767)**	**(552,415)**
Total Property Taxation Revenue	**46,251,463**	**45,673,818**	**44,351,498**
Grants:			
Operating Grants			
Ministry of Education Grants:			
Operating Grant	106,402,307	109,291,988	100,789,218
Other Ministry Grants	-	721,926	544,357
Total Ministry Grants	**106,402,307**	**110,013,914**	**101,333,575**
Other Provincial Grants	596,876	524,963	574,926
Federal Grants	-	99,000	207,899
Grants from Others	-	214,600	11,301
Total Operating Grants	**106,999,183**	**110,852,477**	**102,127,701**
Capital Grants			
Ministry of Education Capital Grants	18,622,625	11,393,981	32,974,684
Other Capital Grants	-	509,579	9,579
Total Capital Grants	**18,622,625**	**11,903,560**	**32,984,263**
Total Grants	**125,621,808**	**122,756,037**	**135,111,964**

St. Paul's Roman Catholic Separate School Division No. 20

Schedule A: Consolidated 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:			
School Boards	50,000	135,668	131,300
Individuals and Other	1,121,809	1,680,224	1,408,967
Total Tuition Fees	**1,171,809**	**1,815,892**	**1,540,267**
Transportation Fees	855	380	435
Total Tuition and Related Fees Revenue	**1,172,664**	**1,816,272**	**1,540,702**
School Generated Funds Revenue			
Curricular:			
Student Fees	-	14,244	12,980
Non-Curricular Fees:			
Commercial Sales - Non-GST	33,905	42,257	31,252
Fundraising	733,484	651,197	891,398
Grants and Partnerships	577,061	778,078	466,157
Students Fees	2,147,274	2,189,832	2,258,753
Other	80,797	117,050	178,567
Total Non-Curricular Fees	**3,572,521**	**3,778,414**	**3,826,127**
Total School Generated Funds Revenue	**3,572,521**	**3,792,658**	**3,839,107**
Complementary Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	1,648,396	1,648,396	1,595,611
Total Complementary Services Revenue	**1,648,396**	**1,648,396**	**1,595,611**
Other Revenue			
Miscellaneous Revenue	1,243,944	984,124	390,440
Sales & Rentals	606,485	641,888	646,071
Investments	50,896	115,903	71,204
Total Other Revenue	**1,901,325**	**1,741,915**	**1,107,715**
TOTAL REVENUE FOR THE YEAR	**180,168,177**	**177,429,096**	**187,546,597**

St. Paul's Roman Catholic Separate School Division No. 20

Schedule B: Consolidated Supplementary Details of Expenses for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Governance Expense			
Board Members Expense	246,891	243,867	232,775
Professional Development- Board Members	58,998	42,497	34,742
Advisory Committees	1,925	2,013	4,170
Elections	-	(250)	81,067
Other Governance Expenses	449,992	435,106	407,978
Total Governance Expense	**757,806**	**723,233**	**760,732**
Administration Expense			
Salaries	4,894,815	4,236,329	4,113,392
Benefits	871,381	620,232	472,186
Supplies & Services	216,817	224,157	187,347
Non-Capital Furniture & Equipment	4,100	1,877	4,186
Building Operating Expenses	244,069	241,364	204,202
Communications	84,541	(1,145)	(2,445)
Travel	4,602	33,630	1,433
Professional Development	8,950	12,067	9,101
Amortization of Tangible Capital Assets	4,214	105,557	79,710
Total Administration Expense	**6,333,489**	**5,474,068**	**5,069,112**
Instruction Expense			
Instructional (Teacher Contract) Salaries	86,816,463	87,786,372	84,410,424
Instructional (Teacher Contract) Benefits	4,633,582	4,339,024	4,153,074
Program Support (Non-Teacher Contract) Salaries	19,187,453	19,510,600	18,783,534
Program Support (Non-Teacher Contract) Benefits	4,275,743	4,251,753	4,197,349
Instructional Aids	2,812,557	2,816,962	2,865,262
Supplies & Services	1,785,373	1,657,318	1,562,515
Non-Capital Furniture & Equipment	812,016	682,825	743,786
Communications	1,034,608	755,562	386,795
Travel	280,204	242,987	247,103
Professional Development	796,759	529,676	550,609
Student Related Expense	842,644	946,548	838,833
Amortization of Tangible Capital Assets	1,389,911	1,593,460	1,679,823
Total Instruction Expense	**124,667,313**	**125,113,087**	**120,419,107**

St. Paul's Roman Catholic Separate School Division No. 20

Schedule B: Consolidated Supplementary Details of Expenses

for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Plant Operation & Maintenance Expense			
Salaries	6,333,794	6,302,350	5,989,758
Benefits	1,371,407	1,331,086	1,214,110
Supplies & Services	1,534	2,612	11,468
Non-Capital Furniture & Equipment	229,481	52,543	113,066
Building Operating Expenses	8,880,033	20,907,604	17,579,483
Communications	85	187	316
Travel	77,737	92,643	82,410
Professional Development	4,500	1,946	1,266
Amortization of Tangible Capital Assets	3,995,413	4,019,741	3,915,814
Total Plant Operation & Maintenance Expense	**20,893,984**	**32,710,712**	**28,907,691**
Student Transportation Expense			
Salaries	14,589	113,635	14,303
Benefits	2,833	18,744	-
Contracted Transportation	6,639,537	6,455,519	5,692,780
Total Student Transportation Expense	**6,656,959**	**6,587,898**	**5,707,083**
Tuition and Related Fees Expense			
Tuition Fees	-	35,700	49,980
Total Tuition and Related Fees Expense	**-**	**35,700**	**49,980**
School Generated Funds Expense			
Supplies & Services	-	5,075	10,721
Cost of Sales	39,656	25,959	23,951
School Fund Expenses	3,601,249	3,558,299	3,563,504
Total School Generated Funds Expense	**3,640,905**	**3,589,333**	**3,598,176**

St. Paul's Roman Catholic Separate School Division No. 20
Schedule B: Consolidated 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	1,009,700	984,015	966,848
Program Support (Non-Teacher Contract) Salaries & Benefits	432,565	403,078	412,563
Instructional Aids	5,000	16,656	1,691
Supplies & Services	-	-	1,818
Non-Capital Furniture & Equipment	5,000	3,752	-
Travel	-	443	194
Professional Development (Non-Salary Costs)	5,000	2,122	1,656
Student Related Expenses	26,000	27,728	27,752
Contracted Transportation & Allowances	615,607	501,359	493,588
Amortization of Tangible Capital Assets	1,665	1,164	1,165
Total Complementary Services Expense	**2,100,537**	**1,940,317**	**1,907,275**
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	112,117	100,465	153,810
Interest on Other Capital Loans and Long Term Debt			
School Facilities	695,807	1,636,046	687,146
Other	-	52,475	-
Total Interest and Bank Charges	**807,924**	**1,788,986**	**840,956**
Total Other Expense	**807,924**	**1,788,986**	**840,956**
TOTAL EXPENSES FOR THE YEAR	**165,858,917**	**177,963,334**	**167,260,112**

St. Paul's Roman Catholic Separate School Division No. 20

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

	Land	Land Improvements	Buildings	Buildings Short term	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Assets Under Construction	2014	2013
Tangible Capital Assets - at Cost:											
Opening Balance as of September 1	9,578,065	1,111,514	145,334,707	29,822,566	293,997	4,228,077	7,242,261	333,217	15,742,386	**213,686,790**	**201,044,987**
Additions/Purchases	-	-	6,847	-	48,106	432,525	1,714,121	122,977	24,011,561	**26,336,137**	**15,719,379**
Disposals	-	-	-	-	-	(445,328)	(2,008,336)	(99,375)	-	**(2,553,039)**	**(3,077,576)**
Transfers to (from)	-	38,973	741,496	2,393,529	-	20,666	13,435	-	(3,208,099)	**-**	**-**
Closing Balance as of August 31	**9,578,065**	**1,150,487**	**146,083,050**	**32,216,095**	**342,103**	**4,235,940**	**6,961,481**	**356,819**	**36,545,848**	**237,469,888**	**213,686,790**
Tangible Capital Assets - Amortization:											
Opening Balance as of September 1	-	494,399	59,250,158	21,141,430	293,997	1,947,991	4,195,620	175,589	-	**87,499,184**	**84,900,248**
Amortization of the Period	-	54,383	2,821,304	947,142	9,622	423,168	1,392,528	71,775	-	**5,719,922**	**5,676,512**
Disposals	-	-	-	-	-	(445,328)	(2,008,336)	(99,375)	-	**(2,553,039)**	**(3,077,576)**
Closing Balance as of August 31	**N/A**	**548,782**	**62,071,462**	**22,088,572**	**303,619**	**1,925,831**	**3,579,812**	**147,989**	**N/A**	**90,666,067**	**87,499,184**
Net Book Value:											
Opening Balance as of September 1	9,578,065	617,115	86,084,549	8,681,136	-	2,280,086	3,046,641	157,628	15,742,386	**126,187,606**	**116,144,739**
Closing Balance as of August 31	9,578,065	601,705	84,011,588	10,127,523	38,484	2,310,109	3,381,669	208,830	36,545,848	**146,803,821**	**126,187,606**
Change in Net Book Value	**-**	**(15,410)**	**(2,072,961)**	**1,446,387**	**38,484**	**30,023**	**335,028**	**51,202**	**20,803,462**	**20,616,215**	**10,042,867**
Disposals:											
Historical Cost	-	-	-	-	-	445,328	2,008,336	99,375	-	**2,553,039**	**3,077,576**
Accumulated Amortization	-	-	-	-	-	445,328	2,008,336	99,375	-	**2,553,039**	**3,077,576**
Net Cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Price of Sale	-	-	-	-	-	-	-	-	-	**-**	**-**
Gain/loss on Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

St. Paul's Roman Catholic Separate School Division No. 20
Schedule D: Consolidated 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)	5,719,922	5,676,512
Total Non-Cash Items Included in Surplus / Deficit	**5,719,922**	**5,676,512**

St. Paul's Roman Catholic Separate School Division No. 20
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:		
(Increase) in Accounts Receivable	(2,163,889)	(5,854,079)
Increase (Decrease) In Accounts Payable and Accrued Liabilities	1,275,525	(2,577,807)
Increase (Decrease) in Liability for Employee Future Benefits	169,400	(25,400)
Increase (Decrease) in Deferred Revenue	801,609	(1,721,554)
Decrease (Increase) in Prepaid Expenses	14,947	(50,869)
Total Net Change in Non-Cash Operating Activities	**97,592**	**(10,229,709)**

St. Paul's Roman Catholic Separate School Division #20
Notes to the Consolidated Financial Statements
for the year ended August 31, 2014

1. AUTHORITY AND PURPOSE

St. Paul's Roman Catholic Separate School Division No. 20 ("the School Division") is a corporate body established by Catholic electors to provide an educational system, and operates as the Greater Saskatoon Catholic School Board. Governance is the authority of the Board of Education to set the policies and practices for the Division within the guidelines of *The Education Act, 1995* and *The Education Regulations, 1986.* The School Division provides education services to residents within its boundaries 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 and agreed to by the Board of Education, although separate school divisions continue to have a legislative right to set their own mill rates. The School Division is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 as 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 17 Accounting Changes.

b) Reporting Entity and Consolidation

The consolidated financial statements include all of the assets, liabilities, revenues and expenses of the School Division reporting entity. The School Division reporting entity is comprised of all the organizations which are controlled by the School Division and the School Division's share of partnerships.

Partnerships:
A partnership represents a contractual arrangement between the School Division and a party or parties outside the School Division reporting entity. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the partnership.

Partnerships are accounted for on a proportionate consolidation basis whereby the School Division's pro-rata share of the partnership's assets, liabilities, revenues and expenses are combined on a line by line basis. The partnership's accounting policies are consistent with the accounting policies of the School Division. Inter-company balances and transactions between the School Division and the partnership have been eliminated.

The School Division has an interest in one partnership.

- Humboldt Collegiate Institute – 58.2% (2012/13 – 60.4%)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Basis of Accounting

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

d) Measurement Uncertainty and the Use of Estimates

Canadian public sector accounting standards requires management to make estimates and assumptions that affect reported amounts 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 accrual for retroactive teachers' salaries related to the 2014 year of $1,353,239 (2013 - $0) because the actual amount in the final negotiated contract may differ from initial estimates.
- The accrual for retroactive CUPE 2268 salaries related to the 2014 year of $231,550 (2013 - $0) because the actual amount in the final negotiated contract may differ from initial estimates.
- The liability for future employee benefits of $4,340,800 (2013 - $4,171,400) because actual experience may differ significantly from actuarial estimations.
- Property taxation revenue of $45,673,818 (2013 - $44,351,498) because final tax assessments may differ from initial estimates.
- Useful lives of tangible capital assets and related amortization for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful lives.
- Prior year's 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.

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, accounts payable and accrued liabilities and long term debt and associated derivatives.

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost. All of the financial instruments of the School Division are measured at cost or amortized cost except for derivatives which are measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i. Fair Value

Fair value measurement applies to financial derivatives. Any associated transaction costs are expensed upon initial recognition. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized, at which time they are transferred to the Consolidated Statement of Operations and Accumulated Surplus from Operations.

Fair value is determined by:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 inputs other than quoted prices that are observable for the asset or liability either directly, (i.e. as prices) or indirectly (i.e. derived from prices)

The School Division's derivatives are considered Level 2 measurement.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from any accumulated remeasurement gains and reported in the Consolidated Statement of Operations and Accumulated Surplus from Operations.

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

ii) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. 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 Consolidated Statement of Operations and Accumulated Surplus from Operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the Consolidated 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 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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

the end of the fiscal period but not yet received. Provincial grants receivable represent operating, capital and other grants earned but not received at the end of the fiscal year, provided reasonable estimates of the amounts can be made. Grants are earned when the events giving rise to the grant have occurred, the grant is authorized, and any eligibility criteria have been met. Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

Portfolio Investments consist of guaranteed investment certificates and are carried at cost. Where there has been a permanent impairment in value of a portfolio investment, the investment is written down to reflect the loss in value.

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, land improvements, buildings, buildings – short term, other vehicles, furniture and equipment, computer hardware and audio visual equipment, computer software, capital lease assets and assets under construction. Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The School Division does not capitalize interest incurred while a tangible capital asset is under construction, nor amortize it until it is complete and placed into service.

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
Other vehicles	5 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years
Leased capital assets	Lease term

Prepaid Expenses are prepaid amounts for goods or services such as insurance, Saskatchewan School Boards Association fees, and software licenses 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Long Term Debt is comprised of capital loans with initial maturities of more than one year and are incurred for the purpose of financing capital expenses in accordance with the provisions of *The Education Act, 1995.* Long term debt also includes capital lease obligations where substantially all of the benefits and risks incident to ownership are transferred to the School Division without necessarily transferring legal ownership. The amount of the lease liability recorded at the beginning of the lease term is the present value of the minimum lease payments, excluding the portion thereof relating to executory costs.

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

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 facility rentals is recognized as the services are delivered, and revenue from property taxes is earned through the passage of time.

i) Employee Pension 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 the 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.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with the 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 and agreed to by the Board of Education, although separate school divisions have a legislative right to set their own mill rates. Tax revenues are recognized on the basis of time with $1/12^{th}$ 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.

v) Other (Non-Government Transfer) Contributions

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

3. ACCOUNTS RECEIVABLE

All accounts receivable presented on the Consolidated 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	Net of Allowance	Total Receivable	Net of Allowance
Taxes Receivable	$ 3,359,615	$ 3,359,615	$ 4,228,272	$ 4,228,272
Provincial Grants Receivable	16,294,655	16,294,655	13,075,219	13,075,219
Other Receivables	1,369,326	1,369,326	1,556,216	1,556,216
Total Accounts Receivable	$ 21,023,596	$ 21,023,596	$ 18,859,707	$ 18,859,707

4. PORTFOLIO INVESTMENTS

Portfolio Investments are comprised of the following:

	2014	2013
Portfolio investments in the cost and amortized cost category:	Cost	Cost
NatCan GIC, interest of 3.21%, due January 6, 2016	$ 11,600	$ 11,600
National Bank of Canada GIC, interest of 2.75%, due October 17, 2016	10,000	10,000
BMO Advisors Advantage GIC, interest of 4.25%, due January 23, 2014	-	34,500
ING Bank of Canada GIC, interest of 2.70%, due January 23, 2019	34,500	-
Total portfolio investments reported at cost and amortized cost	$ 56,100	$ 56,100

5. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of $20 million that bears interest at prime minus 0.7% per annum. This line of credit is authorized by a borrowing resolution by the Board of Education and is unsecured. This line of credit was approved by the Minister of Education on January 21, 2013. There was no balance drawn on the line of credit at August 31, 2014 (August 31, 2013 - $0).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2014	2013
Accrued Salaries and Benefits	$ 3,580,298	$ 1,656,965
Supplier Payments	9,558,922	8,529,476
Other	174,478	12,714
Total Accounts Payable and Accrued Liabilities	$ 13,313,698	$ 10,199,155

7. LONG TERM DEBT AND ASSOCIATED DERIVATIVES

Details of long term debt are as follows:

		2014	2013
Capital Loans:	Royal Bank Bankers' Acceptance Loan - offering Rate of 4.6% plus spread of 0.35%, ten year loan revolving quarterly at progressively smaller amounts until October 2016 (offering rate at August 31, 2014 was 1.273%).	$2,672,000	$3,772,000
	Derivatives consist of long-term financial instrument created by interest rate swap agreement - 4.6%, terminates October 2016. The derivative is recorded at fair value.	109,169	200,968
	Royal Bank 4.25% twenty year fixed rate loan, payable in blended monthly instalments of $77,106 until December 2031.	11,372,463	11,804,404
	BMO 5.01% twenty year fixed rate loan, payable in blended monthly instalments of $179,973 until December 2033.	26,778,325	-
		40,931,957	15,777,372
Capital Leases	Five year capital lease for Konica Minolta multifunction printing devices, variable monthly cost per copy payment based on usage, bearing interest at 5.25%, expiring September 30, 2013.	-	12,468
	Five year capital lease for Konica Minolta multifunction printing devices, variable monthly cost per copy payment based on usage, bearing interest at 7.55%, expiring June 30, 2018.	662,847	258,165
		662,847	270,633
Total Long Term Debt and Associated Derivatives		$ 41,594,804	$ 16,048,005

7. LONG TERM DEBT AND ASSOCIATED DERIVATIVES (Cont'd)

Principal repayments over the next 5 years are estimated as follows:

	Capital Loans	Capital Leases	Total
2015	$ 2,498,633	$ 152,359	$ 2,650,992
2016	2,508,580	164,261	2,672,841
2017	1,840,334	177,092	2,017,426
2018	1,490,297	169,135	1,659,432
2019	1,562,627	-	1,562,627
Thereafter	30,922,317	-	30,922,317
Total	$ 40,822,788	$ 662,847	$ 41,485,635

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

	Capital Loans	Capital Leases	2014	2013
Principal	$ 2,001,285	$ 146,116	$ 2,147,401	$ 1,583,951
Interest	1,636,046	52,476	1,688,522	687,147
Total	$ 3,637,331	$ 198,592	$ 3,835,923	$ 2,271,098

8. EMPLOYEE FUTURE BENEFITS

The Division provides certain post-employment and compensated absence benefits to its employees. These benefits include accumulating non-vested sick leave, severance, and vacation banks. The liability associated with these benefits is calculated based on the present value of expected future payments pro-rated for service and is included in Liability for Employee Future Benefits in the Consolidated 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, 2013 and August 31, 2014.

	2014	2013
Actuarial extrapolation date	31-Aug-14	31-Aug-13
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)	14	14

The actual salary escalation rate used includes a merit and promotion percentage which varies depending on years of service of each employee.

8. EMPLOYEE FUTURE BENEFITS (Cont'd)

Liability for Employee Future Benefits	2014	2013
Accrued Benefit Obligation - beginning of year	$ 3,434,200	$ 3,707,500
Current period benefit cost	285,000	303,600
Interest cost	126,800	102,900
Benefit payments	(193,100)	(402,400)
Actuarial gains / losses	248,500	(277,400)
Accrued Benefit Obligation - end of year	3,901,400	3,434,200
Unamortized Net Actuarial Gains / Losses	439,400	737,200
Liability for Employee Future Benefits	$ 4,340,800	$ 4,171,400

Employee Future Benefits Expense	2014	2013
Current service cost	$ 285,000	$ 303,600
Amortization of net actuarial gain / loss	(49,300)	(29,500)
Benefit cost	235,700	276,113
Interest cost on unfunded employee future benefits obligation	126,800	102,900
Total Employee Future Benefits Expense	$ 362,500	$ 379,013

9. 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
Capital projects:				
Capital Grants from Others	$ 57,477	$ 20,000	$ (9,580)	$ 67,897
Total capital projects deferred revenue	57,477	20,000	(9,580)	67,897
Other deferred revenue:				
International Student Program Tuition	853,473	914,406	(853,473)	914,406
Facility Rentals	11,240	7,192	(11,240)	7,192
Property Tax Income	2,691,082	3,425,386	(2,691,082)	3,425,386
Total other deferred revenue	3,555,795	4,346,984	(3,555,795)	4,346,984
Total Deferred Revenue	$ 3,613,272	$ 4,366,984	$ (3,565,375)	$ 4,414,881

10. 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.

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	2014	2013
Revenue:			
Operating Grants	$ 1,648,396	$ 1,648,396	$ 1,595,611
Total Revenue	1,648,396	1,648,396	1,595,611
Expenses:			
Salaries & Benefits	1,387,093	1,387,093	1,379,411
Instructional Aids	16,656	16,656	1,691
Supplies and Services	-	-	1,818
Non-Capital Equipment	3,752	3,752	-
Travel	443	443	194
Professional Development (Non-Salary Costs)	2,122	2,122	1,656
Student Related Expenses	27,728	27,728	27,752
Contacted Transportation & Allowances	501,359	501,359	493,588
Amortization of Tangible Capital Assets	1,164	1,164	1,165
Total Expenses	1,940,317	1,940,317	1,907,275
Deficiency of Revenue over Expenses	$ (291,921)	$ (291,921)	$ (311,664)

Pre-kindergarten is a targeted early intervention program offered to vulnerable children in the community. Each classroom has a maximum of 16 students with a professional teacher and an educational assistant assigned to the classroom. The School Division has twenty-six pre-kindergarten programs in eleven schools.

11. ACCUMULATED SURPLUS

Accumulated Surplus represents the financial assets and non-financial assets of the school division less liabilities. Accumulated surplus is comprised of the following two amounts:

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

Certain amounts of the accumulated surplus from operations, as approved by the Board of Education, have been designated for specific future purposes such as school generated funds, scholarships and future capital asset expenditures. These internally restricted amounts are included in the accumulated surplus from operations presented in the Consolidated Statement of Financial Position. The school division does not maintain separate bank accounts for the internally restricted amounts.

11. ACCUMULATED SURPLUS (Cont'd)

Details of accumulated surplus 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	$ 126,187,606	$ 20,616,215	$ -	$ 146,803,821
Less: Debt owing on Tangible Capital Assets	16,048,005	27,785,999	2,239,200	41,594,804
	110,139,601	(7,169,784)	(2,239,200)	105,209,017
PMR maintenance project allocations	1,150,654	1,471,482	1,119,801	1,502,335
Internally Restricted Surplus:				
Capital Projects:				
Designated for tangible capital asset expenditures	18,761,068	-	10,634,666	8,126,402
Other:				
Federal Tuition and Project Funding	6,752	175	-	6,927
Telephone System Replacement	-	95,205	-	95,205
Invitational Shared Services Initiative	-	116,514	-	116,514
Modular Classroom Moves	-	300,000	-	300,000
Modular Classroom Project Surplus	-	163,565	-	163,565
School Decentralized Budget Carryovers	-	118,627	-	118,627
Claims Fluctuation Reserve	-	100,000	-	100,000
P3 Planning Grant	-	102,614	-	102,614
Vehicle Replacement Fund	-	43,164	-	43,164
St. Frances Pre-Kindergarten Start-Up Grant	-	26,241	-	26,241
School Generated Funds	1,167,835	1,147	-	1,168,982
Scholarship funds	210,464	2,173	-	212,637
Saskatoon French School	898,723	22,456	569,600	351,579
Oskāyak High School	1,337,861	33,447	16,333	1,354,975
	22,382,703	1,125,328	11,220,599	12,287,432
Unrestricted Surplus (Deficit)	(11,595,622)	14,139,936	-	2,544,314
Total Accumulated Surplus from Operations	122,077,336	9,566,962	10,101,200	121,543,098
Accumulated Remeasurement Losses	(200,968)	91,799	-	(109,169)
Total Accumulated Surplus	$ 121,876,368	$ 9,658,761	$ 10,101,200	$ 121,433,929

11. ACCUMULATED SURPLUS (Cont'd)

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 is as follows:

i) Designated for tangible capital asset expenditures are capital grants received or receivable from the Ministry of Education that have not yet been spent on the designated project.

ii) Federal Tuition and Project Funding is the capital portion of tuition charged to on-reserve students.

iii) Telephone System Replacement is set aside for 2014-2015 expenses related to the voice-over internet protocol phone system replacement.

iv) Invitational Shared Services Initiative is a joint program between the School Division and Saskatoon Tribal Council. Grant not spent in the year is required to be set aside for the next year's programming.

v) Modular Classroom Moves is funding set aside to relocate modular classrooms at the completion of the major renovations and addition projects nearing completion in the summer of 2015.

vi) The Modular Classroom Project Surplus is set aside to offset future costs associated with incompatibility issues with existing units.

vii) School Decentralized Budget Carryover is funding set aside for schools to use in the following school year with up to 10% of their current year budget remaining.

viii) Claims Fluctuation Reserve is funds withdrawn from the employee benefits plan to offset future costs.

ix) P3 Planning Grant funds were received from the Ministry of Education and the unspent portion is being set aside to offset future costs associated with the School Division being part of the P3 planning process.

x) Vehicle Replacement Fund has been set aside to offset the cost of a new delivery van purchase in 2014-2015.

xi) St. Frances Pre-Kindergarten Start-Up Grant was funds received in 2013-2014 that will not be expended until the new program begins in 2014-2015.

xii) School Generated Funds are the excess of revenue over expenses from funds collected from school activities at the school level.

xiii) Scholarship funds consist of monies donated from third parties that is used to pay scholarships to students based on defined criteria and internally allocated funds set aside as a professional development fund for senior administration.

11. ACCUMULATED SURPLUS (Cont'd)

xiv) The Saskatoon French School and Oskāyak High School allocations are revenues in excess of expenses resulting from the operations of the respective schools. Both schools are administered by the School Division and work with a council elected by the school community as outlined in the tripartite agreement for each school.

12. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2014 Actual	2014 Budget	2013 Actual
Governance	$ 243,867	$ 479,366	$ -	$ -	$ 723,233	$ 757,806	$ 760,732
Administration	4,856,561	511,950	-	105,557	5,474,068	6,333,489	5,069,112
Instruction	115,887,749	7,631,878	-	1,593,460	125,113,087	124,667,313	120,419,107
Plant	7,633,436	21,057,535	-	4,019,741	32,710,712	20,893,984	28,907,691
Transportation	132,379	6,455,519	-	-	6,587,898	6,656,959	5,707,083
Tuition and Related Fees	-	35,700	-	-	35,700	-	49,980
School Generated Funds	-	3,589,333	-	-	3,589,333	3,640,905	3,598,176
Complementary Services	1,387,093	552,060	-	1,164	1,940,317	2,100,537	1,907,275
Other - Interest	-	17,767	1,771,219	-	1,788,986	807,924	840,956
TOTAL	$ 130,141,085	$ 40,331,108	$ 1,771,219	$ 5,719,922	$ 177,963,334	$ 165,858,917	$ 167,260,112

13. 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 consolidated 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 consolidated 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:

13. PENSION PLANS (Cont'd)

	2014			2013
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	1,117	23	1,140	1,238
Member contribution rate (percentage of salary)	7.80% - 10%	6.05% - 7.85%	6.05% - 10.0%	6.05% - 10.0%
Member contributions for the year	$ 7,091,634	$ 150,293	$ 7,241,927	$ 7,069,359

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 consolidated 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:

	2014	2013
Number of active School Division members	751	749
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	$ 2,141,253	$ 1,987,128
School Division contributions for the year	$ 2,141,253	$ 1,987,128
	31-Dec-13	31-Dec-12
Actuarial valuation date (extrapolated)		(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

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board of Education on June 17, 2013 and the Minister of Education on August 23, 2013.

15. PARTNERSHIP

The School Division operates Humboldt Collegiate Institute under a joint operating agreement between the School Division and Horizon School Division No. 205. The purpose of the partnership is to provide secondary education to the Catholic and Public students of Humboldt and surrounding area. Any distribution (recovery) of annual operating surplus (deficit) is shared between the partners according to their proportionate share of the student population for the given fiscal year.

The following is a schedule of relevant financial information as stated within the financial statements for the partnership for the year ended August 31, 2014. These amounts represent 100% of the partnership's financial position and activities.

	2014	2013
Financial Assets	$ 89,163	$ 74,689
Tangible Capital Assets	16,888,694	17,387,085
Total Assets	$ 16,977,857	$ 17,461,774
Financial Liabilities	$ 89,163	$ 74,689
Accumulated Surplus	16,888,694	13,387,085
Total Liabilities and Accumulated Surplus	$ 16,977,857	$ 17,461,774
Revenue	$ 3,257,811	$ 3,228,133
Expenses	(3,168,648)	(3,153,444)
Total Operating Surplus	$ 89,163	$ 74,689
Less: Allocated to Horizon School Division No. 205	37,270	29,577
Less: Allocated to St. Paul's Roman Catholic Separate School Division No. 20	51,893	45,112
Total Accumulated Surplus	$ -	$ -

The above amounts have been proportionately consolidated in the School Division's consolidated financial statements at the School Division's partnership share of 58.2% (2013 – 60.4%). After adjusting accounting policies to be consistent with those of the school division and eliminating transactions between the partnership and the School Division, the following amounts have been included in the School Division's consolidated financial statements:

	2014	2013
Financial Assets	$ 51,893	$ 45,112
Tangible Capital Assets	$ 11,675,309	$ 12,017,571
Revenue	$ 1,896,046	$ 1,949,942
Expenses	$ (1,844,153)	$ (1,904,830)

16. RELATED PARTIES

These consolidated 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

16. RELATED PARTIES (Cont'd)

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 their organizations.

Related Party Transactions

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

	2014	2013
Revenues:		
Ministry of Education	$ 123,056,291	$ 135,518,330
Saskatchewan Government Insurance	524,963	503,702
Ministry of Advanced Education	-	71,224
	$ 123,581,254	$ 136,093,256
Expenses:		
Saskatchewan Transportation Company	172	1,226
Saskatchewan Power Corporation	1,076,058	936,222
Saskatchewan Telecommunications Holding Corporation	395,456	544,851
SaskEnergy Incorporated	1,846,666	1,651,097
Workers' Compensation Board (Saskatchewan)	336,713	317,267
	$ 3,655,065	$ 3,450,663
Accounts Receivable:		
Ministry of Education	$ 16,294,655	$ 13,075,219
	$ 16,294,655	$ 13,075,219
Prepaid Expenses:		
Workers' Compensation Board (Saskatchewan)	$ 130,725	$ 112,097
	$ 130,725	$ 112,097
Accounts Payable and Accrued Liabilities:		
Saskatchewan Power Corporation	71,811	66,456
Saskatchewan Telecommunications Holding Corporation	26,943	28,995
SaskEnergy Incorporated	49,013	-
	$ 147,767	$ 95,451

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 consolidated financial statements or notes thereto.

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

17. 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 consolidated financial statements.

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Construction contracts and commitments

On June 28, 2012, Quorex Construction Services Ltd. was awarded the tender for construction management services for the major renovation and addition at Holy Cross High School. The Ministry of Education has approved a total of $24.2 million towards the project, with $8.2 million of that to be funded by the School Division. The project commenced in April 2013 and is scheduled to be completed in December 2014.

In September 2012, EllisDon Corporation commenced construction of the new Holy Family Catholic Elementary School in the Willowgrove area of Saskatoon. The joint project between the City of Saskatoon and Saskatoon Public School Division No. 13 will also house a jointly owned fifty space daycare and community space as well as a public elementary school owned by Saskatoon Public School Division No. 13. The cost of the project is to be shared with the Ministry of Education and the other two partners. The total value of the contract is $31.7 million and the School Division's share is $15.2 million. The estimated date of completion is December 2014.

On February 27, 2013 the Board of Education awarded Clark Builders the contract for the major renovation and addition to Georges Vanier Catholic Elementary School. The cost of the project is to be shared with the Ministry of Education. The total value of the contract is $10.4 million and the School Division's share is $3.6 million. The estimated date of completion is April 2015.

On April 8, 2013 the Board of Education awarded Gabriel Construction Ltd. the contract for the major renovation and addition to Ècole St. Matthew Catholic Elementary School. The cost of the project is to be shared with the Ministry of Education. The total value of the contract is $11.3 million and the School Division's share is $4.0 million. The estimated date of completion is August 2015.

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (Cont'd)

Operating contracts and commitments

The School Division leases instructional space for its Opening Doors Program from REM Holdings Inc. On May 14 2013, the School Division signed a three year lease for the period ending August 31, 2016.

On May 11, 2013 the School Division signed a new five year capital lease with Konica Minolta Business Solutions (Canada) Ltd. The lease is paid through a monthly cost per copy charged. The annual guaranteed minimum number of copies is 21.5 million. The lease expires June 2018.

	Operating Leases		Capital Leases	
	Instructional Space	Total Operating	Multifunction copiers	Total Capital
Future minimum lease payments:				
2015	$ 46,200	$ 46,200	$ 152,359	$ 152,359
2016	46,200	46,200	164,261	164,261
2017	-	-	177,092	177,092
2018	-	-	169,135	169,135
	$ 92,400	$ 92,400	$ 662,847	$ 662,847
Interest costs	-	-	104,091	104,091
Total Lease Obligations	$ 92,400	$ 92,400	$ 766,938	$ 766,938

19. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation. Revenue of $385,540 was reclassified to Grants from Other. Salaries and benefits of $3,366,488 were reclassified from Instruction to Administration. On the Consolidated Statement of Cash Flows, $265,501 was reclassified to Cash Used to Acquire Tangible Capital Assets from Financing Activities.

20. RISK MANAGEMENT

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

i) Credit Risk

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

20. RISK MANAGEMENT (Cont'd)

The aging of provincial grants and other accounts receivable at August 31, 2014 and August 31, 2013 was:

	August 31, 2014	August 31, 2013
	Accounts Receivable	Accounts Receivable
Current	$ 16,749,430	$ 12,498,131
30-60 days	268,757	166,545
60-90 days	5,000	576,015
Over 90 days	640,794	1,390,744
Total	$ 17,663,981	$ 14,631,435

ii) Liquidity Risk

Liquidity risk is the risk that the school division will not be able to meet its financial obligations as they come due. The school division manages liquidity risk by maintaining adequate cash balances, budget practices and monitoring and forecasts. 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	$ 13,313,698	-	-	-
Long term debt (including interest)	2,255,687	2,255,687	14,629,810	42,366,401
Total	$ 15,569,385	$ 2,255,687	$ 14,629,810	$ 42,366,401

iii) Market Risk

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

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents and long-term debt. The School Division also has an authorized bank line of credit of $20 million with interest payable monthly at a rate of prime minus 0.7%, which was approved by the Ministry of Education on January 21, 2013. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility as of August 31, 2014.

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
- managing its interest rate risk on long-term debt through the use of fixed rate terms and derivatives consisting of a long term financial instrument created by interest rate swap agreements on variable interest debt.

20. RISK MANAGEMENT (Cont'd)

Foreign Currency Risk:
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The School Division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the School Division does not make a significant amount of purchases denominated on a foreign currency. As at August 31, 2014 the School Division had accounts payable of $2,913 denominated in U.S. dollars and converted to Canadian dollars at $1 USD to $1.09 CAD (2013 - $1,237).

The School Division is also exposed to currency risk on its interest rate swap derivative denominated in U.S. dollars. As at August 31, 2014 the mark to market adjustment related to the derivative was $100,487 denominated in U.S. dollars and converted to Canadian dollars at $1 USD to $1.09 CAD (2013 – $191,089).