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## AUDITOR'S REPORT

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To: The Provincial Auditor

We have examined the financial statements of Saskatchewan Rivers School Division No. 119 for the year ended August 31, 2013 and have issued our report thereon dated November 25, 2013. We have examined the system of internal control as at August 31, 2013 and have issued our report to you dated November 25, 2013. We have also made an examination to determine whether Saskatchewan Rivers School Division No. 119 complied with specified legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue-raising, borrowing, and investing activities for the year ended August 31, 2013 and have issued our report to you dated November 25, 2013.

Our examinations were made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. In those instances, if any, that our study and evaluation of internal control disclosed conditions indicating that internal controls were inadequate or not complied with, substantive tests were performed to detect any significant instances in which:

- (1) any officer or employee of Saskatchewan Rivers School Division No. 119 has willfully or negligently omitted to collect or receive public money belonging to the crown;
- (2) there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
- (3) an expenditure was made which was not properly vouchered or certified.

During the course of these examinations, no instances came to our attention that would indicate to us that:

- (1) any officer or employee of Saskatchewan Rivers School Division No. 119 has willfully or negligently omitted to collect or receive public money belonging to the Crown;
- (2) there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person; and
- (3) an expenditure was made which was not properly vouchered or certified.

This report is provided solely for the purpose of assisting the Provincial Auditor in discharging his responsibilities and for preparing his annual report to the Legislative Assembly of Saskatchewan and is not to be referred to or distributed to any person who is not a member of management or the Board of Saskatchewan Rivers School Division No. 119, its supervising agencies or the Office of the Provincial Auditor and should not be used for any other purpose.

Any use that a third party makes of information contained in this report, or any reliance or decisions based on such information, is the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on information contained in this report.

The logo for Debitte LLP is written in a cursive, handwritten style. The letters are dark and fluid, with the 'D' being particularly large and prominent.

Chartered Accountants

November 25, 2013  
Prince Albert, Saskatchewan

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## Auditor's Report and Financial Statement

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Of the Saskatchewan Rivers School Division No. 119

School Division No. 2010500

For the Period Ending: August 31, 2013

Dr. Donald Lloyd  
Chief Financial Officer

Deloitte LLP  
Auditor

Note - Copy to be sent to Ministry of Education, Regina

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## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF THE BOARD OF EDUCATION OF SASKATCHEWAN RIVERS SCHOOL DIVISION NO. 119

We have audited the accompanying financial statements of Saskatchewan Rivers School Division No. 119, which comprise the statement of financial position as at August 31, 2013, and the statements of operations and accumulated surplus from operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Rivers School Division No. 119 as at August 31, 2013, and the result of its operations, its re-measurement gains and losses, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

November 25, 2013  
Prince Albert, Saskatchewan



**Saskatchewan Rivers School Division No. 119**  
**Statement of Financial Position**  
**as at August 31, 2013**

	2013	2012
<b>Financial Assets</b>		
Cash and Cash Equivalents	24,745,743	25,750,073
Accounts Receivable (Note 7)	9,197,098	5,614,486
<b>Total Financial Assets</b>	<b>33,942,841</b>	<b>31,364,559</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 8)	3,185,701	2,011,829
Long Term Debt (Note 9)	975,900	1,301,200
Liability for Employee Future Benefits (Note 5)	2,419,300	2,406,900
Deferred Revenue (Note 10)	1,353,317	2,431,065
<b>Total Liabilities</b>	<b>7,934,218</b>	<b>8,150,994</b>
<b>Net Financial Assets</b>	<b>26,008,623</b>	<b>23,213,565</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule C)	70,283,923	61,237,051
Inventory of Supplies for Consumption	108,154	99,077
Prepaid Expenses	647,255	558,324
<b>Total Non-Financial Assets</b>	<b>71,039,332</b>	<b>61,894,452</b>
<b>Accumulated Surplus (Note 13)</b>	<b>97,047,955</b>	<b>85,108,017</b>
<b>Accumulated Surplus is comprised of:</b>		
Accumulated surplus from operations	97,047,955	85,108,017
Accumulated remeasurement gains and losses	-	-
<b>Total Accumulated Surplus (Note 13)</b>	<b>97,047,955</b>	<b>85,108,017</b>

Contingent Liabilities (Note 17)

Contractual Obligations and Commitments (Note 18)

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

**Approved by the Board:**

  
 \_\_\_\_\_ Chairperson

  
 \_\_\_\_\_ Chief Financial Officer

**Saskatchewan Rivers School Division No. 119**  
**Statement of Operations and Accumulated Surplus from Operations**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
	(Note 14)		
<b>REVENUES</b>			
Property Taxation	21,422,485	21,620,280	20,811,672
Grants (Note 19)	66,165,845	75,362,834	65,338,714
Tuition and Related Fees	1,588,508	1,960,170	2,619,995
School Generated Funds	2,265,000	2,396,251	2,395,359
Complementary Services (Note 11)	1,699,290	1,713,811	1,699,887
External Services (Note 12)	2,221,811	2,950,454	2,183,262
Other	874,737	1,606,012	1,471,292
<b>Total Revenues (Schedule A)</b>	<b>96,237,676</b>	<b>107,609,812</b>	<b>96,520,181</b>
<b>EXPENSES</b>			
Governance	751,236	624,322	563,657
Administration	2,715,050	2,198,114	2,130,455
Instruction	69,364,987	68,326,101	66,115,969
Plant	11,794,144	11,237,943	10,580,998
Transportation	7,079,581	6,787,862	6,695,516
Tuition and Related Fees	104,077	48,332	62,481
School Generated Funds	2,328,879	2,079,797	2,138,650
Complementary Services (Note 11)	1,915,930	1,744,176	1,683,988
External Services (Note 12)	2,361,654	2,509,922	2,350,518
Other Expenses	51,729	113,305	(1,162,754)
<b>Total Expenses (Schedule B)</b>	<b>98,467,267</b>	<b>95,669,874</b>	<b>91,159,478</b>
<b>Operating Surplus (Deficit) for the Year</b>	<b>(2,229,591)</b>	<b>11,939,938</b>	<b>5,360,703</b>
<b>Accumulated Surplus from Operations, Beginning of Year</b>	<b>85,108,017</b>	<b>85,108,017</b>	<b>79,747,314</b>
<b>Accumulated Surplus from Operations, End of Year</b>	<b>82,878,426</b>	<b>97,047,955</b>	<b>85,108,017</b>

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

## Saskatchewan Rivers School Division No. 119

### Statement of Changes in Net Financial Assets for the year ended August 31, 2013

	2013 Budget (Note 14)	2013 Actual	2012 Actual
<b>Net Financial Assets, Beginning of Year</b>	<b>23,213,565</b>	<b>23,213,565</b>	<b>21,212,718</b>
<b>Changes During the Year:</b>			
Operating Surplus (Deficit) for the Year	(2,229,591)	11,939,938	5,360,703
Acquisition of Tangible Capital Assets (Schedule C)	(2,579,494)	(14,070,266)	(8,005,221)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	30,000	73,293	8,816
Net Gain on Disposal of Capital Assets (Schedule C)	(30,000)	(21,907)	(3,569)
Amortization of Tangible Capital Assets (Schedule C)	5,090,860	4,972,008	4,658,636
Net Acquisition of Inventory of Supplies	-	(9,077)	(11,993)
Net Change in Prepaid Expenses	-	(88,931)	(6,525)
<b>Change in Net Financial Assets</b>	<b>281,775</b>	<b>2,795,058</b>	<b>2,000,847</b>
<b>Net Financial Assets, End of Year</b>	<b>23,495,340</b>	<b>26,008,623</b>	<b>23,213,565</b>

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



**Saskatchewan Rivers School Division No. 119**  
**Statement of Cash Flows**  
**for the year ended August 31, 2013**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Operating Surplus for the Year	11,939,938	5,360,703
Add Non-Cash Items Included in Surplus (Schedule D)	4,950,101	4,655,067
Net Change in Non-Cash Operating Activities (Schedule E)	(6,107,952)	(4,809,584)
<b>Cash Provided by Operating Activities</b>	<b>10,782,087</b>	<b>5,206,186</b>
<b>CAPITAL ACTIVITIES</b>		
Cash Used to Acquire Tangible Capital Assets	(11,534,410)	(6,820,572)
Proceeds on Disposal of Tangible Capital Assets	73,293	8,816
<b>Cash Used by Capital Activities</b>	<b>(11,461,117)</b>	<b>(6,811,756)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of Long Term Debt	(325,300)	(649,720)
<b>Cash Used by Financing Activities</b>	<b>(325,300)</b>	<b>(649,720)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,004,330)</b>	<b>(2,255,290)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>25,750,073</b>	<b>28,005,363</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>24,745,743</b>	<b>25,750,073</b>
<b>REPRESENTED ON THE FINANCIAL STATEMENTS BY:</b>		
Cash and Cash Equivalents	24,745,743	25,750,073
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>24,745,743</b>	<b>25,750,073</b>

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

**Saskatchewan Rivers School Division No. 119**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Property Taxation Revenue</b>			
<b>Tax Levy Revenue:</b>			
Property Tax Levy Revenue	21,422,485	19,999,997	19,941,637
Revenue from Supplemental Levies	-	-	129,027
<b>Total Property Tax Revenue</b>	<b>21,422,485</b>	<b>19,999,997</b>	<b>20,070,664</b>
<b>Grants in Lieu of Taxes:</b>			
Federal Government	-	827,824	848,704
Provincial Government	-	492,007	622,127
Other	-	286,662	152,281
<b>Total Grants in Lieu of Taxes</b>	<b>-</b>	<b>1,606,493</b>	<b>1,623,112</b>
<b>Other Tax Revenues:</b>			
House Trailer Fees	-	38,815	37,767
<b>Total Other Tax Revenues</b>	<b>-</b>	<b>38,815</b>	<b>37,767</b>
<b>Additions to Levy:</b>			
Penalties	-	234,871	212,790
Other	-	1,782	2,829
<b>Total Additions to Levy</b>	<b>-</b>	<b>236,653</b>	<b>215,619</b>
<b>Deletions from Levy:</b>			
Discounts	-	(43,252)	(925,568)
Cancellations	-	(210,345)	(205,682)
Other Deletions	-	(8,081)	(4,240)
<b>Total Deletions from Levy</b>	<b>-</b>	<b>(261,678)</b>	<b>(1,135,490)</b>
<b>Total Property Taxation Revenue</b>	<b>21,422,485</b>	<b>21,620,280</b>	<b>20,811,672</b>
<b>Grants:</b>			
<b>Operating Grants</b>			
Ministry of Education Grants:			
K-12 Operating Grant	65,610,245	66,076,741	64,378,056
Other Ministry Grants	113,000	44,100	18,900
<b>Total Ministry Grants</b>	<b>65,723,245</b>	<b>66,120,841</b>	<b>64,396,956</b>
Other Provincial Grants	400,000	427,561	343,977
Federal Grants	42,600	24,989	45,955
<b>Total Operating Grants</b>	<b>66,165,845</b>	<b>66,573,391</b>	<b>64,786,888</b>
<b>Capital Grants</b>			
Ministry of Education Capital Grants	-	8,773,443	551,826
Other Provincial Capital Grants	-	16,000	-
<b>Total Capital Grants</b>	<b>-</b>	<b>8,789,443</b>	<b>551,826</b>
<b>Total Grants</b>	<b>66,165,845</b>	<b>75,362,834</b>	<b>65,338,714</b>

**Saskatchewan Rivers School Division No. 119**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Tuition and Related Fees Revenue</b>			
<b>Operating Fees:</b>			
Tuition Fees:			
School Boards	-	-	-
Federal Government and First Nations Individuals and Other	1,485,830	1,886,681	1,665,330
<b>Total Tuition Fees</b>	<b>1,588,508</b>	<b>1,958,420</b>	<b>1,758,247</b>
Transportation Fees	-	1,750	1,750
<b>Total Operating Tuition and Related Fees</b>	<b>1,588,508</b>	<b>1,960,170</b>	<b>1,759,997</b>
<b>Capital Fees:</b>			
Federal/First Nations Capital Fees	-	-	859,998
<b>Total Capital Tuition and Fees</b>	<b>-</b>	<b>-</b>	<b>859,998</b>
<b>Total Tuition and Related Fees Revenue</b>	<b>1,588,508</b>	<b>1,960,170</b>	<b>2,619,995</b>
<b>School Generated Funds Revenue</b>			
<b>Curricular Fees:</b>			
Student Fees	35,000	28,993	64,033
<b>Total Curricular Fees</b>	<b>35,000</b>	<b>28,993</b>	<b>64,033</b>
<b>Non-Curricular Fees:</b>			
Commercial Sales - Non-GST	165,000	118,430	103,152
Fundraising	1,340,000	1,369,419	1,381,170
Grants and Partnerships	125,000	132,897	110,058
Students Fees	300,000	320,154	336,092
Other	300,000	426,358	400,854
<b>Total Non-Curricular Fees</b>	<b>2,230,000</b>	<b>2,367,258</b>	<b>2,331,326</b>
<b>Total School Generated Funds Revenue</b>	<b>2,265,000</b>	<b>2,396,251</b>	<b>2,395,359</b>
<b>Complementary Services</b>			
<b>Operating Grants:</b>			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	1,435,912	1,446,000	1,443,012
Other Provincial Grants	-	19,173	20,566
<b>Total Operating Grants</b>	<b>1,435,912</b>	<b>1,465,173</b>	<b>1,463,578</b>
<b>Fees and Other Revenue</b>			
Other Revenue	263,378	248,638	236,309
<b>Total Fees and Other Revenue</b>	<b>263,378</b>	<b>248,638</b>	<b>236,309</b>
<b>Total Complementary Services Revenue</b>	<b>1,699,290</b>	<b>1,713,811</b>	<b>1,699,887</b>



**Saskatchewan Rivers School Division No. 119**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
			(Note 20)
<b>External Services</b>			
<b>Operating Grants:</b>			
Ministry of Education Operating Grants:			
Ministry of Education Grants-Other	2,011,710	1,668,747	941,292
Other Provincial Grants	61,868	1,134,368	1,113,012
Federal Grants	-	3,248	32,533
Other Grants	61,833	92,673	10,424
<b>Total Operating Grants</b>	<b>2,135,411</b>	<b>2,899,036</b>	<b>2,097,261</b>
<b>Fees and Other Revenue</b>			
Tuition and Related Fees	26,400	18,563	30,500
Other Revenue	60,000	32,855	55,501
<b>Total Fees and Other Revenue</b>	<b>86,400</b>	<b>51,418</b>	<b>86,001</b>
<b>Total External Services Revenue</b>	<b>2,221,811</b>	<b>2,950,454</b>	<b>2,183,262</b>
<b>Other Revenue</b>			
Miscellaneous Revenue	551,000	1,270,248	1,190,103
Sales & Rentals	14,500	15,186	10,254
Investments	279,237	298,595	265,795
Gain on Disposal of Capital Assets	30,000	21,983	5,140
<b>Total Other Revenue</b>	<b>874,737</b>	<b>1,606,012</b>	<b>1,471,292</b>
<b>TOTAL REVENUE FOR THE YEAR</b>	<b>96,237,676</b>	<b>107,609,812</b>	<b>96,520,181</b>

**Saskatchewan Rivers School Division No. 119**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Governance Expense</b>			
Board Members Expense	211,662	180,572	184,517
Professional Development- Board Members	138,662	123,459	118,835
Advisory Committees	32,600	30,051	32,073
Elections	128,312	63,879	10,287
Other Governance Expenses	240,000	226,361	217,945
<b>Total Governance Expense</b>	<b>751,236</b>	<b>624,322</b>	<b>563,657</b>
<b>Administration Expense</b>			
Salaries	1,684,799	1,251,283	1,333,894
Benefits	302,058	286,018	260,096
Supplies & Services	229,100	259,802	246,599
Non-Capital Furniture & Equipment	15,500	14,372	12,724
Building Operating Expenses	110,400	80,135	61,388
Communications	80,000	94,187	74,156
Travel	6,000	6,491	5,432
Professional Development	19,550	20,397	21,560
Amortization of Tangible Capital Assets	267,643	185,429	114,606
<b>Total Administration Expense</b>	<b>2,715,050</b>	<b>2,198,114</b>	<b>2,130,455</b>
<b>Instruction Expense</b>			
Instructional (Teacher & LEADS Contract) Salaries	47,376,811	46,675,833	44,960,064
Instructional (Teacher & LEADS Contract) Benefits	2,329,353	2,368,669	2,518,904
Program Support (Non-Teacher Contract) Salaries	11,096,370	11,109,359	10,789,564
Program Support (Non-Teacher Contract) Benefits	2,057,283	2,150,245	2,115,180
Instructional Aids	2,471,075	2,473,536	2,378,656
Supplies & Services	1,046,204	844,664	803,866
Non-Capital Furniture & Equipment	393,115	207,623	235,005
Communications	191,502	184,767	141,749
Travel	170,000	151,174	156,838
Professional Development	701,375	573,165	556,630
Student Related Expense	66,500	39,752	34,924
Amortization of Tangible Capital Assets	1,465,399	1,547,314	1,424,589
<b>Total Instruction Expense</b>	<b>69,364,987</b>	<b>68,326,101</b>	<b>66,115,969</b>

**Saskatchewan Rivers School Division No. 119**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Plant Operation &amp; Maintenance Expense</b>			
Salaries	3,981,653	3,781,300	3,750,790
Benefits	807,966	700,902	747,266
Supplies & Services	6,550	3,187	3,692
Non-Capital Furniture & Equipment	49,500	30,620	26,640
Building Operating Expenses	4,254,955	4,142,218	3,590,439
Communications	15,000	9,377	9,714
Travel	114,000	118,658	93,543
Professional Development	13,800	7,363	15,392
Amortization of Tangible Capital Assets	2,550,720	2,444,318	2,343,522
<b>Total Plant Operation &amp; Maintenance Expense</b>	<b>11,794,144</b>	<b>11,237,943</b>	<b>10,580,998</b>
<b>Student Transportation Expense</b>			
Salaries	2,504,481	2,452,273	2,421,556
Benefits	507,688	495,770	507,768
Supplies & Services	986,511	945,237	909,124
Non-Capital Furniture & Equipment	315,100	278,749	288,499
Building Operating Expenses	77,100	74,983	51,992
Communications	50,000	38,634	45,390
Travel	9,000	20,677	8,318
Professional Development	9,500	9,081	7,360
Contracted Transportation	1,904,466	1,762,246	1,756,030
Amortization of Tangible Capital Assets	715,735	710,212	699,479
<b>Total Student Transportation Expense</b>	<b>7,079,581</b>	<b>6,787,862</b>	<b>6,695,516</b>
<b>Tuition and Related Fees Expense</b>			
Tuition Fees	104,077	48,332	62,481
<b>Total Tuition and Related Fees Expense</b>	<b>104,077</b>	<b>48,332</b>	<b>62,481</b>
<b>School Generated Funds Expense</b>			
Supplies & Services	1,100,000	987,768	972,904
Non-Capital Furniture & Equipment	65,000	-	-
School Fund Expenses	1,100,000	1,025,756	1,107,768
Amortization of Tangible Capital Assets	63,879	66,273	57,978
<b>Total School Generated Funds Expense</b>	<b>2,328,879</b>	<b>2,079,797</b>	<b>2,138,650</b>



**Saskatchewan Rivers School Division No. 119**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Complementary Services Expense</b>			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	926,677	856,666	876,243
Program Support (Non-Teacher Contract) Salaries & Benefits	458,504	411,924	381,741
Plant Operation & Maintenance Salaries & Benefits	170,098	170,098	160,488
Instructional Aids	110,800	110,836	87,200
Non-Capital Furniture & Equipment	-	2,662	-
Building Operating Expenses	185,270	166,708	171,016
Professional Development (Non-Salary Costs)	47,500	19,050	952
Contracted Transportation & Allowances	16,000	2,604	2,719
Amortization of Tangible Capital Assets	1,081	3,628	3,629
<b>Total Complementary Services Expense</b>	<b>1,915,930</b>	<b>1,744,176</b>	<b>1,683,988</b>
<b>External Service Expense</b>			
Administration Salaries & Benefits	99,070	85,922	86,581
Instructional (Teacher & LEADS Contract) Salaries & Benefits	275,213	225,796	195,688
Program Support (Non-Teacher Contract) Salaries & Benefits	639,646	578,691	581,907
Transportation Salaries & Benefits	55,598	39,804	46,786
Instructional Aids	65,818	97,419	80,402
Supplies & Services	1,049,532	1,326,320	1,175,825
Non-Capital Furniture & Equipment	21,176	21,321	33,145
Building Operating Expenses	22,737	28,225	31,472
Communications	12,462	15,527	15,045
Travel	12,111	5,458	8,171
Professional Development (Non-Salary Costs)	25,941	45,025	48,170
Contracted Transportation & Allowances	55,947	25,580	32,493
Amortization of Tangible Capital Assets	26,403	14,834	14,833
<b>Total External Services Expense</b>	<b>2,361,654</b>	<b>2,509,922</b>	<b>2,350,518</b>

**Saskatchewan Rivers School Division No. 119**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Other Expense</b>			
Interest and Bank Charges:			
Current Interest and Bank Charges	2,500	-	-
Interest on Other Capital Loans and Long Term Debt			
School Facilities	49,229	61,900	79,773
Total Interest and Bank Charges	<b>51,729</b>	<b>61,900</b>	<b>79,773</b>
Provision for Uncollectable Taxes	-	51,405	(1,242,527)
<b>Total Other Expense</b>	<b>51,729</b>	<b>113,305</b>	<b>(1,162,754)</b>
<b>TOTAL EXPENSES FOR THE YEAR</b>	<b>98,467,267</b>	<b>95,669,874</b>	<b>91,159,478</b>

**Saskatchewan Rivers School Division No. 119**  
**Schedule C - Supplementary Details of Tangible Capital Assets**  
**for the year ended August 31, 2013**

	Land	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Work-in-Progress	2013	2012
<b>Tangible Capital Assets - at Cost:</b>												
Opening Balance as of September 1	2,573,177	5,628,235	92,249,080	225,091	9,313,607	1,002,462	6,069,119	5,168,614	596,617	6,392,016	129,218,018	123,272,927
Additions/Purchases	-	106,251	282,775	-	682,735	140,888	622,183	988,818	49,611	11,197,005	14,070,266	8,005,221
Disposals	-	-	-	-	(926,243)	(85,936)	(525,665)	(478,201)	-	-	(2,016,045)	(2,060,130)
Transfers to (from)	-	509,572	5,066,504	17,995	-	-	-	-	-	(5,594,071)	-	-
Closing Balance as of August 31	2,573,177	6,244,058	97,598,359	243,086	9,070,099	1,057,414	6,165,637	5,679,231	646,228	11,994,950	141,272,239	129,218,018
<b>Tangible Capital Assets - Amortization:</b>												
Opening Balance as of September 1	-	3,552,240	50,522,073	185,679	5,835,575	682,474	4,052,793	2,743,624	406,509	-	67,980,967	65,377,214
Amortization of the Period	-	247,913	2,103,208	7,184	627,216	112,336	609,007	1,135,899	129,245	-	4,972,008	4,658,636
Disposals	-	-	-	-	(920,313)	(40,556)	(525,665)	(478,125)	-	-	(1,964,659)	(2,054,883)
Closing Balance as of August 31	N/A	3,800,153	52,625,281	192,863	5,542,478	754,254	4,136,135	3,401,398	535,754	N/A	70,988,316	67,980,967
<b>Net Book Value:</b>												
Opening Balance as of September 1	2,573,177	2,075,995	41,727,007	39,412	3,478,032	319,988	2,016,326	2,424,990	190,108	6,392,016	61,237,051	57,895,713
Closing Balance as of August 31	2,573,177	2,443,905	44,973,078	50,223	3,527,621	303,160	2,029,502	2,277,833	110,474	11,994,950	70,283,923	61,237,051
Change in Net Book Value	-	367,910	3,246,071	10,811	49,589	(16,828)	13,176	(147,157)	(79,634)	5,602,934	9,046,872	3,341,338
<b>Disposals:</b>												
Historical Cost	-	-	-	-	926,243	85,936	525,665	478,201	-	-	2,016,045	2,060,130
Accumulated Amortization	-	-	-	-	920,313	40,556	525,665	478,125	-	-	1,964,659	2,054,883
Net Cost	-	-	-	-	5,930	45,380	-	76	-	-	51,386	5,247
Price of Sale	-	-	-	-	9,111	63,296	886	-	-	-	73,293	8,816
Gain/loss on Disposal	-	-	-	-	3,181	17,916	886	(76)	-	-	21,907	3,569
Net Book Value (NBV) of Assets Pledged as Security for Debt	-	-	-	-	-	-	-	-	-	-	-	-

**Saskatchewan Rivers School Division No. 119**  
**Schedule D: Non-Cash Items Included in Surplus / Deficit**  
**for the year ended August 31, 2013**

	2013	2012
<b>Non-Cash Items Included in Surplus:</b>		
Amortization of Tangible Capital Assets (Schedule C)	4,972,008	4,658,636
Net Gain on Disposal of Tangible Capital Assets	(21,907)	(3,569)
<b>Total Non-Cash Items Included in Surplus</b>	<b>4,950,101</b>	<b>4,655,067</b>

**Saskatchewan Rivers School Division No. 119**  
**Schedule E: Net Change in Non-Cash Operating Activities**  
**for the year ended August 31, 2013**

	2013	2012
<b>Net Change in Non-Cash Operating Activities:</b>		
Increase in Accounts Receivable	(3,582,612)	(2,451,820)
Decrease In Accounts Payable and Accrued Liabilities	(1,361,984)	(1,986,139)
Increase in Liability for Employee Future Benefits	12,400	254,600
Decrease in Deferred Revenue	(1,077,748)	(607,707)
Increase in Inventory of Supplies for Consumption	(9,077)	(11,993)
Increase in Prepaid Expenses	(88,931)	(6,525)
<b>Total Net Change in Non-Cash Operating Activities</b>	<b>(6,107,952)</b>	<b>(4,809,584)</b>

**SASKATCHEWAN RIVERS SCHOOL DIVISION NO. 119**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**as at August 31, 2013**

**1. AUTHORITY AND PURPOSE**

The School Division operates under the authority of *The Education Act, 1995* of Saskatchewan as a corporation under the name of “The Board of Education of the Saskatchewan Rivers School Division No. 119” and operates as “the Saskatchewan Rivers School Division No. 119”. 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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

Detailed information on the impact of the adoption of these new PSA standards is provided in Note 19 Accounting Changes.

**b) Reporting Entity**

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

**c) Trust Funds**

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

Trust funds are not included in the financial statements as they are not controlled by the School Division (Note 16).

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

### e) Measurement Uncertainty and the Use of Estimates

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

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

- the liability for employee future benefits of \$2,419,300 (2012 - \$2,406,900) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$21,620,280 (2012 - \$20,811,672) because final tax assessments may differ from initial estimates.
- useful lives of capital assets (note 2(h)) and related amortization (schedule C) for land improvements, buildings, buildings short-term, school buses, other vehicles, furniture and equipment, computer hardware and audio equipment, and computer software because actual useful lives and amortization may differ from initial estimates.
- prior years tangible capital asset historical costs (schedule C) and related amortization (schedule C) for land, land improvements, buildings, buildings short-term, furniture and equipment, computer hardware and audio equipment, and computer software because actual historical costs and related amortization 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 changes in the amounts recognized or disclosed.

### f) Financial Instruments

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### f) Financial Instruments (continued)

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

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

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.

### g) Financial Assets

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

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

**Accounts Receivable** include taxes receivable, provincial grants receivable and other receivables. Taxes receivable represent education property taxes assessed or estimated owing to the end of the fiscal period but not yet received. The allowance for uncollected taxes is a valuation allowance used to reduce the amount reported for taxes receivable to the estimated net recoverable amount. The allowance represents management's estimate of the amount of taxes that will not be collected taking into consideration prior years' tax collections and information provided by municipalities regarding collectability of outstanding balances. Provincial grants receivable represent operating, 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. Other receivables include First Nations tuition fees, Frank J Dunn pool utilization charges, insurance claims and other miscellaneous items.

### h) Non-Financial Assets

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### h) Non-Financial Assets (continued)

**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, school buses, other vehicles, furniture and equipment, computer hardware and audio visual equipment, computer software, and assets under construction (work-in-progress). 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 that have a historical or cultural significance, such as works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with these properties cannot be made.

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

**Prepaid Expenses** are prepaid amounts for insurance, SSBA fees, WCB premiums, LEADS membership dues, photocopy costs, software licenses, conference fees, etc. which will provide economic benefits in one or more future periods.

### i) Liabilities

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### i) Liabilities (continued)

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

**Liability for Employee Future Benefits** represent post-employment and compensated absence benefits that accrue to the School Division's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially determined using the 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.

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

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

### j) Employee Pension Plans

#### **Multi-Employer Defined Benefit Plans**

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### k) Revenue Recognition

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

The school division's sources of revenues include the following:

#### i) Government Transfers (Grants)

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

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

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

#### ii) Property taxation:

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. Tax revenues are recognized on the basis of time with 1/12<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 difference between final amounts and the School Division's estimates is recorded as an adjustment to revenue in the next fiscal year.

#### iii) Fees and Services

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### k) Revenue Recognition (continued)

#### iv) Interest Income

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

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

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

### l) Statement of Remeasurement Gain and Losses

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

## 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 rate minus .5%. This line of credit is authorized by a borrowing resolution by the Board of Education and is secured by funding from the Ministry of Education. This line of credit was approved by the Minister of Education on July 26, 2010. The balance drawn on the line of credit at August 31, 2013 was \$0 (August 31, 2012 - \$0).

## 4. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2013 Budget	2013 Actual	2012 Actual
Governance	\$ 180,572	\$ 443,750	\$ -	\$ -	\$ 751,236	\$ 624,322	\$ 563,657
Administration	1,537,301	475,384	-	185,429	2,715,050	2,198,114	2,130,455
Instruction	62,304,106	4,474,681	-	1,547,314	69,364,987	68,326,101	66,115,969
Plant	4,482,202	4,311,423	-	2,444,318	11,794,144	11,237,943	10,580,998
Transportation	2,948,043	3,129,607	-	710,212	7,079,581	6,787,862	6,695,516
Tuition and Related Fees	-	48,332	-	-	104,077	48,332	62,481
School Generated Funds	-	2,013,524	-	66,273	2,328,879	2,079,797	2,138,650
Complementary Services	1,438,688	301,860	-	3,628	1,915,930	1,744,176	1,683,988
External Services	930,213	1,564,875	-	14,834	2,361,654	2,509,922	2,350,518
Other	-	51,405	61,900	-	51,729	113,305	(1,162,754)
<b>TOTAL</b>	<b>\$ 73,821,125</b>	<b>\$ 16,814,841</b>	<b>\$ 61,900</b>	<b>\$ 4,972,008</b>	<b>\$ 98,467,267</b>	<b>\$ 95,669,874</b>	<b>\$ 91,159,478</b>



## 5. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave, retirement gratuity and earned vacation pay. Significant economic and demographic assumptions are necessary to predict future benefits and include estimates for inflation, discount rates, earnings increases and future employee behavior. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the Statement of Financial Position.

Details of the employee future benefits are as follows:

	2013	2012
	August 31, 2013	August 31, 2012
Actuarial valuation date		
Long-term assumptions used:		
Salary escalation rate - teachers (percentage)	3.25%	3.25%
Salary escalation rate - non-teachers (percentage)	3.25%	3.25%
Discount rate (percentage)	3.50%	2.70%
Inflation rate (percentage)	3.25%	3.25%
Expected average remaining service life (years)	14	14
<b>Liability for Employee Future Benefits</b>	<b>2013</b>	<b>2012</b>
<b>Accrued Benefit Obligation - beginning of year</b>	<b>\$ 2,406,900</b>	<b>\$ 2,316,000</b>
Opening balance	\$ 2,406,900	\$ 2,316,000
Current period benefit cost	177,700	151,100
Interest cost	66,700	81,500
Benefit payments	(232,000)	(137,500)
Actuarial gains / losses	(183,200)	(183,500)
Plan amendment	-	179,300
<b>Accrued Benefit Obligation - end of year</b>	<b>2,236,100</b>	<b>2,406,900</b>
<b>Unamortized Net Actuarial Gain</b>	<b>183,200</b>	<b>-</b>
<b>Liability for Employee Future Benefits</b>	<b>\$ 2,419,300</b>	<b>\$ 2,406,900</b>
<b>Employee Future Benefits Expense</b>	<b>2013</b>	<b>2012</b>
Current period benefit cost	\$ 177,700	\$ 151,100
Amortization of net actuarial gain / loss	-	12,700
Plan amendment	-	146,800
<b>Benefit cost</b>	<b>177,700</b>	<b>310,600</b>
<b>Interest cost on unfunded employee future benefits obligation</b>	<b>66,700</b>	<b>81,500</b>
<b>Total Employee Future Benefits Expense</b>	<b>\$ 244,400</b>	<b>\$ 392,100</b>



## 6. PENSION PLANS

### Multi-Employer Defined Benefit Plans

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

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

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

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

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

	2013		
	STRP	STSP	TOTAL
Number of active School Division members	690	46	736
Member contribution rate (percentage of salary)	7.80%	6.05%	6.05 - 7.80%
Member contributions for the year	\$ 3,788,626	\$ 169,431	\$ 3,958,057
	2012		
	STRP	STSP	TOTAL
Number of active School Division members	669	78	747
Member contribution rate (percentage of salary)	7.80%	6.05%	6.05 - 7.80%
Member contributions for the year	\$ 3,640,594	\$ 262,187	\$ 3,902,781

- 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.

6. **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:

	<u>2013</u>	<u>2012</u> (Note 20)
Number of active School Division members	628	619
Member contribution rate (percentage of salary)	8.15%	7.40%
School Division contribution rate (percentage of salary)	8.15%	7.40%
Member contributions for the year	\$ 1,475,536	\$ 1,378,639
School Division contributions for the year	\$ 1,475,540	\$ 1,378,639
Audited Financial Statement Date	Dec. 31, 2012	Dec. 31, 2011
Plan Assets (in \$1,000's)	\$ 1,578,536	\$ 1,395,109
Plan Liabilities (in \$1,000's)	\$ 1,420,319	\$ 1,627,865
Plan Surplus (Deficit) (in \$1,000's)	\$ 158,217	\$ (232,756)

7. **ACCOUNTS RECEIVABLE**

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

	<u>2013</u>			<u>2012</u>		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 3,977,076	\$ -	\$ 3,977,076	\$ 3,274,570	\$ -	\$ 3,274,570
Provincial Grants Receivable	3,916,722	-	3,916,722	945,972	-	945,972
Other Receivables	1,303,300	-	1,303,300	1,393,944	-	1,393,944
<b>Total Accounts Receivable</b>	<b>\$ 9,197,098</b>	<b>\$ -</b>	<b>\$ 9,197,098</b>	<b>\$ 5,614,486</b>	<b>\$ -</b>	<b>\$ 5,614,486</b>

8. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Details of account payable and accrued liabilities are as follows:

	<u>2013</u>	<u>2012</u>
Accrued Salaries and Benefits	\$ 148,105	\$ 91,916
Supplier Payments	3,013,205	1,872,327
Other - debenture principal & interest, GST payable	24,391	47,586
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 3,185,701</b>	<b>\$ 2,011,829</b>

## 9. LONG-TERM DEBT

Details of long-term debt are as follows:

		2013	2012
Capital Loans:	School Retro-fit Project Loan	975,900	1,301,200
<b>Total Long Term Debt</b>		<b>\$ 975,900</b>	<b>\$ 1,301,200</b>

Principal repayments over the next 3 years are estimated as follows:

Capital Loans	
2014	\$ 325,300
2015	325,300
2016	325,300
<b>Total</b>	<b>\$ 975,900</b>

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

	2013	2012
Principal	\$ 325,300	\$ 649,720
Interest	50,601	77,773
<b>Total</b>	<b>\$ 375,901</b>	<b>\$ 727,493</b>

**School Retro-fit Project Loan** - Capital loan, interest payable monthly at 4.54%, principal payable in annual installments of \$325,300. Loan is due December 2015.

## 10. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2012	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2013
<b>Capital projects:</b>				
Federal Capital Tuition	\$ 724,068	\$ 83,022	\$ -	\$ 807,090
Friday Night Lights	180,344	104,379	170,801	113,922
Proceeds from Sale of School Buildings	342,711	-	-	342,711
<b>Total capital projects deferred revenue</b>	<b>\$ 1,247,123</b>	<b>\$ 187,401</b>	<b>\$ 170,801</b>	<b>\$ 1,263,723</b>
<b>Other deferred revenue</b>				
Tax Liability	\$ 152,651	\$ 79,739	\$ 152,651	\$ 79,739
Other Grant - Kidsfirst, Nutrition, other	1,031,291	9,855	1,031,291	9,855
<b>Total other deferred revenue</b>	<b>\$ 1,183,942</b>	<b>\$ 89,594</b>	<b>\$ 1,183,942</b>	<b>\$ 89,594</b>
<b>Total Deferred Revenue</b>	<b>\$ 2,431,065</b>	<b>\$ 276,995</b>	<b>\$ 1,354,743</b>	<b>\$ 1,353,317</b>

## 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 2013:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Program	Other Programs	2013	2012
<b>Revenue:</b>				(Note 20)
Operating Grants	\$ 1,465,173	\$ -	\$ 1,465,173	\$ 1,463,578
Fees and Other Revenue	-	248,638	248,638	236,309
<b>Total Revenue</b>	<b>1,465,173</b>	<b>248,638</b>	<b>1,713,811</b>	<b>1,699,887</b>
<b>Expenses:</b>				
Salaries & Benefits	1,268,586	170,102	1,438,688	1,418,472
Instructional Aids	110,836	-	110,836	87,200
Non-Capital Equipment	2,662	-	2,662	-
Building Operating Expenses	-	166,708	166,708	171,016
Professional Development	19,050	-	19,050	952
Contracted Transportation & Allowances	2,604	-	2,604	2,719
Amortization of Tangible Capital Assets	-	3,628	3,628	3,629
<b>Total Expenses</b>	<b>1,403,738</b>	<b>340,438</b>	<b>1,744,176</b>	<b>1,683,988</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ 61,435</b>	<b>\$ (91,800)</b>	<b>\$ (30,365)</b>	<b>\$ 15,899</b>

### Pre-K

The Pre-K program is a developmentally appropriate early childhood education program for three and four year old children.

## 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.

## 12. EXTERNAL SERVICES (continued)

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

Summary of External Services Revenues and Expenses, by Program	Kids First	Eagle's Nest	Cafeteria	Other Programs	2013	2012
<b>Revenue:</b>						
Operating Grants	\$ 1,237,415	\$ 498,515	\$ -	\$ 1,163,106	\$ 2,899,036	\$ 2,097,261
Fees and Other Revenue	-	-	32,855	18,563	51,418	86,001
<b>Total Revenue</b>	<b>1,237,415</b>	<b>498,515</b>	<b>32,855</b>	<b>1,181,669</b>	<b>2,950,454</b>	<b>2,183,262</b>
<b>Expenses:</b>						
Salaries & Benefits	422,288	184,615	156,516	166,794	930,213	910,962
Instructional Aids	38,110	11,071	-	48,238	97,419	80,402
Supplies and Services	723,406	130,251	-	472,663	1,326,320	1,175,825
Non-Capital Equipment	1,255	4,841	693	14,532	21,321	33,145
Building Operating Expenses	24	27,981	-	220	28,225	31,472
Communications	12,049	1,523	-	1,955	15,527	15,045
Travel	764	411	-	4,283	5,458	8,171
Professional Development	11,510	4,385	-	29,130	45,025	48,170
Contacted Transportation & Allowances	20,502	-	-	5,078	25,580	32,493
Amortization of Tangible Capital Assets	-	-	-	14,834	14,834	14,833
<b>Total Expenses</b>	<b>1,229,908</b>	<b>365,078</b>	<b>157,209</b>	<b>757,727</b>	<b>2,509,922</b>	<b>2,350,518</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ 7,507</b>	<b>\$ 133,437</b>	<b>\$ (124,354)</b>	<b>\$ 423,942</b>	<b>\$ 440,532</b>	<b>\$ (167,256)</b>

The Kids First Project offers support to high-risk families with young children.

The Eagle's Nest Project provides residential care, counselling, and special programming to high-risk youth.

The Cafeteria provides food services to the students and staff at Carlton Comprehensive High School.

## 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, and accumulated net remeasurement gains and losses.

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.

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

### 13. ACCUMULATED SURPLUS (continued)

Details of accumulated surplus are as follows:

	August 31, 2012	Additions during the year	Reductions during the year	August 31, 2013
<b>Invested in Tangible Capital Assets:</b>				
Net Book Value of Tangible Capital Assets	\$ 61,237,051	\$ 9,046,872	\$ -	\$ 70,283,923
Less: Debt owing on Tangible Capital Assets	1,301,200	-	325,300	\$ 975,900
	<b>59,935,851</b>	<b>9,046,872</b>	<b>(325,300)</b>	<b>69,308,023</b>
<b>S.286 pre-April 2009 capital reserves from prior years' operating surpluses (1)</b>				
	<b>\$ 3,488,110</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,488,110</b>
<b>PMR Maintenance Project Allocations (2)</b>				
	<b>\$ -</b>	<b>\$ 830,272</b>	<b>\$ 562,640</b>	<b>\$ 267,632</b>
<b>Internally Restricted Surplus:</b>				
<b>Capital projects:</b>				
Communications/Technology	\$ 509,168	\$ -	\$ -	\$ 509,168
Equipment Replacement	393,454	-	-	393,454
Facilities	526,361	5,500,000	2,581,651	3,444,710
Office Facility	-	1,250,000	-	1,250,000
Rental of Track Equipment	128,393	15,000	4,667	138,726
Transportation	254,046	-	-	254,046
Track Facility	135,000	45,000	-	180,000
	<b>\$ 1,946,422</b>	<b>\$ 6,810,000</b>	<b>\$ 2,586,318</b>	<b>\$ 6,170,104</b>
<b>Other reserves:</b>				
Consultant Professional Development	\$ 15,053	\$ 7,923	\$ -	\$ 22,976
Future Contract	1,095,523	-	-	1,095,523
Developmental Education	8,972	-	-	8,972
Future Expenditures	1,766,852	-	-	1,766,852
School Budget Carryovers	1,070,005	3,585	-	1,073,590
	<b>\$ 3,956,405</b>	<b>\$ 11,508</b>	<b>\$ -</b>	<b>\$ 3,967,913</b>
<b>Other projects:</b>				
Eagle's Nest Project	\$ -	\$ 498,515	\$ 365,078	\$ 133,437
First Nation-Metis Achievement Project	-	523,076	294,880	228,196
Kids First Project	-	1,237,415	1,229,908	7,507
Other Projects	-	537,120	217,546	319,574
Regional Intersectoral Committee Program	-	123,101	93,220	29,881
	<b>\$ -</b>	<b>\$ 2,919,227</b>	<b>\$ 2,200,632</b>	<b>\$ 718,595</b>
<b>Unrestricted Surplus</b>	<b>\$ 15,781,229</b>	<b>\$ -</b>	<b>\$ 2,653,651</b>	<b>\$ 13,127,578</b>
<b>Total Accumulated Surplus</b>	<b>\$ 85,108,017</b>	<b>\$ 19,617,879</b>	<b>\$ 7,677,941</b>	<b>\$ 97,047,955</b>



13. **ACCUMULATED SURPLUS** (continued)

- (1) **S.286 pre-April 2009 Capital Reserves from Prior Years' Operating Surpluses** represents capital reserves that were created by pre-April 2009 Board of Education motions that designated certain prior years' operating surpluses to be set aside for the purpose of future capital expenditures. Pursuant to S.286 of *The Education Act, 1995*, the School Division is required to hold these reserves as a special fund for the purpose of constructing or acquiring any capital works that may be approved by the minister.
- (2) **PMR Maintenance Project Allocations** represent transfers received from the Ministry of Education as funding support for maintenance projects on the school division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.

**Internally restricted surplus – capital projects and other reserves**

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

Communications/technology reserve represents funds available for purchases of technology.

Equipment replacement reserve represents funds available for the purchases of equipment.

Facilities reserve represents funds available to assist with capital expenditures related to construction of new facilities.

Office facility reserve represents funds available for the construction of a new administrative services building.

Rental of track equipment reserve represents funds to be used to cover repair and replacement of track equipment.

Transportation reserve represents funds available for purchase of buses.

Track facility reserve represents funds available for the School Division's portion of repair or replacement of the running surface associated with the Harry Jerome Track.

Consultant professional development reserve represents the unspent portion of the consultant's budget to be used for teacher/staff initiated professional development.

Future contract reserve represents funds available to cover non-budgeted negotiated salary and benefit costs.

Developmental education reserve represents funds available to enhance facility and programming at Vickers School and Carlton Comprehensive High School.

Future expenditures reserve represents funds available for future expenditures.

School budget carryovers represent the unspent portion of budgets decentralized to schools.

**13. ACCUMULATED SURPLUS (continued)**

**Internally restricted surplus – other projects**

Eagle's Nest Project represent transfers received from the Ministry of Education as funding support for residential care, counseling, and special programming to high-risk youth.

First Nation-Metis Achievement Project represent transfers received from the Ministry of Education as funding support for developing strategies, programs and processes to support First Nations and Metis Students' graduation rates, attendance and credit attainment.

Kids First Project represent transfers received from the Ministry of Education as funding support to high-risk families with young children.

Other Projects represent transfers received from the Ministry of Education as funding support for various external projects.

Regional Intersectoral Committee Project represent transfers received from the Ministry of Education as funding support to contract a RIC Coordinator to advance the integrated human services agenda by building partnerships with government and non-government agencies, local interagency committees and community groups.

**14. BUDGET FIGURES**

Budget figures included in the financial statements have been derived from the budget approved by the Board of Education on June 4, 2012 and the Minister of Education on August 22, 2012.

**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.

**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.

15. RELATED PARTIES (continued)

	2013	2012
		(Note 20)
<b>Revenues:</b>		
Community Initiatives Fund	\$ 103,663	\$ 90,955
Ministry of Education	78,499,691	67,333,086
Ministry of Health	919,206	950,864
Prince Albert Roman Catholic Separate School Division No. 6	-	149,495
Saskatchewan Government Insurance	258,038	21,609
Other	12,000	252
	<b>\$ 79,792,598</b>	<b>\$ 68,546,261</b>
<b>Expenses:</b>		
Living Sky School Division No. 202	\$ 56,742	\$ 53,481
Prince Albert Parkland Health Region	75,596	76,736
Saskatchewan Government Insurance	152,469	90,391
Saskatchewan Power Corporation	1,109,830	963,027
Saskatchewan Telecommunications Holding Corporation	235,241	282,933
Saskatchewan Workers' Compensation Board	351,422	382,141
SaskEnergy Incorporated	1,033,597	834,628
Other	25,561	30,533
	<b>\$ 3,040,458</b>	<b>\$ 2,713,870</b>
<b>Accounts Receivable:</b>		
Ministry of Education - Provincial Grants	\$ 3,916,722	\$ 945,972
Ministry of Education - Other	3,357	190,170
Ministry of Health	-	384,971
Other	14,027	7,798
	<b>\$ 3,934,106</b>	<b>\$ 1,528,911</b>
<b>Prepaid Expenses:</b>		
Saskatchewan Workers' Compensation Board	\$ 116,826	\$ 127,251
	<b>\$ 116,826</b>	<b>\$ 127,251</b>
<b>Accounts Payable and Accrued Liabilities:</b>		
Saskatchewan Power Corporation	\$ 64,758	\$ -
Saskatchewan Telecommunications Holding Corporation	40,806	110,849
SaskEnergy Incorporated	16,018	-
	<b>\$ 121,582</b>	<b>\$ 110,849</b>
<b>Deferred Revenue:</b>		
Community Initiatives Fund	\$ -	\$ 23,682
Ministry of Education	-	644,524
Ministry of Health	-	234,963
Other Provincial Grants	-	40,046
	<b>\$ -</b>	<b>\$ 943,215</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.

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

## 16. TRUSTS

The School Division acts as the trustees for a separately-administered Saskatchewan Rivers School Division No. 119 of Saskatchewan Charity and Scholarship Fund. Two bank accounts are held: (1) charities (2) scholarships. The operating cycle for these funds is January 1 to December 31. The accounts are audited by Deloitte & Touche. These funds are not included in the financial statements for the School Division.

Information about these trusts is as follows:

	Charity	Scholarships	Total December 31, 2012	Total December 31, 2011
Cash	\$ 162,158	\$ 36,816	\$ 198,974	\$ 65,287
Short term investments	-	9,480	9,480	10,747
Accounts receivable	1,192	500	1,692	-
<b>Total Assets</b>	<b>\$ 163,350</b>	<b>\$ 46,796</b>	<b>\$ 210,146</b>	<b>\$ 76,034</b>
<b>Revenues</b>				
Contributions and donations	\$ 747,574	\$ 19,950	\$ 767,524	\$ 69,690
Interest on investments	1,196	748	1,944	1,016
	<b>748,770</b>	<b>20,698</b>	<b>769,468</b>	<b>70,706</b>
<b>Expenses</b>				
In-kind & school expenditures	611,806	-	611,806	57,394
Scholarships paid	-	23,550	23,550	25,927
	<b>611,806</b>	<b>23,550</b>	<b>635,356</b>	<b>83,321</b>
Excess (Deficiency) of Revenue over Expenses	136,964	(2,852)	134,112	(12,615)
Trust Fund Balance, Beginning of Year	26,886	49,148	76,034	88,649
Transfer From/To Scholarship Fund	(500)	500	-	-
<b>Trust Fund Balance, End of Year</b>	<b>\$ 163,350</b>	<b>\$ 46,796</b>	<b>\$ 210,146</b>	<b>\$ 76,034</b>

## 17. CONTINGENT LIABILITIES

### Litigation:

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

## 18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

- construction contract for the Carlton Comprehensive High School gym project in the amount of \$3,218,942;
- construction contract for the East Central School Roof project in the amount of \$101,172;
- construction contract for the King George School Structural Masonry Repair project in the amount of \$105,519;
- construction contract for the King George School Roof project in the amount of \$66,730;

## 18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (continued)

- construction contract for the Riverside School Roof project in the amount of \$273,600;
- construction contract for the Wesmor School Gym Heating and Cooling Unit project in the amount of \$22,743; and
- minimum future payments for operating copier leases of \$175,175.

## 19. ACCOUNTING CHANGES

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

### **PS1201 Financial Statement Presentation**

The school division adopted the new PS1201 Financial Statement Presentation standard in 2013. PS1201 establishes general reporting principles and standards for the disclosure of information in financial statements, and introduces a new Statement of Remeasurement Gains and Losses which reports unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value, and accounts for amounts reclassified to the statement of operations upon derecognition or settlement. This standard is applicable to the fiscal year in which the new PS2601 Foreign Currency Translation and PS3450 Financial Instruments standards are adopted. These standards are adopted on a prospective basis, without restatement of prior period comparative amounts and accordingly, no 2012 comparatives have been provided in the new Statement of Remeasurement Gains and Losses. Implementation of PS1201, PS2601 and PS3450 required the School Division to remeasure its financial instruments at September 1, 2012 and to recognize the accumulated remeasurement gains and losses in the opening balance in the Statement of Remeasurement Gains and Losses.

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

### **PS2601 Foreign Currency Translation**

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

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

## 19. ACCOUNTING CHANGES (continued)

### **PS3041 Portfolio Investments**

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

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

### **PS3450 Financial Instruments**

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

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

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



## 19. ACCOUNTING CHANGES (continued)

### **PS3410 Government Transfers**

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

Previously, government transfers (grants) that restricted how those resources were to be used were deferred and recognized in revenue as the related expenses or expenditures were incurred. The adoption of the new PS3410 required that the School Division assess government transfers (grants) received to determine if they meet the requirement for deferral as a liability, in accordance with the new standard. The impact to the School Division resulting from the adoption of the new PS3410 standard is as follows: an accumulated adjustment is made to the current year revenue and the revenue for the year has increased by \$943,216.

## 20. CORRESPONDING INFORMATION

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

## 21. RISK MANAGEMENT

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

### **i) Credit Risk**

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

## 21. RISK MANAGEMENT (continued)

### i) Credit Risk (continued)

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

	August 31, 2013		August 31, 2012	
	Accounts Receivable	Allowance of Doubtful Accounts	Accounts Receivable	Allowance of Doubtful Accounts
Current	\$ 4,158,180	\$ -	\$ 1,064,969	\$ -
0-30 days	236,872	-	210,376	-
30-60 days	3,419	-	55,427	-
60-90 days	22	-	-	-
Over 90 days	821,529	-	1,009,144	-
Total	\$ 5,220,022	\$ -	\$ 2,339,916	\$ -
Net		\$ 5,220,022		\$ 2,339,916

### 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 budget practices and monitoring. The following table sets out the contractual maturities of the School Division's financial liabilities:

	August 31, 2013			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 3,185,701	\$ -	\$ -	\$ -
Long term debt	325,300	-	650,600	-
Total	\$ 3,511,001	\$ -	\$ 650,600	\$ -

### 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 \$5,000,000 with interest payable monthly at a rate of prime plus .5 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows.

The School Division minimizes these risks by:

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

**21. RISK MANAGEMENT (continued)**

**iii) Market Risk (continued)**

**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 cash and cash equivalents denominated in U.S. dollars for which the balances are subject to exchange rate fluctuations; however, this risk is minimal as the School Division does not have a significant amount of cash and cash equivalents denominated on a foreign currency. As at August 31, 2013 the School Division had cash and cash equivalents of \$30,641 denominated in U.S. dollars and converted to Canadian dollars at \$1 USD - \$1.05322 CAD (2012 - \$30,641 at \$1 USD - \$.99093 CAD).