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## Auditor's Report and Financial Statement

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Of the Prairie South School Division No. 210

School Division No. 2100500

For the Period Ending: August 31, 2013

Bernard Girardin, MBA  
Chief Financial Officer

Stark & Marsh Chartered Accountants LLP  
Auditor

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

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November 26, 2013

### Management's Responsibility for the Financial Statements

The school division's management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards and the format specified in the Financial Reporting Manual issued by the Ministry of Education. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The school division's management maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Education is composed of elected officials who are not employees of the school division. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and for approving the financial statements. The Board is also responsible for the appointment of the school division's external auditors.

The external auditors, Stark & Marsh, Chartered Accountants LLP, conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the financial statements. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the school division's financial statements. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

On behalf of the Board of Education of the Prairie South School Division of Saskatchewan  
No. 210.

  
Board Chair

  
Chief Financial Officer

  
CEO/Director of Education

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Prairie South School Division No. 210:

We have audited the accompanying financial statements of Prairie South School Division No. 210, which comprise the statement of financial position as at August 31, 2013, and the statement of operations and accumulated surplus from operations, statement of changes in net financial assets and statement of 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 organization'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 organization'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 Prairie South School Division No. 210 as at August 31, 2013, and the results of its operations and accumulated surplus, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants, LLP

Swift Current, Saskatchewan  
November 26, 2013

**Prairie South School Division No. 210**  
**Statement of Financial Position**  
**as at August 31, 2013**

... page 1

	2013	2012
<b>Financial Assets</b>		<b>(Note 20)</b>
Cash and Cash Equivalents	18,755,140	23,447,542
Accounts Receivable (Note 8)	13,333,342	13,283,009
Portfolio Investments (Note 4)	75,176	273,080
<b>Total Financial Assets</b>	<b>32,163,658</b>	<b>37,003,631</b>
<b>Liabilities</b>		
Provincial Grant Overpayment	-	1,747,384
Accounts Payable and Accrued Liabilities (Note 9)	5,073,928	6,871,788
Long Term Debt (Note 10)	1,847,476	2,166,579
Liability for Employee Future Benefits (Note 6)	1,971,200	1,979,000
Deferred Revenue (Note 11)	2,779,186	2,563,307
<b>Total Liabilities</b>	<b>11,671,790</b>	<b>15,328,058</b>
<b>Net Financial Assets</b>	<b>20,491,868</b>	<b>21,675,573</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule C)	54,364,598	54,086,464
Inventory of Supplies for Consumption	184,530	314,051
Prepaid Expenses	447,825	449,317
<b>Total Non-Financial Assets</b>	<b>54,996,953</b>	<b>54,849,832</b>
<b>Accumulated Surplus (Note 14)</b>	<b>75,488,821</b>	<b>76,525,405</b>
<b>Accumulated Surplus is comprised of:</b>		
Accumulated surplus from operations	75,488,821	76,525,405
Accumulated remeasurement gains and losses	-	-
<b>Total Accumulated Surplus (Note 14)</b>	<b>75,488,821</b>	<b>76,525,405</b>

Contingent Liabilities (Note 18)

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

**Approved by the Board:**

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Chairperson

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Chief Financial Officer

**Prairie South School Division No. 210**  
**Statement of Operations and Accumulated Surplus from Operations**  
**for the year ended August 31, 2013**

	2013	2013	2012
	Budget	Actual	Actual
	(Note 15)		
<b>REVENUES</b>			
Property Taxation	29,937,035	29,225,371	29,791,364
Grants	50,270,592	52,699,506	49,221,565
Tuition and Related Fees	40,500	41,757	44,325
School Generated Funds	1,500,000	1,308,315	1,197,220
Complementary Services (Note 12)	525,836	627,232	826,977
External Services (Note 13)	4,019,440	4,100,891	3,802,200
Other	501,625	688,139	797,029
<b>Total Revenues (Schedule A)</b>	<b>86,795,028</b>	<b>88,691,211</b>	<b>85,680,680</b>
<b>EXPENSES</b>			
Governance	619,151	600,764	517,585
Administration	1,934,932	1,725,861	1,797,894
Instruction	57,435,773	57,190,437	55,475,772
Plant	16,357,827	15,276,283	15,428,857
Transportation	7,070,164	7,213,086	6,851,881
Tuition and Related Fees	75,000	76,430	91,929
School Generated Funds	1,500,000	1,220,566	1,134,496
Complementary Services (Note 12)	2,176,011	2,240,534	2,215,351
External Services (Note 13)	3,787,850	4,086,378	3,860,665
Other Expenses	98,441	97,456	114,996
<b>Total Expenses (Schedule B)</b>	<b>91,055,149</b>	<b>89,727,795</b>	<b>87,489,426</b>
<b>Operating (Deficit) for the Year</b>	<b>(4,260,121)</b>	<b>(1,036,584)</b>	<b>(1,808,746)</b>
<b>Accumulated Surplus from Operations, Beginning of Year</b>	<b>76,525,405</b>	<b>76,525,405</b>	<b>78,334,151</b>
<b>Accumulated Surplus from Operations, End of Year</b>	<b>72,265,284</b>	<b>75,488,821</b>	<b>76,525,405</b>

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

**Prairie South School Division No. 210**  
**Statement of Changes in Net Financial Assets**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
	(Note 15)		
<b>Net Financial Assets, Beginning of Year</b>	<b>21,675,573</b>	<b>21,675,573</b>	<b>25,526,306</b>
<b>Changes During the Year:</b>			
Operating (Deficit) for the Year	(4,260,121)	(1,036,584)	(1,808,746)
Acquisition of Tangible Capital Assets (Schedule C)	(4,714,772)	(5,292,249)	(6,722,461)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)		8,545	7,526
Net (Gain) on Disposal of Capital Assets (Schedule C)		(8,545)	(7,526)
Amortization of Tangible Capital Assets (Schedule C)	5,100,852	5,014,115	4,501,353
Net Acquisition of Inventory of Supplies		129,521	75,020
Net Change in Other Non-Financial Assets		1,492	104,101
	<b>(3,874,041)</b>	<b>(1,183,705)</b>	<b>(3,850,733)</b>
Net Remeasurement Gains (Losses)	-	-	-
<b>Change in Net Financial Assets</b>	<b>(3,874,041)</b>	<b>(1,183,705)</b>	<b>(3,850,733)</b>
<b>Net Financial Assets, End of Year</b>	<b>17,801,532</b>	<b>20,491,868</b>	<b>21,675,573</b>

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

**Prairie South School Division No. 210**  
**Statement of Cash Flows**  
for the year ended August 31, 2013

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Operating (Deficit) for the Year	(1,036,584)	(1,808,746)
Add Non-Cash Items Included in Surplus / Deficit (Schedule D)	5,005,570	4,493,827
Net Change in Non-Cash Operating Activities (Schedule E)	(3,256,485)	2,094,540
<b>Cash Provided by Operating Activities</b>	<b>712,501</b>	<b>4,779,621</b>
<b>CAPITAL ACTIVITIES</b>		
Cash Used to Acquire Tangible Capital Assets	(5,292,249)	(6,722,461)
Proceeds on Disposal of Tangible Capital Assets	8,545	7,526
<b>Cash (Used) by Capital Activities</b>	<b>(5,283,704)</b>	<b>(6,714,935)</b>
<b>INVESTING ACTIVITIES</b>		
Cash Used to Acquire Portfolio Investments	(43,387)	(6,827)
Proceeds on Disposal of Portfolio Investments	241,291	1,530,387
<b>Cash Provided by Investing Activities</b>	<b>197,904</b>	<b>1,523,560</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of Long Term Debt	(319,103)	(304,116)
<b>Cash (Used) by Financing Activities</b>	<b>(319,103)</b>	<b>(304,116)</b>
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,692,402)</b>	<b>(715,870)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>23,447,542</b>	<b>24,163,412</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>18,755,140</b>	<b>23,447,542</b>
<b>REPRESENTED ON THE FINANCIAL STATEMENTS BY:</b>		
Cash and Cash Equivalents	18,755,140	23,447,542
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>18,755,140</b>	<b>23,447,542</b>

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

**Prairie South School Division No. 210**  
**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	29,025,127	28,086,859	29,055,510
Revenue from Supplemental Levies	100,000	111,207	93,198
<b>Total Property Tax Revenue</b>	<b>29,125,127</b>	<b>28,198,066</b>	<b>29,148,708</b>
<b>Grants in Lieu of Taxes:</b>			
Federal Government	517,995	488,959	508,166
Provincial Government	292,144	241,972	227,841
Railways	464,319	408,648	473,461
Other	292,450	276,151	286,017
<b>Total Grants in Lieu of Taxes</b>	<b>1,566,908</b>	<b>1,415,730</b>	<b>1,495,485</b>
<b>Other Tax Revenues:</b>			
House Trailer Fees	100,000	117,213	100,278
<b>Total Other Tax Revenues</b>	<b>100,000</b>	<b>117,213</b>	<b>100,278</b>
<b>Additions to Levy:</b>			
Penalties	250,000	175,467	231,065
Other	10,000	6,687	294
<b>Total Additions to Levy</b>	<b>260,000</b>	<b>182,154</b>	<b>231,359</b>
<b>Deletions from Levy:</b>			
Discounts	(900,000)	(333,143)	(879,733)
Cancellations	(115,000)	(328,674)	(182,125)
Other Deletions	(100,000)	(25,975)	(122,608)
<b>Total Deletions from Levy</b>	<b>(1,115,000)</b>	<b>(687,792)</b>	<b>(1,184,466)</b>
<b>Total Property Taxation Revenue</b>	<b>29,937,035</b>	<b>29,225,371</b>	<b>29,791,364</b>
<b>Grants:</b>			
<b>Operating Grants</b>			
Ministry of Education Grants:			
K-12 Operating Grant	49,989,592	50,133,967	47,540,630
Other Ministry Grants	20,000	91,898	136,032
<b>Total Ministry Grants</b>	<b>50,009,592</b>	<b>50,225,865</b>	<b>47,676,662</b>
Other Provincial Grants	261,000	252,255	253,248
Grants from Others	-	55,777	46,536
<b>Total Operating Grants</b>	<b>50,270,592</b>	<b>50,533,897</b>	<b>47,976,446</b>
<b>Capital Grants</b>			
Ministry of Education Capital Grants	-	2,154,402	1,230,767
Other Capital Grants	-	11,207	14,352
<b>Total Capital Grants</b>	<b>-</b>	<b>2,165,609</b>	<b>1,245,119</b>
<b>Total Grants</b>	<b>50,270,592</b>	<b>52,699,506</b>	<b>49,221,565</b>



**Prairie South School Division No. 210**  
**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	30,000	27,775	24,930
Federal Government and First Nations	10,500	12,532	10,700
Individuals and Other	-	1,450	8,695
<b>Total Tuition Fees</b>	<b>40,500</b>	<b>41,757</b>	<b>44,325</b>
<b>Total Tuition and Related Fees Revenue</b>	<b>40,500</b>	<b>41,757</b>	<b>44,325</b>
<b>School Generated Funds Revenue</b>			
<b>Curricular Fees:</b>			
Student Fees	-	18,949	26,041
Other	1,500,000	-	-
<b>Total Curricular Fees</b>	<b>1,500,000</b>	<b>18,949</b>	<b>26,041</b>
<b>Non-Curricular Fees:</b>			
Commercial Sales - GST	-	819,438	752,881
Commercial Sales - Non-GST	-	40,076	34,220
Fundraising	-	135,999	96,834
Grants and Partnerships	-	103,534	99,312
Students Fees	-	169,008	130,352
Other	-	21,311	57,580
<b>Total Non-Curricular Fees</b>	<b>-</b>	<b>1,289,366</b>	<b>1,171,179</b>
<b>Total School Generated Funds Revenue</b>	<b>1,500,000</b>	<b>1,308,315</b>	<b>1,197,220</b>
<b>Complementary Services</b>			
<b>Operating Grants:</b>			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	509,662	509,664	594,195
Ministry of Education Grants-Other	4,055	102,409	-
Other Grants	12,119	14,055	32,654
<b>Total Operating Grants</b>	<b>525,836</b>	<b>626,128</b>	<b>626,849</b>
<b>Capital Grants</b>			
Ministry of Education Capital Grants	-	-	197,550
<b>Total Capital Grants</b>	<b>-</b>	<b>-</b>	<b>197,550</b>
<b>Fees and Other Revenue</b>			
Other Revenue	-	1,104	2,578
<b>Total Fees and Other Revenue</b>	<b>-</b>	<b>1,104</b>	<b>2,578</b>
<b>Total Complementary Services Revenue</b>	<b>525,836</b>	<b>627,232</b>	<b>826,977</b>

**Prairie South School Division No. 210**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>External Services</b>			
<b>Operating Grants:</b>			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	3,548,357	3,542,082	3,292,836
Other Provincial Grants	-	-	51,783
Other Grants	69,700	86,364	-
<b>Total Operating Grants</b>	<b>3,618,057</b>	<b>3,628,446</b>	<b>3,344,619</b>
<b>Fees and Other Revenue</b>			
Tuition and Related Fees	-	3,766	37,586
Other Revenue	401,383	468,679	419,995
<b>Total Fees and Other Revenue</b>	<b>401,383</b>	<b>472,445</b>	<b>457,581</b>
<b>Total External Services Revenue</b>	<b>4,019,440</b>	<b>4,100,891</b>	<b>3,802,200</b>
<b>Other Revenue</b>			
Miscellaneous Revenue	163,650	325,481	302,162
Sales & Rentals	56,000	59,782	71,329
Investments	275,000	294,331	416,012
Gain on Disposal of Capital Assets	6,975	8,545	7,526
<b>Total Other Revenue</b>	<b>501,625</b>	<b>688,139</b>	<b>797,029</b>
<b>TOTAL REVENUE FOR THE YEAR</b>	<b>86,795,028</b>	<b>88,691,211</b>	<b>85,680,680</b>

**Prairie South School Division No. 210**  
**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	223,000	198,551	205,078
Professional Development- Board Members	56,000	50,538	68,892
Advisory Committees	79,400	42,013	37,781
Elections	50,000	55,490	-
Other Governance Expenses	210,751	254,172	205,834
<b>Total Governance Expense</b>	<b>619,151</b>	<b>600,764</b>	<b>517,585</b>
<b>Administration Expense</b>			
Salaries	1,070,789	1,048,801	1,040,892
Benefits	196,128	178,438	167,583
Supplies & Services	257,666	198,522	400,539
Non-Capital Furniture & Equipment	1,350	705	538
Building Operating Expenses	296,600	209,678	90,848
Communications	35,645	31,886	37,437
Travel	7,000	5,135	6,278
Professional Development	25,200	22,950	23,989
Amortization of Tangible Capital Assets	44,554	29,746	29,790
<b>Total Administration Expense</b>	<b>1,934,932</b>	<b>1,725,861</b>	<b>1,797,894</b>
<b>Instruction Expense</b>			
Instructional (Teacher & LEADS Contract) Salaries	38,975,967	39,152,543	38,009,663
Instructional (Teacher & LEADS Contract) Benefits	2,194,746	2,277,999	2,217,195
Program Support (Non-Teacher Contract) Salaries	8,064,807	7,880,435	7,414,846
Program Support (Non-Teacher Contract) Benefits	1,650,533	1,759,846	1,677,865
Instructional Aids	1,591,165	1,531,968	1,743,645
Supplies & Services	1,182,535	1,081,372	1,005,540
Non-Capital Furniture & Equipment	312,373	293,517	297,245
Communications	325,652	263,726	299,206
Travel	306,373	288,789	290,324
Professional Development	666,207	486,138	677,762
Student Related Expense	502,715	522,628	581,080
Amortization of Tangible Capital Assets	1,662,700	1,651,476	1,261,401
<b>Total Instruction Expense</b>	<b>57,435,773</b>	<b>57,190,437</b>	<b>55,475,772</b>

**Prairie South School Division No. 210**  
**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	3,286,719	3,475,738	3,194,574
Benefits	740,052	665,567	698,334
Supplies & Services	10,250	33,005	27,027
Non-Capital Furniture & Equipment	13,000	31,373	22,404
Building Operating Expenses	9,726,325	8,493,516	9,042,248
Communications	8,500	11,482	13,963
Travel	73,000	136,810	97,851
Professional Development	10,780	10,194	11,572
Amortization of Tangible Capital Assets	2,489,201	2,418,598	2,320,884
<b>Total Plant Operation &amp; Maintenance Expense</b>	<b>16,357,827</b>	<b>15,276,283</b>	<b>15,428,857</b>
<b>Student Transportation Expense</b>			
Salaries	3,337,794	3,213,658	2,945,966
Benefits	634,991	740,421	717,821
Supplies & Services	1,139,977	1,236,443	1,230,770
Non-Capital Furniture & Equipment	450,600	527,412	492,742
Building Operating Expenses	103,200	94,952	61,233
Communications	20,650	22,178	19,134
Travel	8,000	1,289	2,002
Professional Development	11,500	13,772	18,348
Contracted Transportation	460,874	453,051	476,588
Amortization of Tangible Capital Assets	902,578	909,910	887,277
<b>Total Student Transportation Expense</b>	<b>7,070,164</b>	<b>7,213,086</b>	<b>6,851,881</b>
<b>Tuition and Related Fees Expense</b>			
Tuition Fees	75,000	76,430	91,929
<b>Total Tuition and Related Fees Expense</b>	<b>75,000</b>	<b>76,430</b>	<b>91,929</b>
<b>School Generated Funds Expense</b>			
Supplies & Services	-	53,317	10,044
Cost of Sales	-	584,585	612,326
Special Programs	-	289,200	219,255
School Fund Expenses	1,500,000	293,464	292,871
<b>Total School Generated Funds Expense</b>	<b>1,500,000</b>	<b>1,220,566</b>	<b>1,134,496</b>

**Prairie South School Division No. 210**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2013**

	2013 Budget	2013 Actual	2012 Actual
<b>Complementary Services Expense</b>			
Tuition Fees	20,000	-	-
Instructional (Teacher & LEADS Contract) Salaries & Benefits	960,605	970,257	943,455
Program Support (Non-Teacher Contract) Salaries & Benefits	657,607	765,593	760,166
Supplies & Services	348,690	331,517	334,183
Communications	5,300	4,699	8,483
Travel	33,250	48,511	51,438
Professional Development (Non-Salary Costs)	14,960	15,028	32,062
Student Related Expenses	133,280	101,980	82,908
Contracted Transportation & Allowances	500	-	837
Amortization of Tangible Capital Assets	1,819	2,949	1,819
<b>Total Complementary Services Expense</b>	<b>2,176,011</b>	<b>2,240,534</b>	<b>2,215,351</b>
<b>External Service Expense</b>			
Other Fees	1,293,825	1,093,282	853,898
Administration Salaries & Benefits	-	-	37,619
Instructional (Teacher & LEADS Contract) Salaries & Benefits	2,242,332	2,766,395	2,702,263
Program Support (Non-Teacher Contract) Salaries & Benefits	137,693	120,058	137,683
Transportation Salaries & Benefits	-	2,615	24,904
Supplies & Services	5,080	3,570	5,977
Non-Capital Furniture & Equipment	-	866	11,786
Building Operating Expenses	8,900	15,218	2,800
Communications	650	514	1,112
Travel	10,350	2,407	2,703
Professional Development (Non-Salary Costs)	3,760	1,381	6,421
Student Related Expenses	85,260	78,637	73,318
Amortization of Tangible Capital Assets	-	1,435	181
<b>Total External Services Expense</b>	<b>3,787,850</b>	<b>4,086,378</b>	<b>3,860,665</b>

**Prairie South School Division No. 210**  
**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	1,000	15	2,569
Other	97,441	97,441	112,427
Total Interest and Bank Charges	<u>98,441</u>	<u>97,456</u>	<u>114,996</u>
<b>Total Other Expense</b>	<b>98,441</b>	<b>97,456</b>	<b>114,996</b>
<hr/>			
<b>TOTAL EXPENSES FOR THE YEAR</b>	<b>91,055,149</b>	<b>89,727,795</b>	<b>87,489,426</b>

**Prairie South School Division No. 210**  
**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	1,718,010	385,712	91,574,155	2,615,210	12,324,412	700,897	4,304,810	4,986,947	106,465	2,843,820	121,560,438	115,049,258
Additions/Purchases	-	28,381	1,494,372	-	632,995	31,659	788,281	1,572,901	23,371	720,289	5,292,249	6,722,461
Disposals	-	-	-	-	(259,204)	(30,000)	(177,494)	-	-	-	(466,698)	(211,281)
Write-Downs	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to (from)	-	-	2,843,820	-	-	-	-	-	-	(2,843,820)	-	-
<b>Closing Balance as of August 31</b>	<b>1,718,010</b>	<b>414,093</b>	<b>95,912,347</b>	<b>2,615,210</b>	<b>12,698,203</b>	<b>702,556</b>	<b>4,915,597</b>	<b>6,559,848</b>	<b>129,836</b>	<b>720,289</b>	<b>126,385,989</b>	<b>121,560,438</b>
<b>Tangible Capital Assets - Amortization:</b>												
Opening Balance as of September 1	-	207,271	54,199,247	1,564,955	7,238,414	587,224	1,270,226	2,382,848	23,789	N/A	67,473,974	63,183,902
Amortization of the Period	-	19,749	2,060,139	71,642	826,508	53,405	491,560	1,465,145	25,967	-	5,014,115	4,501,353
Disposals	-	-	-	-	(259,204)	(30,000)	(177,494)	-	-	-	(466,698)	(211,281)
<b>Closing Balance as of August 31</b>	<b>N/A</b>	<b>227,020</b>	<b>56,259,386</b>	<b>1,636,597</b>	<b>7,805,718</b>	<b>610,629</b>	<b>1,584,292</b>	<b>3,847,993</b>	<b>49,756</b>	<b>N/A</b>	<b>72,021,391</b>	<b>67,473,974</b>
<b>Net Book Value:</b>												
Opening Balance as of September 1	1,718,010	178,441	37,374,908	1,050,255	5,085,998	113,673	3,034,584	2,604,153	82,622	2,843,820	54,086,464	51,865,356
Closing Balance as of August 31	1,718,010	187,073	39,652,961	978,613	4,892,485	91,927	3,331,305	2,711,855	80,080	720,289	54,364,598	54,086,464
<b>Change in Net Book Value</b>	<b>-</b>	<b>8,632</b>	<b>2,278,053</b>	<b>(71,642)</b>	<b>(193,513)</b>	<b>(21,746)</b>	<b>296,721</b>	<b>107,702</b>	<b>(2,542)</b>	<b>(2,123,531)</b>	<b>278,134</b>	<b>2,221,108</b>
<b>Disposals:</b>												
Historical Cost	-	-	-	-	259,204	30,000	177,494	-	-	-	466,698	211,281
Accumulated Amortization	-	-	-	-	259,204	30,000	177,494	-	-	-	466,698	211,281
<b>Net Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Price of Sale	-	-	-	-	4,239	866	1,279	2,161	-	-	8,545	7,526
<b>Gain/loss on Disposal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,239</b>	<b>866</b>	<b>1,279</b>	<b>2,161</b>	<b>-</b>	<b>-</b>	<b>8,545</b>	<b>7,526</b>
<b>Net Book Value (NBV) of Assets Pledged as Security for Debt</b>												
	-	-	-	-	1,847,476	-	-	-	-	-	1,847,476	1,928,159

**Prairie South School Division No. 210**  
**Schedule D: Non-Cash Items Included in Deficit**  
**for the year ended August 31, 2013**

	2013	2012
<b>Non-Cash Items Included in (Deficit):</b>		
Amortization of Tangible Capital Assets (Schedule C)	5,014,115	4,501,353
Net (Gain) on Disposal of Tangible Capital Assets	(8,545)	(7,526)
<b>Total Non-Cash Items Included in Surplus</b>	<b>5,005,570</b>	<b>4,493,827</b>

**Prairie South School Division No. 210**  
**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>		
Decrease (Increase) in Accounts Receivable	(50,333)	2,570,302
Decrease in Inventories for Sale	-	2,366
Increase (Decrease) in Provincial Grant Overpayment	(1,747,384)	1,747,384
(Decrease) In Accounts Payable and Accrued Liabilities	(1,797,860)	(2,214,787)
Increase (Decrease) in Liability for Employee Future Benefits	(7,800)	155,100
Increase (Decrease) in Deferred Revenue	215,879	(344,946)
Decrease in Inventory of Supplies for Consumption	129,521	75,020
Decrease in Prepaid Expenses	1,492	104,101
<b>Total Net Change in Non-Cash Operating Activities</b>	<b>(3,256,485)</b>	<b>2,094,540</b>



**PRAIRIE SOUTH SCHOOL DIVISION NO. 210**  
**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 Prairie South School Division No 210” and operates as “the Prairie South School Division No. 210”. The school division provides education services to residents within its geographic region and is governed by an elected board of trustees.

The school division is funded mainly by grants from the Government of Saskatchewan and a levy on the property assessment included in the school division’s boundaries at mill rates determined by the provincial government. The school division is exempt from income tax and is a registered charity under the *Income Tax Act*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and 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 agreements, 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.

**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 \$1,971,200 (2012 - \$1,979,000) because actual experience may differ significantly from actuarial estimations.
- Property taxation revenue of \$29,225,371 (2012 - \$29,791,364) because final tax assessments may differ from estimates.
- Uncollectible taxes of \$1,403,326 (2012 - \$1,403,326) because actual collectability may differ from initial estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in future conditions, occurring within one fiscal year, could require a material change in the amounts recognized or disclosed.

**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, accrued salaries and benefits, accounts payable and accrued liabilities and long term debt.

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost. The school division does not have financial instruments in the equity category.

The 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.

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

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

**Portfolio Investments** consist of term deposits and guaranteed investment certificates carried at amortized cost and unrealized equity in Saskatchewan co-operatives and credit unions. The school division

values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (f).

#### **h) Non-Financial Assets**

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

**Tangible Capital Assets** have useful lives extending beyond the accounting period, are used by the school division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, land improvements, buildings, school buses, other vehicles, furniture and equipment, computer hardware and software, audio visual equipment, capital lease assets, and assets under construction. Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The school division does not capitalize interest incurred while a tangible capital asset is under construction.

The cost of depreciable tangible capital assets, net of any residual value, is amortized on a straight line basis over their estimated useful lives as follows:

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	4 years
Computer software	5 years
Leased capital assets	Lease term

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

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

**Prepaid Expenses** are prepaid amounts for goods or services such as Saskatchewan School Board Association fees; building, vehicle and liability insurance; Workers' Compensation fees; software licensing and

maintenance, professional development opportunities and Five Hills Health District services 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.

**Long-Term Debt** is comprised of capital loans and other long-term debt with initial maturities of more than one year and is 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 pro-rated on service and management's best estimate of expected discount rate, inflation, salary escalation, termination and retirement rates and mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Actuarial valuations are performed periodically. An actuary extrapolates these valuations when a valuation is not completed 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** represents revenue received pursuant to legislation, regulation or agreement that may only be used for specific purposes. Also included is property tax received above 8/12<sup>th</sup> of the assessed levy for the current calendar year. Revenue is recognized in the fiscal year in which the resources are used for the purpose specified.

**j) Employee Pension Plans**

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

**Multi-Employer Defined Benefit Plans**

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

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

**k) Revenue Recognition**

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

Restricted revenues are amounts received pursuant to legislation, regulation or agreements with external parties that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. Restricted revenues are initially recorded as deferred revenue and subsequently recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

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.

Tuition fee revenue and other services revenue are recognized when the service is provided.

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.

### I) 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 \$15,000,000 that bears interest at Bank prime rate minus 0.50% per annum. This line of credit is authorized by a borrowing resolution by the board of education and is secured by property taxes and operating grants receivable. This line of credit was approved by the Minister of Education on November 16, 2011. The balance drawn on the line of credit at August 31, 2013 was \$0.00 (August 31, 2012 - \$0.00).

## 4. PORTFOLIO INVESTMENTS

	Cost / Book Value		Market Value		Interest Rate	Maturity Date
	2013	2012	2013	2012		
Commercial Mortgage Backed bond	-	199,986	-	206,724	6.22%	15-Nov-13
Conexus Credit Union Term Deposit	12,726	12,478	12,726	12,478	1.35%	4-Jun-16
CIBC Long Term GIC	14,000	14,000	14,000	14,000	2.10%	23-Aug-14
Conexus Credit Union Term Deposit	2,581	2,547	2,581	2,547	1.35%	7-Feb-15
Innovation Credit Union Term Deposit	8,623	8,463	8,623	8,463	1.90%	20-Apr-14
CIBC Term Deposit	1,016	1,000	1,016	1,000	0.90%	26-Jun-14
Royal Bank GIC	5,231	5,184	5,231	5,184	0.80%	23-Aug-14
CIBC Flexible GIC	11,249	11,138	11,249	11,138	0.80%	4-Jul-14
Equity in co-operatives	19,374	17,908	19,374	17,908		
Credit Union equity funds	376	376	376	376		
<b>Total Portfolio Investments</b>	<b>\$ 75,176</b>	<b>\$ 273,080</b>	<b>\$ 75,176</b>	<b>\$ 279,818</b>		

## 5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2013 Budget	2013 Actual	2012 Actual
Governance	\$ 191,250	\$ 409,514	\$ -	\$ -	\$ 619,151	\$ 600,764	\$ 517,585
Administration	\$ 1,227,239	\$ 468,876	\$ -	\$ 29,746	\$ 1,934,932	\$ 1,725,861	\$ 1,797,894
Instruction	\$51,070,823	\$ 4,468,138	\$ -	\$ 1,651,476	\$ 57,435,773	\$ 57,190,437	\$55,475,772
Plant	\$ 4,141,305	\$ 8,716,380	\$ -	\$ 2,418,598	\$ 16,357,827	\$ 15,276,283	\$15,428,857
Transportation	\$ 3,954,079	\$ 2,349,097	\$ -	\$ 909,910	\$ 7,070,164	\$ 7,213,086	\$ 6,851,881
Tuition and Related Fees	\$ -	\$ 76,430	\$ -	\$ -	\$ 75,000	\$ 76,430	\$ 91,929
School Generated Funds	\$ -	\$ 1,220,566	\$ -	\$ -	\$ 1,500,000	\$ 1,220,566	\$ 1,134,496
Complementary Services	\$ 1,735,850	\$ 501,735	\$ -	\$ 2,949	\$ 2,176,011	\$ 2,240,534	\$ 2,215,351
External Services	\$ 2,889,068	\$ 1,195,875	\$ -	\$ 1,435	\$ 3,787,850	\$ 4,086,378	\$ 3,860,665
Other	\$ -	\$ 15	\$ 97,441	\$ -	\$ 98,441	\$ 97,456	\$ 114,996
<b>TOTAL</b>	<b>\$65,209,614</b>	<b>\$19,406,626</b>	<b>\$ 97,441</b>	<b>\$ 5,014,114</b>	<b>\$ 91,055,149</b>	<b>\$ 89,727,795</b>	<b>\$87,489,426</b>

## 6. EMPLOYEE FUTURE BENEFITS

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



and vacation banks. These benefits generally accumulate with employee service and benefit amounts are determined with reference to employees' final earnings at the time they are paid out. Significant assumptions include discount rate, inflation and salary scale. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the Statement of Financial Position.

Details of the employee future benefits are as follows:

	2013	2012
Actuarial valuation date	31-Aug-13	31-Aug-12
Long-term assumptions used:		
Salary escalation rate (percentage)	3.25%	3.25%
Discount rate (percentage)	3.50%	2.70%
Inflation rate (percentage)	2.25%	2.25%
Expected average remaining service life (years)	12	12

Liability for Employee Future Benefits	2013	2012
<b>Accrued Benefit Obligation - beginning of year</b>	<b>\$ 2,022,600</b>	<b>\$ 1,947,500</b>
Current period benefit cost	185,300	165,600
Interest cost	56,200	70,300
Benefit payments	(255,100)	(92,300)
Actuarial gains / losses	(147,600)	(68,500)
Plan amendments	-	-
<b>Accrued Benefit Obligation - end of year</b>	<b>1,861,400</b>	<b>2,022,600</b>
<b>Unamortized Net Actuarial Gains / Losses</b>	<b>109,800</b>	<b>(43,600)</b>
<b>Liability for Employee Future Benefits</b>	<b>\$ 1,971,200</b>	<b>\$ 1,979,000</b>
<b>Employee Future Benefits Expense</b>	<b>2013</b>	<b>2012</b>
Current period benefit cost	\$ 185,300	\$ 165,600
Amortization of net actuarial gain / loss	5,800	11,500
Plan amendments	-	-
<b>Benefit cost</b>	<b>191,100</b>	<b>177,100</b>
<b>Interest cost on unfunded employee future benefits obligation</b>	<b>56,200</b>	<b>70,300</b>
<b>Total Employee Future Benefits Expense</b>	<b>\$ 247,300</b>	<b>\$ 247,400</b>

## 7. PENSION PLANS

### Multi-Employer Defined Benefit Plans

Information on the multi-employer pension plans to which the school division contributes is as follows:

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

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

The STRP and STSP are funded by contributions by the participating employee members and the Government of Saskatchewan. The

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

Details of the contributions to these plans for the school division's employees are as follows:

	2013			2012
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	622	50	672	735
Member contribution rate (percentage of salary)	7.8 - 10%	6.05 - 7.85%	6.05 - 10%	6.05 - 10%
Member contributions for the year	\$ 3,332,008	\$ 186,831	\$ 3,518,839	\$ 3,535,197

ii) Municipal Employees' Pension Plan (MEPP)

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

The MEPP is funded by employer and employee contributions at rates set by the Municipal Employees' Pension Commission.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees which could affect future contribution rates and/or benefits.

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

Details of the MEPP are as follows:

	2013	2012
Number of active School Division members	648	666
Member contribution rate (percentage of salary)	7.4% - 8.15%	7.40%
School Division contribution rate (percentage of salary)	7.4% - 8.15%	7.40%
Member contributions for the year	\$ 1,240,112	\$ 1,154,324
School Division contributions for the year	\$ 1,240,112	\$ 1,154,324
Actuarial valuation date	31-Dec-12	31-Dec-11
Plan Assets	\$ 1,578,536,000	\$ 1,395,109,000
Plan Liabilities	\$ 1,420,319,000	\$ 1,627,865,000
Plan Surplus (Deficit)	\$ 158,217,000	\$ (232,756,000)

## 8. ACCOUNTS RECEIVABLE

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

	2013			2012		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 13,355,097	\$ 1,403,326	\$ 11,951,771	\$ 13,716,962	\$ 1,403,326	\$ 12,313,636
Provincial Grants Receivable	593,597	-	\$ 593,597	338,095	-	\$ 338,095
Other Receivables	787,974	-	\$ 787,974	631,278	-	\$ 631,278
<b>Total Accounts Receivable</b>	<b>\$ 14,736,668</b>	<b>\$ 1,403,326</b>	<b>\$ 13,333,342</b>	<b>\$ 14,686,335</b>	<b>\$ 1,403,326</b>	<b>\$ 13,283,009</b>

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2013	2012
Accrued Salaries and Benefits	\$ 2,010,329	\$ 953,770
Supplier Payments	2,723,082	5,364,304
Staff funds	3,808	1,404
Construction contract holdbacks & other contractual liabilities	336,709	552,310
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 5,073,928</b>	<b>\$ 6,871,788</b>

## 10. LONG-TERM DEBT

Details of long-term debt are as follows:

		2013	2012
Capital Loans:	CIBC	2,166,579	2,470,695
	Principal Repaid	(319,103)	(304,116)
		<b>1,847,476</b>	<b>2,166,579</b>
<b>Total Long Term Debt</b>		<b>\$ 1,847,476</b>	<b>\$ 2,166,579</b>

Principal repayments over the next 5 years are estimated as follows:		
	Capital Loans	Total
2014	334,828	334,828
2015	351,328	351,328
2016	368,642	368,642
2017	386,808	386,808
2018	405,870	405,870
<b>Total</b>	<b>\$ 1,847,476</b>	<b>\$ 1,847,476</b>

Principal and interest payments on the long-term debt are as follows			
	Capital Loans	2013	2012
Principal	\$ 319,103	\$ 319,103	\$ 304,116
Interest	97,441	97,441	112,427
<b>Total</b>	<b>\$ 416,544</b>	<b>\$ 416,544</b>	<b>\$ 416,543</b>

This is a demand loan with repayment until demand set as 10 years. The loan is repayable by monthly installments of \$34,712 including principal and interest at 4.82%. The last scheduled payment date is August 1, 2018.

## 11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2012	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2013
<b>Capital projects:</b>				
Federal capital tuition	3,036	371	-	3,407
Proceeds from sale of buildings	640,156	-	-	640,156
Peacock gym floor	14,020	-	-	14,020
Legacy division capital project	2,528	-	-	2,528
One time Pre-K capital funding	52,319	-	52,319	-
Playground donations	21,107	16,543	33,182	4,468
Peacock auditorium improvement fee	10,688	10,938	-	21,626
Coronach School Treadmill	130	-	-	130
Lafleche School Tarmac	6,634	9,573	16,207	-
Mortlach Score Clock	1,000	-	1,000	-
Peacock Donations to School Governance Association Room	2,000	-	-	2,000
Lafleche School Tech Upgrade	-	8,049	-	8,049
Assiniboia High Science Lab	-	8,082	-	8,082
<b>Total capital projects deferred revenue</b>	<b>753,618</b>	<b>53,556</b>	<b>102,708</b>	<b>704,466</b>
<b>Other deferred revenue:</b>				
Property tax	1,709,326	2,069,090	1,709,328	2,069,088
Rentals, tuition & donations	9,601	5,632	9,601	5,632
Technology grant	42,191	-	42,191	-
Cognitive disabilities consultant funding	25,081	1,010	26,091	-
Family support worker funding	-	1,010	1,010	-
Community Initiative Fund Grant	3,200	-	3,200	-
Nutrition program	20,290	-	20,290	-
<b>Total other deferred revenue</b>	<b>1,809,689</b>	<b>2,076,742</b>	<b>1,811,711</b>	<b>2,074,720</b>
<b>Total Deferred Revenue</b>	<b>\$ 2,563,307</b>	<b>\$ 2,130,298</b>	<b>\$ 1,914,419</b>	<b>\$ 2,779,186</b>

## 12. COMPLEMENTARY SERVICES

Complementary services represent those services and programs where the primary purpose is other than K-12 learning/learning support, but which have

the specific objective of enhancing the school division's ability to successfully deliver its K-12 curriculum/learning programs.

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the school division in 2013:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community and Inter-Agency Liaison	Nutrition	Other Programs	2013	2012
<b>Revenue:</b>						
Operating Grants	\$ 561,983	\$ 12,355	\$ 51,790	\$ -	626,128	\$ 626,849
Capital Grants	-	-	-	-	-	197,550
Fees and Other Revenue	562	542	-	-	1,104	2,578
<b>Total Revenue</b>	<b>562,545</b>	<b>12,897</b>	<b>51,790</b>	<b>-</b>	<b>627,232</b>	<b>\$ 826,977</b>
<b>Expenses:</b>						
Salaries & Benefits	975,882	410,903	180,549	168,516	1,735,850	1,703,621
Supplies and Services	2,129	189,961	-	139,427	331,517	334,183
Communications	979	3,720	-	-	4,699	8,483
Travel	5,418	43,093	-	-	48,511	51,438
Professional Development	7,498	7,530	-	-	15,028	32,062
Student Related Expenses	32,396	5,055	64,529	-	101,980	82,908
Student Transportation	-	-	-	-	-	837
Amortization of Tangible Capital Assets	-	-	-	2,949	2,949	1,819
<b>Total Expenses</b>	<b>1,024,302</b>	<b>660,262</b>	<b>245,078</b>	<b>310,892</b>	<b>2,240,534</b>	<b>\$ 2,215,351</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ (461,757)</b>	<b>\$ (647,365)</b>	<b>\$ (193,288)</b>	<b>\$ (310,892)</b>	<b>\$ (1,613,302)</b>	<b>\$ (1,388,374)</b>

### Pre-K programs

Prekindergarten programs provide in-school programs for children of preschool age. The School Division operated eleven prekindergarten programs in the 2012/13 (nine in 2011/12) school year: Assiniboia Seventh Avenue School, Empire School, King George School, Lafleche General School, Lindale School, Prince Arthur Community School, Westmount School, William Grayson School, Sunningdale School and two French prekindergarten programs operated at Gravelbourg Elementary School and Palliser Heights School.

### Interagency Services

Interagency services represent health, daycare and social services programs provided by the School Division in conjunction with outside agencies for at risk students and families, and occupational therapy services provided by the School Division to students.

### Nutrition

The School Division provides nutritious breakfasts, snacks and meals to students in need.

### Other

Programs stated as other include opportunity to learn and community supports for students, families and communities in schools designated by the School Division.

### 13. EXTERNAL SERVICES

External services represent those services and programs that are outside of the school division's learning/learning support and complementary programs. These services have no direct link to the delivery of the school division's K-12 programs nor do they directly enhance the school division's ability to deliver its K-12 programs.

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

Summary of External Services Revenues and Expenses, by Program	Caronport High School	Cornerstone Christian School	Bus Services	Food Services	Cognitive Disabilities Strategies	Other Programs	2013	2012
<b>Revenue:</b>								
Operating Grants	\$ 1,411,936	\$ 2,130,146	\$ -	\$ -	\$ 86,364	\$ -	\$ 3,628,446	\$ 3,344,619
Fees and Other Revenue	10,171	562	3,766	120,996	-	336,950	472,445	457,581
<b>Total Revenue</b>	<b>1,422,107</b>	<b>2,130,708</b>	<b>3,766</b>	<b>120,996</b>	<b>86,364</b>	<b>336,950</b>	<b>4,100,891</b>	<b>\$ 3,802,200</b>
<b>Expenses:</b>								
Other Related Fees	542,867	550,415	-	-	-	-	1,093,282	853,898
Salaries & Benefits	879,037	1,580,087	2,615	94,836	21,075	311,418	2,889,068	2,902,469
Supplies and Services	-	-	468	-	3,102	-	3,570	5,977
Non-Capital Equipment	-	-	711	155	-	-	866	11,786
Building Operating Expenses	-	-	-	-	-	15,218	15,218	2,800
Communications	-	-	-	-	514	-	514	1,112
Travel	-	-	-	1,403	1,004	-	2,407	2,703
Professional Development	203	206	-	-	972	-	1,381	6,421
Student Related Expenses	-	-	-	78,004	-	633	78,637	73,318
Amortization of Tangible Capital Assets	-	-	-	-	-	1,435	1,435	181
<b>Total Expenses</b>	<b>1,422,107</b>	<b>2,130,708</b>	<b>3,794</b>	<b>174,398</b>	<b>26,667</b>	<b>328,704</b>	<b>4,086,378</b>	<b>\$ 3,860,665</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28)</b>	<b>\$(53,402)</b>	<b>\$ 59,697</b>	<b>\$ 8,246</b>	<b>\$ 14,513</b>	<b>\$ (58,465)</b>

#### Caronport High School and Cornerstone Christian School – Associate Schools

Pursuant to agreements, the school division provides professional teaching staff and related services to two independent schools operating within the school division.

#### Bus Services

The school division provides bus repair services to Holy Trinity Roman Catholic Separate School Division and a small amount of transportation services to the associate schools.

#### Food Services

The school division operates concessions at Riverview Collegiate, A.E. Peacock Collegiate and Central Collegiate to offer nutritious meals to students.

#### Cognitive Disabilities Initiatives

Pursuant to agreements, the school division provides staff to support the development delivery of individual support plans for persons affected by cognitive disabilities in the Southeast Region of the province.

## Other

The school division operates a small number of rental housing units (i.e. teacherages). The units are rented at market rates to staff. The school division has employees that are seconded to other organizations such as Saskatchewan High School Athletics Association (SHSAA), Prairie South Teachers' Association and the Saskatchewan Ministry of Education.

## 14. ACCUMULATED SURPLUS

Accumulated Surplus represents the financial assets and non-financial assets of the school division less liabilities. This represents the accumulated balance of net surplus arising from the operations of the school division and school generated funds.

Accumulated surplus is comprised of the following two amounts:

- i) Accumulated surplus (deficit) from operations, which represents the accumulated balance of net surplus arising from the operations of the school division and school generated funds as detailed in the table below; and
- ii) Accumulated remeasurement gains and losses, which represents the unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value as detailed in the Statement of Remeasurement Gains and Losses. The school division shows no remeasurement gains and losses.

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	\$ 54,086,464	278,134	-	\$ 54,364,598
Less: Debt owing on Tangible Capital Assets	2,166,579	-	(319,103)	1,847,476
	<b>51,919,885</b>	<b>278,134</b>	<b>(319,103)</b>	<b>52,517,122</b>
<b>PMR maintenance project allocation (i)</b>	-	857,465	-	857,465
<b>Internally Restricted Surplus:</b>				
<b>Capital Projects:</b>				
Incomplete Board approved tangible capital asset projects	1,744,805	-	(590,035)	1,154,770
<b>Other:</b>				
Incomplete Board approved practical applied arts program	3,000,000	-	(403,328)	2,596,672
Incomplete Board approved South Hill revitalization program	-	240,000	-	240,000
School Community Council carry forwards	63,150	31,949	-	95,099
School generated funds	901,196	71,248	-	972,444
School budget carry forwards	402,408	475,002	-	877,410
Cognitive Disabilities Program Grant	-	59,967	-	59,967
Creative Partnerships Innovation Grant	-	35,000	-	35,000
Child Nutrition & Development Grant	-	17,897	-	17,897
Community Initiative Grant	-	2,082	-	2,082
	<b>6,111,559</b>	<b>933,145</b>	<b>(993,363)</b>	<b>6,051,341</b>
<b>Unrestricted Surplus</b>	<b>18,493,961</b>	<b>-</b>	<b>(2,431,068)</b>	<b>16,062,893</b>
<b>Total Accumulated Surplus</b>	<b>\$ 76,525,405</b>	<b>\$ 2,068,744</b>	<b>\$ (3,743,534)</b>	<b>\$ 75,488,821</b>

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

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

- 1) Capital projects – Board motions for capital projects that have not been completed.
- 2) The Board has approved a three year project for the enhancement of practical applied arts programming and the 12/13 year was the first of three years for this program.
- 3) The Board has approved an allocation for a one year project for the revitalization of program within the following schools: Empire, Riverview, Westmount of Moose Jaw.
- 4) School budget and school community council budget carry forwards – Board motions have provided authority for schools and School Community councils to carry forward 100% of unspent budgetary allocations for both operating and professional development budgeted amounts over expenditures.
- 5) School generated funds – funds held at the school level and decisions are made with respect to the criteria for the collecting and expensing of such funds. Division guidelines are provided for each criteria.
- 6) Cognitive disabilities program grant – funding for a staff member and supplies and services for students in need.
- 7) Creative Partnerships Program Innovations Grant – funding received from Saskatchewan Arts Board to create an anthology of students' work relating to First Nations world view, treaties as living documents and other topics in collaborations with a writer in residence.
- 8) Child Nutrition & Development Grant - The Ministry of Education provides a grant for students' nutrition and development.

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.

## **15. BUDGET FIGURES**

Budget figures included in the financial statements have been derived from the budget approved by the board of education on May 1, 2012 and the Minister of Education on August 10, 2012.

## **16. RELATED PARTIES**

These financial statements include transactions with related parties. The school division is related to all Government of Saskatchewan ministries, agencies, boards, school divisions, health authorities, colleges, and crown corporations under the common control of the Government of Saskatchewan. The school division is also related to non-Crown enterprises that the Government jointly controls or significantly influences. In addition, the school division is related to other non-Government organizations by virtue of its economic interest in these organizations.



## (i) 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.

<b>Revenues:</b>		
Ministry of Education	\$ 56,892,350	\$ 55,003,195
SGL	206,964	219,248
Sask Workers' Compensation Board	49,655	53,809
Ministry of Social Services	98,719	63,982
Holy Trinity Roman Catholic School Division	17,800	45,721
Great Plains Regional College	-	10,440
Community Initiatives Fund	-	11,548
Prairie Valley School Division	-	6,605
Palliser Regional Library	5,722	-
Saskatchewan Arts Board	10,063	-
Saskatchewan School Board Association	10,311	-
Other	23,817	43,513
	\$ 57,315,401	\$ 55,458,061
<b>Expenses:</b>		
Briercrest College and Seminary	\$ 61,941	\$ 54,945
Caronport High School	530,652	344,680
Cornerstone Christian School	584,315	445,759
Five Hills Health Region	130,821	31,056
Holy Trinity Catholic School Division	191,877	109,696
Minister of Finance	42,494	45,043
Sask Educational Leadership Unit	9,805	47,382
Sask Energy	715,468	582,569
Sask Power	1,070,354	1,059,874
Sask Workers' Compensation Board	200,601	297,731
Saskatoon Public School Division	5,575	5,900
SaskTel	364,040	596,795
SGL	99,326	82,619
St. Paul's R.C.S.S.D. No. 20	4,680	10,500
Good Spirit School Division	16,239	-
North East School Division	5,500	-
Saskatchewan School Board Association	1,091,689	-
Sun West School Division	9,500	-
Other	670	-
	\$ 5,135,547	\$ 3,714,549
<b>Accounts Receivable:</b>		
Ministry of Education	\$ 593,597	\$ 338,095
Holy Trinity Roman Catholic SD	4,144	20,797
Caronport High School	-	14,227
Cornerstone Christian School	-	27,532
SGL	5,080	-
Other	307	3,705
	\$ 603,128	\$ 404,356
<b>Prepaid Expenses:</b>		
Five Hills Health Region	\$ 9,881	\$ 10,259
Sask Workers' Compensation Board	63,735	57,105
SGL	66,412	72,400
Saskatchewan School Board Association	35,413	-
Other	3,277	-
	\$ 178,718	\$ 139,764
<b>Provincial Grant Overpayment:</b>		
Ministry of Education	\$ -	\$ 1,747,384
	\$ -	\$ 1,747,384
<b>Accounts Payable and Accrued Liabilities:</b>		
Ministry of Finance	\$ 3,939	\$ 6,300
SaskEnergy	69,540	12,205
SaskPower	79,372	117,307
SaskTel	18,394	-
Caronport High School	33,140	-
Cornerstone Christian School	401	-
Briercrest College & Seminary	108	-
Five Hills Health Region	38	-
	\$ 204,932	\$ 135,812
<b>Deferred Revenue:</b>		
Community Initiatives Fund	\$ -	\$ 3,200
Ministry of Social Services	-	25,081
Ministry of Education	-	72,609
	\$ -	\$ 100,890

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.

## 17. TRUSTS

The school division, as the trustee, administers trust funds for banked salary for teacher deferred salary leaves, legacy scholarships, and other scholarships entrusted to the school division by individuals. The trust assets and transactions are not included in the financial statements.

Information about these trusts is as follows:

	Scholarships		Deferred Salaries		Moose Jaw School District No. 1 Bursary Fund Inc.		Total	Total
	2013	2012	2013	2012	As at Dec.	As at Dec.		
					31, 2012	31, 2011	2013	2012
Cash and short term investments	\$ 218,973	\$ 177,841	\$ 186,897	\$ 132,104	\$ 59,006	\$ 19,920	\$ 464,876	\$ 329,865
Portfolio investments	102,446	102,398	-	-	1,067,387	1,060,037	\$ 1,169,833	\$ 1,162,435
<b>Total Assets</b>	<b>\$ 321,419</b>	<b>\$ 280,239</b>	<b>\$ 186,897</b>	<b>\$ 132,104</b>	<b>\$ 1,126,393</b>	<b>\$ 1,079,957</b>	<b>\$ 1,634,709</b>	<b>\$ 1,492,300</b>
Revenues								
Contributions and donations	\$ 60,668	\$ 11,080	\$ 54,313	\$ 45,979	\$ 44,543	\$ 178,513	\$ 159,524	\$ 235,572
Interest on investments	5,284	5,301	-	-	43,941	45,559	\$ 49,225	\$ 50,860
	65,952	16,381	54,313	45,979	88,484	224,072	\$ 208,749	286,432
Expenses								
Student Related Expenses	24,292	12,202	-	-	40,535	43,775	64,827	55,977
Administration	-	-	-	-	1,513	1,403	1,513	1,403
Loss on Sale of Investments	-	-	-	-	-	94	-	94
	24,292	12,202	-	-	42,048	45,272	66,340	57,474
Excess of Revenue over Expenses	41,660	4,179	54,313	45,979	46,436	178,800	142,409	228,958
Trust Fund Balance, Beginning of Year	280,239	276,060	132,104	86,125	1,079,957	901,157	1,492,300	1,263,342
<b>Trust Fund Balance, End of Year</b>	<b>\$ 321,899</b>	<b>\$ 280,239</b>	<b>\$ 186,417</b>	<b>\$ 132,104</b>	<b>\$ 1,126,393</b>	<b>\$ 1,079,957</b>	<b>\$ 1,634,709</b>	<b>\$ 1,492,300</b>

## 18. CONTINGENT LIABILITIES

### Litigation:

The school division has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, the only liability recorded at this point in time is the deductible amount for insurance purposes. The school division's share of settlement, if any, over and above the deductible will be charged to expenses in the year when judgment is rendered.

### Insurance Claims:

The school division has two outstanding insurance claims as at the date of these statements. The total amount of the claims cannot be determined at this time and therefore the only liability recorded is the deductible for which the school division will be ultimately responsible.

### Loan Guarantee:

The school division has guaranteed a loan with CIBC on property currently owned by Cornerstone Christian School, an associate school of the School Division. The corresponding Title Transfer agreement with the school would provide the School Division with the title to the educational real property of Cornerstone Christian School upon default of the loan.

The loan was renegotiated on September 28, 2012 in the amount of \$822,000 with BMO.

The balance of the loan at August 31, 2013 is \$766,593 principal and interest and the loan is in good standing. The loan is a 10 year term at a fixed rate of 3.46%.

## 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 Remeasurment 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 significant 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.

**PS3041 Portfolio Investments**

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

- (a) the recognition, derecognition and measurement policies for financial instruments followed by the school division in financial statements for periods prior to the 2013 are not reversed and, therefore, the financial statements of prior periods, including 2012 comparative amounts, have not been restated.
- (b) at the beginning of the 2012-13 fiscal year, the school division:
  - (i) recognized all financial assets and financial liabilities on its statement of financial position and classified items in accordance with PS3450 standards;
  - (ii) applied the criteria in PS3450 in identifying those financial assets and financial liabilities to be measured at fair value; and
  - (iii) remeasured assets and liabilities as appropriate, and recognized the adjustment to September 1, 2012 amounts as an adjustment to the accumulated remeasurement gains and losses at the beginning of the 2012-13 fiscal year.
- (c) no adjustments to carrying values were made to retroactively expense transaction costs applicable to items in the fair value category.

The adoption of the new 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 establishes and 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 (or: describe the details and impact of the adoption of this policy, including any an adjustment to the accumulated remeasurement gains and losses at September 1, 2012).

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

#### **PS3410 Government Transfers**

The school division adopted the revised PS3410 Government Transfers standard in 2013. This revised standard establishes standards on how to account for and report government transfers (grants), with the most significant impact to the school division pertaining to the criteria for recognition of revenue for the government transfers it receives. The revised standard allows for either prospective or retroactive implementation. The school division has elected to apply the requirements of the 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:

Cognitive Disabilities program grant – Prior to the 2013 statements any funds unspent from this grant would have been set up as deferred revenue and recorded as revenue in the year when the expenses were recognized. With the implementation of this standard the complete grant revenue has been recognized and any unspent funding has been

internally restricted in accumulated surplus. The amount of \$25,081.00 was recorded as deferred revenue in the 2012 financial statements and recognized in the 2013 statements.

Child Nutrition & Development Grant - The Ministry of Education provides a grant for students' nutrition and development. Prior to the 2013 statements any funds unspent from this grant would have been set up as deferred revenue and recorded as revenue in the year when the expenses were recognized. With implementation of this standard the complete grant revenue has been recognized and any unspent funding has been internally restricted in accumulated surplus. The amount of \$20,290.00 was recorded as deferred revenue in the 2012 financial statements and recognized in the 2013 statements.

Community Initiative Grant – a grant received from Community Initiative Fund for the assistance of student entering the English Second Language program at the high school level. The amount of \$3,200 was recorded as deferred revenue in the 2012 financial statements and recognized in the 2013 statements.

## 20. COMPARATIVE INFORMATION

Certain comparative 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 provincial government, federal government and their agencies are considered to be minimal. For other receivables, the school division has adopted credit policies which include the financial position of its customer and regular review of any 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.

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
0-30 days	771,482	-	\$ 575,123	-
30-60 days	6,874	-	2,840	-
60-90 days	5,624	-	7,869	-
Over 90 days	3,994	-	45,447	-
Total	\$ 787,974	\$ -	\$ 631,279	\$ -
Net		\$ 787,974		\$ 631,279

## 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 has guaranteed a loan for Cornerstone Christian School. The amount outstanding at August 31, 2013 is \$766,593 principal and interest and the loan is in good standing. The school division manages liquidity risk by maintaining adequate cash balances to cover its obligations, budget practices and projections of future need of funds. 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	4,820,425	245,259	8,246	-
Long term debt	165,401	140,906	1,541,169	-
Total	\$ 4,985,826	\$ 386,165	\$ 1,549,415	\$ -

## iii) Market Risk

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

## iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents, portfolio investments, and long-term debt. The school division also has an authorized bank line of credit of \$15,000,000. There was no balance outstanding on this credit facility as of August 31, 2013.

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 exclusive use of fixed rate terms for its long-term debt.

## v) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The school division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the school division does not make a significant amount of purchases denominated on a foreign currency. As at August 31, 2013 the school division had accounts payable of \$954.00

denominated in U.S. dollars and converted to Canadian dollars at \$1,016.00.