
Auditor's Report and Financial Statement

Of the Holy Family Roman Catholic Separate School Division No. 140

School Division No. 1406000

For the Period Ending: August 31, 2013

Christine Arnett
Chief Financial Officer

Dillon Hillstead Melanson CGA Prof. Corp.
Auditor

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, Dillon Hilstead Melanson CGA Prof. Corp., 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 Holy Family Roman Catholic Separate School Division No. 140:



Board Chair



CEO/Director of Education



Chief Financial Officer

Weyburn, SK
November 25, 2013

INDEPENDENT AUDITOR'S REPORT

To the Directors of Holy Family Roman Catholic Separate School Division #140:

We have audited the accompanying financial statements of Holy Family Roman Catholic Separate School Division #140, which comprise the statement of financial position as at August 31, 2013 and the statements of operations, changes in net 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 Holy Family Roman Catholic Separate School Division #140 as at August 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Weyburn, SK
November 25, 2013

Dillon Hillstead Melanson C.G.A. Prof. Corp.

CERTIFIED GENERAL ACCOUNTANTS

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Holy Family Roman Catholic Separate School Division No. 140
Statement of Financial Position
as at August 31, 2013

	2013	2012
Financial Assets		
Cash and Cash Equivalents	611,457	65,982
Accounts Receivable (Note 8)	2,236,246	1,963,839
Portfolio Investments (Note 4)	92,912	115,922
Total Financial Assets	2,940,615	2,145,743
Liabilities		
Bank Indebtedness (Note 3)	-	1,426,009
Accounts Payable and Accrued Liabilities (Note 9)	42,071	947,454
Long Term Debt (Note 10)	2,456,069	652,626
Liability for Employee Future Benefits (Note 6)	201,600	182,500
Deferred Revenue (Note 11)	207,264	172,561
Total Liabilities	2,907,004	3,381,150
Net Financial Assets (Net Debt)	33,611	(1,235,407)
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	11,182,114	10,949,583
Prepaid Expenses	133,903	137,871
Total Non-Financial Assets	11,316,017	11,087,454
Accumulated Surplus (Note 14)	11,349,628	9,852,047
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	11,349,628	9,852,047
Accumulated remeasurement gains and losses	-	-
Total Accumulated Surplus (Note 14)	11,349,628	9,852,047

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

Holy Family Roman Catholic Separate School Division No. 140
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
REVENUES	(Note 15)		
Property Taxation	5,345,087	5,397,140	5,059,276
Grants	5,793,954	6,772,778	8,392,998
Tuition and Related Fees	-	-	277,554
School Generated Funds	220,000	400,366	349,717
Complementary Services (Note 12)	192,435	252,241	195,000
External Services (Note 13)	-	53,027	-
Other	65,904	64,775	62,981
Total Revenues (Schedule A)	11,617,380	12,940,327	14,337,526
EXPENSES			
Governance	187,542	160,692	144,639
Administration	510,873	476,764	550,165
Instruction	8,720,134	8,250,063	8,453,772
Plant	1,308,695	1,502,025	882,270
Transportation	243,914	283,555	228,042
Tuition and Related Fees	45,000	45,655	573,912
School Generated Funds	220,000	320,201	351,116
Complementary Services (Note 12)	243,208	263,433	202,845
External Services (Note 13)	-	70,456	-
Other Expenses	53,704	69,902	54,613
Total Expenses (Schedule B)	11,533,070	11,442,746	11,441,374
Operating Surplus for the Year	84,310	1,497,581	2,896,152
Accumulated Surplus from Operations, Beginning of Year	9,852,047	9,852,047	6,955,895
Accumulated Surplus from Operations, End of Year	9,936,357	11,349,628	9,852,047

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

Holy Family Roman Catholic Separate School Divisions No. 140
Statement of Changes in Net Financial Assets (Net Debt)
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
	(Note 15)		
Net Financial Assets (Net Debt), Beginning of Year	(1,235,407)	(1,235,407)	(1,601,529)
Changes During the Year:			
Operating Surplus for the Year	84,310	1,497,581	2,896,152
Acquisition of Tangible Capital Assets (Schedule C)	202,600	(632,876)	(2,845,986)
Amortization of Tangible Capital Assets (Schedule C)	307,985	400,345	368,952
Net Change in Other Non-Financial Assets	-	3,968	(52,996)
Change in Net Financial Assets / Net Debt	594,895	1,269,018	366,122
Net Financial Assets (Net Debt), End of Year	(640,512)	33,611	(1,235,407)

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

Holy Family Roman Catholic Separate School Division No. 140
Statement of Cash Flows
for the year ended August 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Operating Surplus for the Year	1,497,581	2,896,152
Add Non-Cash Items Included in Surplus (Schedule D)	400,345	368,952
Net Change in Non-Cash Operating Activities (Schedule E)	(1,120,019)	(745,976)
Cash Provided by Operating Activities	777,907	2,519,128
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(632,876)	(2,845,986)
Cash Used by Capital Activities	(632,876)	(2,845,986)
INVESTING ACTIVITIES		
Proceeds on Disposal of Portfolio Investments	23,010	4,120
Cash Provided by Investing Activities	23,010	4,120
FINANCING ACTIVITIES		
Proceeds from Issuance of Long Term Debt	1,961,582	-
Repayment of Long Term Debt	(158,139)	(137,256)
Cash Provided (Used) by Financing Activities	1,803,443	(137,256)
INCREASE (DECREASE) CASH AND CASH EQUIVALENTS	1,971,484	(459,994)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(1,360,027)	(900,033)
CASH AND CASH EQUIVALENTS, END OF YEAR	611,457	(1,360,027)
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash and Cash Equivalents	611,457	65,982
Bank Indebtedness	-	(1,426,009)
CASH AND CASH EQUIVALENTS, END OF YEAR	611,457	(1,360,027)

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

Holy Family Roman Catholic Separate School Division No. 140
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	5,345,087	5,461,483	5,138,923
Total Property Tax Revenue	5,345,087	5,461,483	5,138,923
Grants in Lieu of Taxes:			
Provincial Government	-	81,999	62,450
Total Grants in Lieu of Taxes	-	81,999	62,450
Additions to Levy:			
Penalties	-	34,296	26,982
Total Additions to Levy	-	34,296	26,982
Deletions from Levy:			
Discounts	-	(180,638)	(169,079)
Total Deletions from Levy	-	(180,638)	(169,079)
Total Property Taxation Revenue	5,345,087	5,397,140	5,059,276
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	5,793,954	5,912,326	6,556,166
Other Ministry Grants	-	12,590	-
Total Ministry Grants	5,793,954	5,924,916	6,556,166
Other Provincial Grants	-	12,226	-
Total Operating Grants	5,793,954	5,937,142	6,556,166
Capital Grants			
Ministry of Education Capital Grants	-	835,636	-
Other Capital Grants	-	-	1,836,832
Total Capital Grants	-	835,636	1,836,832
Total Grants	5,793,954	6,772,778	8,392,998

Holy Family Roman Catholic Separate School Division No. 140
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Tuition Revenue			
Operating Fees:			
Tuition Fees:			
School Boards	-	-	277,554
Total Tuition Fees	-	-	277,554
Total Operating Tuition	-	-	277,554
Total Tuition Revenue	-	-	277,554
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	-	5,064	1,677
Other	-	-	-
Total Curricular Fees	-	5,064	1,677
Non-Curricular Fees:			
Commercial Sales - Non-GST	-	83,254	76,495
Fundraising	-	105,097	132,468
Grants and Partnerships	-	507	2,444
Students Fees	-	7,408	24,253
Other	220,000	199,036	112,380
Total Non-Curricular Fees	220,000	395,302	348,040
Total School Generated Funds Revenue	220,000	400,366	349,717
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	-	192,435	-
Ministry of Education Grants-Other	192,435	58,086	195,000
Total Operating Grants	192,435	250,521	195,000
Other Revenue			
Other Revenue	-	1,720	-
Total Other Revenue	-	1,720	-
Total Complementary Services Revenue	192,435	252,241	195,000

Holy Family Roman Catholic Separate School Division No. 140
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
External Services			
Operating Grants:			
Other Provincial Grants	-	11,632	-
Total Operating Grants	-	11,632	-
Fees and Other Revenue			
Tuition and Related Fees	-	13,500	-
Other Revenue	-	27,895	-
Total Fees and Other Revenue	-	41,395	-
Total External Services Revenue	-	53,027	-
Other Revenue			
Miscellaneous Revenue	62,404	48,331	51,506
Sales & Rentals	3,500	6,920	4,575
Investments	-	9,524	6,900
Total Other Revenue	65,904	64,775	62,981
TOTAL REVENUE FOR THE YEAR	11,617,380	12,940,327	14,337,526

Holy Family Roman Catholic Separate School Division No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Governance Expense			
Board Members Expense	39,617	36,364	42,201
Professional Development- Board Members	58,525	41,781	34,847
Elections	10,000	3,810	-
Other Governance Expenses	79,400	78,737	67,591
Total Governance Expense	187,542	160,692	144,639
Administration Expense			
Salaries	276,342	258,800	330,772
Benefits	54,480	53,395	48,577
Supplies & Services	62,406	53,219	57,922
Non-Capital Furniture & Equipment	500	6,749	8,159
Building Operating Expenses	58,045	56,505	57,749
Communications	45,200	30,088	32,592
Travel	11,400	14,516	10,997
Professional Development	2,500	2,938	2,971
Amortization of Tangible Capital Assets	-	554	426
Total Administration Expense	510,873	476,764	550,165
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	6,468,594	6,134,590	6,124,057
Instructional (Teacher & LEADS Contract) Benefits	318,916	361,346	350,051
Program Support (Non-Teacher Contract) Salaries	902,574	790,052	752,679
Program Support (Non-Teacher Contract) Benefits	172,359	162,032	151,012
Instructional Aids	286,967	279,092	252,490
Supplies & Services	138,514	222,114	219,584
Non-Capital Furniture & Equipment	19,860	45,393	31,458
Communications	32,600	31,913	31,864
Travel	82,700	34,226	59,359
Professional Development	221,700	108,096	133,390
Student Related Expense	34,350	41,163	23,813
Amortization of Tangible Capital Assets	41,000	40,046	324,015
Total Instruction Expense	8,720,134	8,250,063	8,453,772

Holy Family Roman Catholic Separate School Division No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Plant Operation & Maintenance Expense			
Salaries	452,740	429,332	397,990
Benefits	69,717	74,608	76,278
Supplies & Services	-	226,813	476
Non-Capital Furniture & Equipment	12,100	1,086	11,402
Building Operating Expenses	527,628	429,754	375,327
Communications	1,200	918	1,073
Travel	10,600	15,509	14,160
Professional Development	2,200	3,249	1,612
Amortization of Tangible Capital Assets	232,510	320,756	3,952
Total Plant Operation & Maintenance Expense	1,308,695	1,502,025	882,270
Student Transportation Expense			
Salaries	107,483	120,462	83,047
Benefits	12,476	14,182	12,055
Supplies & Services	36,800	44,855	38,208
Non-Capital Furniture & Equipment	30,350	54,496	42,169
Communications	1,500	1,250	1,250
Contracted Transportation	20,830	12,146	10,753
Amortization of Tangible Capital Assets	34,475	36,164	40,560
Total Student Transportation Expense	243,914	283,555	228,042
Tuition and Related Fees Expense			
Tuition Fees	45,000	45,655	573,912
Total Tuition and Related Fees Expense	45,000	45,655	573,912
School Generated Funds Expense			
Supplies & Services	25,000	7,145	12,091
Cost of Sales	75,000	107,473	78,144
Non-Capital Furniture & Equipment	-	1,715	927
Special Programs	-	-	765
School Fund Expenses	120,000	201,609	259,189
Amortization of Tangible Capital Assets	-	2,259	-
Total School Generated Funds Expense	220,000	320,201	351,116

Holy Family Roman Catholic Separate School Division No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Complementary Services Expense			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	126,412	121,037	102,358
Program Support (Non-Teacher Contract) Salaries & Benefits	89,296	118,235	70,522
Instructional Aids	-	119	12,489
Supplies & Services	20,000	10,884	11,094
Non-Capital Furniture & Equipment	-	5,892	-
Building Operating Expenses	-	143	-
Communications	-	393	327
Travel	7,500	5,292	5,495
Professional Development (Non-Salary Costs)	-	870	560
Amortization of Tangible Capital Assets	-	568	-
Total Complementary Services Expense	243,208	263,433	202,845
External Service Expense			
Program Support (Non-Teacher Contract) Salaries & Benefits	-	66,376	-
Supplies & Services	-	2,372	-
Travel	-	478	-
Professional Development (Non-Salary Costs)	-	1,230	-
Total External Services Expense	-	70,456	-

Holy Family Roman Catholic Separate School Division No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	28,200	33,869	20,957
Interest on Other Capital Loans and Long Term Debt			
School Facilities	25,504	36,033	33,656
Total Interest and Bank Charges	53,704	69,902	54,613
Total Other Expense	53,704	69,902	54,613
TOTAL EXPENSES FOR THE YEAR			
	11,533,070	11,442,746	11,441,374

Holy Family Roman Catholic Separate School Division No. 140

Schedule C - Supplementary Details of Tangible Capital Assets

for the year ended August 31, 2013

	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	2013	2012
<i>Tangible Capital Assets - at Cost:</i>									
Opening Balance as of September 1	17,641	13,988,045	33,752	595,021	40,513	122,817	268,897	15,066,686	12,220,700
Additions/Purchases	-	64,529	431,286		18,440	82,763	35,858	632,876	2,845,986
Closing Balance as of August 31	17,641	14,052,574	465,038	595,021	58,953	205,580	304,755	15,699,562	15,066,686
<i>Tangible Capital Assets - Amortization:</i>									
Opening Balance as of September 1	5,041	3,389,055	7,594	412,413	27,324	76,188	199,488	4,117,103	3,748,151
Amortization of the Period	882	281,044	23,252	36,165	8,085	16,266	34,652	400,345	368,952
Closing Balance as of August 31	5,923	3,670,099	30,846	448,578	35,409	92,454	234,140	4,517,448	4,117,103
Net Book Value:									
Opening Balance as of September 1	12,600	10,598,990	26,158	182,608	13,189	46,629	69,409	10,949,583	8,472,549
Closing Balance as of August 31	11,718	10,382,475	434,192	146,443	23,544	113,126	70,615	11,182,114	10,949,583
Change in Net Book Value	(882)	(216,515)	408,034	(36,165)	10,355	66,497	1,206	232,531	2,477,034
Net Book Value (NBV) of Assets Pledged as Security for Debt									
	-	-	-	84,186	-	-	-	84,186	84,186

Holy Family Roman Catholic Separate School Division No. 140
Schedule D: Non-Cash Items Included in Surplus
for the year ended August 31, 2013

	2013	2012
Non-Cash Items Included in Surplus:		
Amortization of Tangible Capital Assets (Schedule C)	400,345	368,952
Total Non-Cash Items Included in Surplus	400,345	368,952

Holy Family Roman Catholic Separate School Division No. 140
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2013

	2013	2012
Net Change in Non-Cash Operating Activities:		
(Increase) in Accounts Receivable	(272,407)	(127,378)
Decrease In Accounts Payable and Accrued Liabilities	(905,383)	(535,035)
Increase in Liability for Employee Future Benefits	19,100	13,100
Increase (Decrease) in Deferred Revenue	34,703	(43,667)
Decrease (Increase) in Prepaid Expenses	3,968	(52,996)
Total Net Change in Non-Cash Operating Activities	(1,120,019)	(745,976)

HOLY FAMILY ROMAN CATHOLIC SEPARATE SCHOOL DIVISION NO. 140
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 Holy Family Roman Catholic Separate School Division No. 140” and operates as “the Holy Family Roman Catholic Separate School Division No. 140”. 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 and agreed to by the Board of Education, although separate school divisions continue to have a legislative right to set their own mill rates. The school division is exempt from income tax and is a registered charity under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and as published by the 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. The school division reporting entity is comprised of all the organizations which are controlled by the school division.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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.

d) 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 \$ 201,600 (2012 - \$ 182,500) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 5,397,140 (2012 - \$ 5,059,276) because final tax assessments may differ from initial estimates,
- useful lives of capital assets and related amortization for tangible capital assets described in Note 2 (g) of the financial statements may vary due to technological change or unforeseen future events.
- prior years tangible capital asset historical costs and related amortization for Note 2 (g) and Schedule C of the financial statements may vary for unforeseen future events.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

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

i) Fair Value

Fair value measurement applies to portfolio investments in equity instruments that are quoted in an active market, this include the division's portfolio investments in co-operative corporations and GICs. Any associated transaction costs are expensed upon initial recognition.

Fair value is determined by:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices that are observable for the asset or liability either directly, (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from any accumulated reameasurement gains and will be reported in the statement of operations.

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Impairment losses such as write-downs or write-offs are reported in the 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.

f) Financial Assets

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

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

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

Portfolio Investments consist of one term deposit and equity shares in co-operative associations. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (e).

g) Non-Financial Assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (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 improvements, buildings, school buses, other vehicles, furniture and equipment and computer hardware, audio visual equipment. 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
Furniture and equipment	10 years
Computer hardware and audio visual equipment	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.

Prepaid Expenses are prepaid amounts for goods or services for insurance premiums, membership fees, software fees and deposits which will provide economic benefits in one or more future periods.

h) Liabilities

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

Short-Term Borrowings are comprised of bank indebtedness and short-term loans with initial maturities of one year or less and are incurred for the purpose of financing current expenses in accordance with the provisions of *The Education Act, 1995*.

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)

Long-Term Debt is comprised of capital loans and other long-term debt 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 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 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.

i) Employee Pension Plans

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

Multi-Employer Defined Benefit Plans

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

- i) Teachers participate in the 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)

j) Revenue Recognition

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Property taxation:

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan and agreed to by the Board of Education, although separate school divisions have a legislative right to set their own mill rates. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the school division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the school division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the school division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

iii) Fees and Services

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

iv) Interest Income

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

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.

k) 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 \$3,000,000 that bears interest at the Royal Bank's prime rate minus 0.6% per annum. This line of credit is authorized by a borrowing resolution by the board of education and is secured by property taxes and ministry grants. This line of credit was approved by the Minister of Education on December 10, 2010. As at August 31, 2013 there was no outstanding balance on the line of credit at the interest rate of 2.4 % (August 31, 2012 - \$1,426,009 at an interest rate of 2.5 % held at the Weyburn Credit Union).

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2013		2012	
Portfolio investments in the cost and amortized cost category:	-	<u>Cost</u>	-	<u>Cost</u>
Term deposit, matures August, 2015	-	\$ 87,500	-	\$ 111,806
Total portfolio investments reported at cost and amortized cost	-	87,500	-	111,806
Portfolio investments in the fair value category:	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Co-operative Corporations, shares	5,412	5,412	4,116	4,116
Total portfolio investments reported at fair value	5,412	5,412	4,116	4,116
Total portfolio investments	-	\$ 92,912	-	\$ 115,922

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2013 Budget	2013 Actual	2012 Actual
Governance	\$ 51,505	\$ 109,187	\$ -	\$ -	\$ 187,542	\$ 160,692	\$ 144,639
Administration	312,195	164,015	-	554	510,873	476,764	550,165
Instruction	7,448,020	761,997	-	40,046	8,720,134	8,250,063	8,453,772
Plant	503,940	677,329	-	320,756	1,308,695	1,502,025	882,270
Transportation	134,644	112,747	-	36,164	243,914	283,555	228,042
Tuition and Related Fees	-	45,655	-	-	45,000	45,655	573,912
School Generated Funds	-	317,942	-	2,259	220,000	320,201	351,116
Complementary Services	239,272	23,593	-	568	243,208	263,433	202,845
External Services	66,376	4,080	-	-	-	70,456	-
Other	-	-	69,902	-	53,704	69,902	54,613
TOTAL	\$ 8,755,952	\$ 2,216,545	\$ 69,902	\$ 400,347	\$ 11,533,070	\$ 11,442,746	\$ 11,441,374

6. EMPLOYEE FUTURE BENEFITS

The school division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include: accumulating non-vested sick leave, severance, vested sick leave severance and retirement gratuity. Significant assumptions include salary escalation, discount and inflation rates and the expected average service life. 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
	<u>Aug. 31, 2013</u>	<u>Aug. 31, 2012</u>
Actuarial valuation date		
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)	16	16

Liability for Employee Future Benefits	2013	2012
Accrued Benefit Obligation - beginning of year	\$ 163,500	\$ 186,200
Current period benefit cost	16,200	11,800
Interest cost	4,800	6,600
Benefit payments	(800)	(6,400)
Actuarial gains / losses	(17,900)	(37,000)
Plan amendments	-	2,300
Accrued Benefit Obligation - end of year	165,800	163,500
Unamortized Net Actuarial Gains / Losses	35,800	19,000
Liability for Employee Future Benefits	\$ 201,600	\$ 182,500

Employee Future Benefits Expense	2013	2012
Current period benefit cost	\$ 16,200	\$ 11,800
Amortization of net actuarial gain / loss	(1,100)	1,100
Plan amendments		
Benefit cost	15,100	12,900
Interest cost on unfunded employee future benefits obligation	4,800	6,600
Total Employee Future Benefits Expense	\$ 19,900	\$ 19,500

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	80	0	80	78
Member contribution rate (percentage of salary)	7.80%	6.05%	7.8%/6.05%	7.8%/6.05%
Member contributions for the year	\$ 496,691	\$ -	\$ 496,691	\$ 499,815

- 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.

7. PENSION PLANS (continued)

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

Details of the MEPP are as follows:

	2013	2012
Number of active School Division members	95	55
Member contribution rate (percentage of salary)	7.40%	7.40%
School Division contribution rate (percentage of salary)	7.40%	7.40%
Member contributions for the year	\$ 299,928	\$ 127,045
School Division contributions for the year	\$ 299,928	\$ 1,270,475
Actuarial valuation date	Dec.31,2012	Dec.31,2011
Plan Assets	\$ 1,578,536	\$ 1,395,109
Plan Liabilities	\$ 1,420,319	\$ 1,627,865
Plan Surplus (Deficit)	\$ 158,217	\$ (232,756)

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	\$ 1,669,634	\$ -	\$ 1,669,634	\$ 1,502,431	\$ -	\$ 1,502,431
Provincial Grants Receivable	510,198	-	510,198	126,282	-	126,282
Other Receivables	56,414	-	56,414	335,126	-	335,126
Total Accounts Receivable	\$ 2,236,246	\$ -	\$ 2,236,246	\$ 1,963,839	\$ -	\$ 1,963,839

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2013	2012
Accrued Salaries and Benefits	\$ 32,768	\$ 24,936
Supplier Payments	9,303	922,518
Total Accounts Payable and Accrued Liabilities	\$ 42,071	\$ 947,454

10. LONG-TERM DEBT

Details of long-term-term debt are as follows:

	2013	2012
Capital Loans::		
<i>CIBC Loan bearing interest of 5.22% per annum, repayable in monthly blended payments of \$2,640. The loan is unsecured.</i>	35,789	64,799
<i>WCU Loan bearing interest of 4.84% per annum, repayable in monthly blended payments of \$10,108. The loan is secured by a specific security agreement covering property taxes and ministry grants.</i>	421,379	519,709
<i>WCU Loan bearing interest of 2.54% per annum, repayable in monthly blended payments of \$1,495. The loan is secured by a specific security agreement covering a motor vehicle.</i>	51,691	68,118
<i>Toronto Dominion Loan bearing interest of 3.77% per annum, repayable in monthly blended payments of \$11630.73. The loan is unsecured.</i>	1,947,210	-
	2,456,069	652,626
Total Long Term Debt	\$ 2,456,069	\$ 652,626

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

	Capital Loans	Total
2014	\$ 217,487	\$ 217,487
2015	200,231	200,231
2016	203,199	203,199
2017	174,502	174,502
2018	78,234	78,234
Thereafter	1,582,416	1,582,416

10. LONG-TERM DEBT (continued)

	Capital Loans		2013	2012
Principal	\$	158,139	\$ 158,139	\$ 137,256
Interest		36,033	36,033	33,656
Total	\$	194,172	\$ 194,172	\$ 170,912

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
Deferred revenue:				
Property Tax	172,561	205,264	172,561	205,264
Christ the Teacher Catholic School Division, program	-	2,000	-	2,000
Total deferred revenue	172,561	207,264	172,561	207,264

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 and 2012:

12. COMPLEMENTARY SERVICES (continued)

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Early Childhood Intervention Program	FNME	2013	2012
Revenue:					
Operating Grants	\$ 192,435	\$ 54,586	\$ 3,500	\$ 250,521	\$ 195,000
Fees and Other Revenue	1,720	-	-	1,720	-
Total Revenue	194,155	54,586	3,500	252,241	195,000
Expenses:					
Salaries & Benefits	189,102	50,170	-	239,272	172,880
Instructional Aids	119	-	-	119	12,489
Supplies and Services	9,798	1,086	-	10,884	11,094
Non-Capital Equipment	5,892	-	-	5,892	-
Building Operating Expenses	143	-	-	143	-
Communications	-	393	-	393	327
Travel	1,039	4,253	-	5,292	5,495
Professional Development (Non-Salary Costs)	403	467	-	870	560
Amortization of Tangible Capital Assets	568	-	-	568	-
Total Expenses	207,064	56,369	-	263,433	202,845
Excess (Deficiency) of Revenue over Expenses	\$ (12,909)	\$ (1,783)	\$ 3,500	\$ (11,192)	\$ (7,845)

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

Pre-K Program – Is an early childhood education program supporting three and four year old children held at St. Michael, St. Mary’s and Sacred Heart Schools. It is a partnership between the Government of Saskatchewan, boards of education and communities.

Early Childhood Intervention Program – Is a province-wide network of community-based supports for families of children who experience development delays. Children are often delayed in reaching developmental milestones or are born with a condition or diagnosis that makes it more difficult for them to develop at rates that are typical for a specific age group.

First Nations, Métis Education (FNME) – Is a priority for the government and school division investing resources into specialized programs and initiatives for students who are First Nations or Métis.

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	Child & Family Services	Treaty Understandings & Language Arts Assessment	2013
Revenue:			
Operating Grants	\$ 11,632	\$ -	\$ 11,632
Fees and Other Revenue	13,500	27,895	41,395
Total Revenue	25,132	27,895	53,027
Expenses:			
Salaries & Benefits	66,376	-	66,376
Supplies and Services	2,372	-	2,372
Travel	478	-	478
Professional Development	1,230	-	1,230
Total Expenses	70,456	-	70,456
Excess (Deficiency) of Revenue over Expenses	\$ (45,324)	\$ 27,895	\$ (17,429)

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

Child and Family Services – In connection with the Ministry of Social Services and Sun Country Health to provide school based family counselling and support services for students and their families that will increase opportunities for students to experience success and achieve learning in school.

Treaty Understandings and Language Arts – A reimbursement between the Ministry of Education and the school division for the preparation and delivery of items for use in the grade four assessment (TULA).

This is the first year the school division has disclosed external services, therefore there is no comparative information.

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 including school generated funds, and accumulated net remeasurement gains and losses.

14. ACCUMULATED SURPLUS (continued)

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.

Details of accumulated surplus from operations are as follows:

	August 31 2012	Additions during the year	Reductions during the year	August 31 2013
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 10,949,583	\$ 632,876	\$ 400,345	\$ 11,182,114
Less: Debt owing on Tangible Capital Assets	652,626	1,803,443	-	2,456,069
	10,296,957	(1,170,567)	400,345	8,726,045
Other:				
School generated funds	-	100,193	-	100,193
	-	100,193	-	100,193
Unrestricted Surplus	(444,910)	2,968,300	-	2,523,390
Total Accumulated Surplus from Operations	\$ 9,852,047	\$ 1,897,926	\$ 400,345	\$ 11,349,628

15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 19, 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.

16. RELATED PARTIES (continued)

Related Party Transactions:

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

	2013	2012
Revenues:		
Ministry of Education	\$ 7,011,073	\$ 6,634,011
South East Cornerstone School Division	\$ -	\$ 277,554
SGI	\$ 12,226	\$ -
Ministry of Social Services	\$ 11,632	\$ -
Sun Country Health Region	\$ 13,500	\$ -
	\$ 7,048,431	\$ 6,911,565
Expenses:		
South East Cornerstone School Division	\$ -	\$ 543,564
Sask Ministry of Tourism	\$ 318	\$ -
Sask Power	\$ 145,163	\$ 127,889
Sask Energy	\$ 35,193	\$ 42,660
Sasktel	\$ 33,416	\$ 34,797
Sask Queen's Printer	\$ 112	\$ -
Sask Workers' Compensation Board	\$ 20,268	\$ 16,169
Saskatchewan Government Insurance	\$ 10,144	\$ 4,987
	\$ 244,614	\$ 770,066
Accounts Receivable:		
Ministry of Education - capital grants	\$ 510,198	\$ -
Ministry of Education - Property taxes	\$ -	\$ 126,282
	\$ 510,198	\$ 126,282
Deferred Revenue:		
Christ the Teacher Catholic School Division	\$ 2,000	\$ -
	\$ 2,000	\$ -

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.

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

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

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

	Operating Leases		
	Office Rental	Copier Leases	Total Operating
Future minimum lease payments:			
2014	\$ 54,702	\$ 25,404	\$ 80,106
2015	-	25,054	25,054
Interest and executory costs	\$ 54,702	\$ 50,458	\$ 105,160
	-	-	-
Total Lease Obligations	\$ 54,702	\$ 50,458	\$ 105,160

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.

19. ACCOUNTING CHANGES (continued)

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.

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

19. ACCOUNTING CHANGES (continued)

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.

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

19. ACCOUNTING CHANGES (continued)

PS3410 standard is as follows: the school division recorded in the prior years related parties transaction notes Ministry of Education approved capital transfers to the school division for projects in which construction had not been started and/or been completed and were not reflected in the financial statements, for the 2013 statements the school division recognized the unpaid capital grant transfers in as capital grant revenue and increased the accounts receivable due by the Ministry of Education.

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.

20. RISK MANAGEMENT

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 short term accounts receivable due on demand of invoicing or contract. 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
Current	\$ -	\$ -	\$ -	\$ -
0-30 days	650	-	284,513	-
30-60 days	-	-	-	-
60-90 days	-	-	-	-
Over 90 days	-	-	-	-
Total	\$ 650	\$ -	\$ 284,513	\$ -
Net		\$ 650		\$ 284,513

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 a line of credit, budget practices and forecasts. The following table sets out the contractual maturities of the school division's financial liabilities:

20. RISK MANAGEMENT (continued)

	August 31, 2013			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	42,071	-	-	-
Long term debt	107,025	110,462	656,166	1,584,261
Total	\$ 149,096	\$ 110,462	\$ 656,166	\$ 1,584,261

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 the banking prime rate. The school division also has an authorized bank line of credit of \$3,000,000 with interest payable monthly at a rate of prime minus 0.60 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no outstanding balance on this credit facility at August 31, 2013 (2012 - \$1,426,009).

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
- investing in Co-operative Corporations
- 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

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 did not have any financial instruments denominated in foreign currency.