

Holm Clements Kwong Raiche Oberg

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board Members of
Living Sky School Division No. 202

Report on the Financial Statements

We have audited the accompanying financial statements of Living Sky School Division No. 202, which comprise the statement of financial position as at August 31, 2014, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Living Sky School Division No. 202 as at August 31, 2014 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

North Battleford, Saskatchewan
November 26, 2014

Holm Clements Kwong Raiche Oberg
Chartered Accountants

G.K. Holm, CA* W.J. Clements, CA* G.D. Kwong, CMA, CA* L.A. Raiche, CA, CFP* D.D. Oberg, CA*

B.W. Svenkeson, CA*, Associate

*Denotes a Professional Corporation




Living Sky School Division No. 202
Statement of Financial Position
as at August 31, 2014

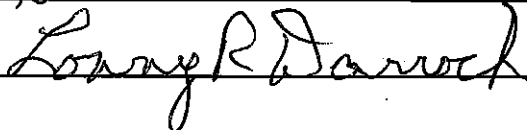
	2014	2013
Financial Assets		
Cash and Cash Equivalents	20,403,762	17,677,095
Accounts Receivable (Note 8)	9,633,901	13,445,820
Portfolio Investments (Note 4)	127,060	123,698
Total Financial Assets	30,164,723	31,246,613
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	3,534,473	2,337,671
Long Term Debt (Note 10)	400,000	500,000
Liability for Employee Future Benefits (Note 6)	1,797,300	1,573,000
Deferred Revenue (Note 11)	3,302,470	3,634,321
Total Liabilities	9,034,243	8,044,992
Net Financial Assets	21,130,480	23,201,621
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	41,297,280	39,938,952
Prepaid Expenses	177,761	173,903
Total Non-Financial Assets	41,475,041	40,112,855
Accumulated Surplus (Note 14)	62,605,521	63,314,476

Contractual Obligations and Commitments (Note 17)

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

Approved by the Board:





Chairperson

Chief Financial Officer

Living Sky School Division No. 202
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	(Note 15)		
REVENUES			
Property Taxation	23,286,738	22,794,987	19,354,422
Grants	39,126,795	40,947,878	44,103,697
Tuition and Related Fees	5,458,075	5,113,465	4,618,014
School Generated Funds	2,065,000	1,949,789	1,918,479
Complementary Services (Note 12)	1,166,974	1,688,176	1,321,359
External Services (Note 13)	724,184	790,199	733,074
Other	260,000	850,467	1,008,900
Total Revenues (Schedule A)	72,087,766	74,134,961	73,057,945
EXPENSES			
Governance	493,544	469,692	460,447
Administration	2,636,609	2,623,489	2,683,730
Instruction	48,144,044	49,506,997	46,834,173
Plant	8,635,488	9,555,468	9,338,047
Transportation	7,286,150	7,025,484	6,546,580
Tuition and Related Fees	849,564	242,380	148,977
School Generated Funds	2,065,000	1,959,827	1,904,076
Complementary Services (Note 12)	2,065,973	2,356,014	2,685,529
External Services (Note 13)	479,194	1,059,115	980,482
Other Expenses	35,000	45,451	33,484
Total Expenses (Schedule B)	72,690,566	74,843,917	71,615,525
Operating Surplus (Deficit) for the Year	(602,800)	(708,956)	1,442,420
Accumulated Surplus from Operations, Beginning of Year	63,314,476	63,314,476	61,872,056
Accumulated Surplus from Operations, End of Year	62,711,676	62,605,521	63,314,476

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

Living Sky School Division No. 202
Statement of Changes in Net Financial Assets
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	(Note 15)		
Net Financial Assets, Beginning of Year	23,201,621	23,201,621	25,329,135
Changes During the Year:			
Operating Surplus (Deficit) for the Year	(602,800)	(708,956)	1,442,420
Acquisition of Tangible Capital Assets (Schedule C)	(4,386,509)	(4,699,479)	(6,488,014)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	3,410	12,412
Net (Gain) on Disposal of Capital Assets (Schedule C)	-	(3,410)	(12,412)
Amortization of Tangible Capital Assets (Schedule C)	2,604,750	3,341,152	2,925,680
Net Change in Other Non-Financial Assets	-	(3,858)	(7,600)
Change in Net Financial Assets	(2,384,559)	(2,071,141)	(2,127,514)
Net Financial Assets, End of Year	20,817,062	21,130,480	23,201,621

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

Living Sky School Division No. 202
Statement of Cash Flows
for the year ended August 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Operating Surplus (Deficit) for the Year	(708,956)	1,442,420
Add Non-Cash Items Included in Surplus (Schedule D)	3,337,742	2,913,268
Net Change in Non-Cash Operating Activities (Schedule E)	4,897,312	798,401
Cash Provided by Operating Activities	7,526,098	5,154,089
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(4,699,479)	(6,488,014)
Proceeds on Disposal of Tangible Capital Assets	3,410	12,412
Cash Used by Capital Activities	(4,696,069)	(6,475,602)
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	(3,362)	5,614
Cash Provided (Used) by Investing Activities	(3,362)	5,614
FINANCING ACTIVITIES		
Repayment of Long Term Debt	(100,000)	(100,000)
Cash Used by Financing Activities	(100,000)	(100,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,726,667	(1,415,899)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,677,095	19,092,994
CASH AND CASH EQUIVALENTS, END OF YEAR	20,403,762	17,677,095

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

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	22,867,738	22,042,260	19,771,038
Total Property Tax Revenue	22,867,738	22,042,260	19,771,038
Grants in Lieu of Taxes:			
Federal Government	100,000	95,587	88,176
Provincial Government	225,000	350,656	208,233
Railways	-	438	1,875
Other	100,000	151,286	39,773
Total Grants in Lieu of Taxes	425,000	597,967	338,057
Other Tax Revenues:			
House Trailer Fees	9,000	13,528	10,439
Total Other Tax Revenues	9,000	13,528	10,439
Additions to Levy:			
Penalties	185,000	147,534	139,286
Total Additions to Levy	185,000	147,534	139,286
Deletions from Levy:			
Cancellations	(200,000)	(6,302)	(65,590)
Other Deletions	-	-	(838,808)
Total Deletions from Levy	(200,000)	(6,302)	(904,398)
Total Property Taxation Revenue	23,286,738	22,794,987	19,354,422
Grants:			
Operating Grants			
Ministry of Education Grants:			
Operating Grant	38,080,222	39,065,960	41,660,507
Other Ministry Grants	140,000	315,933	153,745
Total Ministry Grants	38,220,222	39,381,893	41,814,252
Grants from Others	225,000	127,300	258,889
Total Operating Grants	38,445,222	39,509,193	42,073,141
Capital Grants			
Ministry of Education Capital Grants	681,573	1,438,685	2,030,556
Other Provincial Capital Grants	-	-	-
Total Capital Grants	681,573	1,438,685	2,030,556
Total Grants	39,126,795	40,947,878	44,103,697

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
Federal Government and First Nations	5,150,575	4,826,478	4,618,014
Total Tuition Fees	5,150,575	4,826,478	4,618,014
Transportation Fees	7,500	-	-
Other Related Fees	300,000	286,987	-
Total Tuition and Related Fees Revenue	5,458,075	5,113,465	4,618,014
School Generated Funds Revenue			
Curricular:			
Student Fees	200,000	134,614	136,166
Total Curricular Fees	200,000	134,614	136,166
Non-Curricular Fees:			
Commercial Sales - Non-GST	260,000	158,638	151,645
Fundraising	750,000	734,915	975,878
Grants and Partnerships	55,000	48,050	27,115
Students Fees	400,000	452,319	427,102
Other	400,000	421,253	200,573
Total Non-Curricular Fees	1,865,000	1,815,175	1,782,313
Total School Generated Funds Revenue	2,065,000	1,949,789	1,918,479
Complementary Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	1,054,474	1,463,183	1,135,401
Other Ministry Grants	10,000	23,080	23,080
Other Provincial Grants	10,000	-	-
Other Grants	50,000	43,921	74,957
Total Operating Grants	1,124,474	1,530,184	1,233,438
Fees and Other Revenue			
Tuition and Related Fees	1,500	105,303	34,774
Other Revenue	41,000	52,689	53,147
Total Fees and Other Revenue	42,500	157,992	87,921
Total Complementary Services Revenue	1,166,974	1,688,176	1,321,359

Living Sky School Division No. 202
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
External Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	594,184	595,489	567,427
Other Ministry Grants	-	54,012	21,000
Total Operating Grants	594,184	649,501	588,427
Fees and Other Revenue			
Other Revenue	130,000	140,698	144,647
Total Fees and Other Revenue	130,000	140,698	144,647
Total External Services Revenue	724,184	790,199	733,074
Other Revenue			
Miscellaneous Revenue	55,000	340,895	449,185
Sales & Rentals	55,000	249,999	269,327
Investments	150,000	256,163	277,976
Gain on Disposal of Capital Assets	-	3,410	12,412
Total Other Revenue	260,000	850,467	1,008,900
TOTAL REVENUE FOR THE YEAR	72,087,766	74,134,961	73,057,945

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Governance Expense			
Board Members Expense	186,888	165,772	182,640
Professional Development- Board Members	31,000	37,359	-
Advisory Committees	48,456	26,051	34,747
Professional Development - Advisory Committees	6,000	-	-
Elections	-	-	20,450
Other Governance Expenses	220,000	240,510	222,610
Amortization of Tangible Capital Assets	1,200	-	-
Total Governance Expense	493,544	469,692	460,447
Administration Expense			
Salaries	1,931,345	1,983,294	1,968,930
Benefits	186,243	217,810	223,104
Supplies & Services	131,721	82,854	75,717
Non-Capital Furniture & Equipment	74,500	33,748	46,588
Building Operating Expenses	52,600	96,224	105,225
Communications	58,400	39,620	137,315
Travel	71,700	45,653	14,410
Professional Development	80,100	27,759	17,507
Amortization of Tangible Capital Assets	50,000	96,527	94,934
Total Administration Expense	2,636,609	2,623,489	2,683,730
Instruction Expense			
Instructional (Teacher Contract) Salaries	31,790,020	32,528,085	31,982,924
Instructional (Teacher Contract) Benefits	1,682,893	1,809,289	1,774,153
Program Support (Non-Teacher Contract) Salaries	8,695,028	8,514,983	7,515,376
Program Support (Non-Teacher Contract) Benefits	1,618,280	1,825,631	1,582,295
Instructional Aids	1,366,349	1,148,452	974,190
Supplies & Services	527,524	721,546	638,693
Non-Capital Furniture & Equipment	391,915	425,304	277,468
Communications	200,665	289,165	186,450
Travel	252,429	275,523	285,865
Professional Development	755,933	426,423	464,718
Student Related Expense	303,008	371,727	327,902
Amortization of Tangible Capital Assets	560,000	1,170,869	824,139
Total Instruction Expense	48,144,044	49,506,997	46,834,173

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Plant Operation & Maintenance Expense			
Salaries	2,977,893	2,920,043	2,833,622
Benefits	689,375	766,519	675,264
Supplies & Services	11,354	8,294	7,099
Non-Capital Furniture & Equipment	47,562	15,228	14,444
Building Operating Expenses	3,425,988	4,391,875	4,349,411
Communications	7,500	8,041	6,773
Travel	65,816	64,118	70,584
Professional Development	10,000	4,602	11,859
Amortization of Tangible Capital Assets	1,400,000	1,376,748	1,368,991
Total Plant Operation & Maintenance Expense	8,635,488	9,555,468	9,338,047
Student Transportation Expense			
Salaries	2,000,416	1,748,676	1,681,448
Benefits	370,970	371,135	341,502
Supplies & Services	781,000	883,825	791,866
Non-Capital Furniture & Equipment	465,000	457,450	477,168
Building Operating Expenses	-	12,031	5,198
Communications	19,500	20,581	18,904
Travel	2,000	1,176	1,021
Professional Development	20,000	8,837	5,969
Contracted Transportation	3,037,264	2,828,314	2,589,437
Amortization of Tangible Capital Assets	590,000	693,459	634,067
Total Student Transportation Expense	7,286,150	7,025,484	6,546,580
Tuition and Related Fees Expense			
Tuition Fees	849,564	242,380	148,977
Total Tuition and Related Fees Expense	849,564	242,380	148,977
School Generated Funds Expense			
Supplies & Services	135,000	69,416	93,403
Cost of Sales	425,000	346,229	389,872
Non-Capital Furniture & Equipment	90,000	19,904	2,508
School Fund Expenses	1,415,000	1,524,278	1,418,293
Total School Generated Funds Expense	2,065,000	1,959,827	1,904,076

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
Complementary Services Expense			
Tuition Fees	-	7,066	15,698
Instructional (Teacher Contract) Salaries & Benefits	593,818	618,896	509,118
Program Support (Non-Teacher Contract) Salaries & Benefits	1,272,155	1,470,278	1,957,561
Instructional Aids	-	44,598	31,755
Supplies & Services	200,000	173,167	148,931
Non-Capital Furniture & Equipment	-	16,602	11,749
Building Operating Expenses	-	1,016	5,958
Communications	-	440	483
Travel	-	1,925	1,811
Professional Development (Non-Salary Costs)	-	667	1,525
Student Related Expenses	-	9,748	940
Contracted Transportation & Allowances	-	11,611	-
Total Complementary Services Expense	2,065,973	2,356,014	2,685,529
External Service Expense			
Tuition Fees	-	58,503	-
Administration Salaries & Benefits	10,000	898	-
Instructional (Teacher Contract) Salaries & Benefits	-	534,780	508,295
Program Support (Non-Teacher Contract) Salaries & Benefits	98,144	97,540	102,298
Instructional Aids	-	7	-
Supplies & Services	155,000	172,479	172,863
Building Operating Expenses	11,500	33,994	35,752
Communications	-	3,115	2,157
Travel	1,000	-	-
Professional Development (Non-Salary Costs)	-	5,514	3,344
Contracted Transportation & Allowances	200,000	148,736	152,224
Amortization of Tangible Capital Assets	3,550	3,549	3,549
Total External Services Expense	479,194	1,059,115	980,482

Living Sky School Division No. 202
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
<hr/>			
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	-	19,445	1,518
Interest on Other Capital Loans and Long Term Debt			
School Facilities	35,000	26,006	31,966
Total Interest and Bank Charges	<u>35,000</u>	<u>45,451</u>	<u>33,484</u>
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Total Other Expense	35,000	45,451	33,484
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TOTAL EXPENSES FOR THE YEAR	72,690,566	74,843,917	71,615,525
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Living Sky School Division No. 202

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

	Land	Buildings	Short term	Buildings Buses	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Assets Under Construction	2014	2013
Tangible Capital Assets - at Cost:												
Opening Balance as of September 1	1,002,194	83,151,760	1,553,351	8,205,779	411,990	11,055,428		2,928,605	489,871	-	108,798,978	103,081,322
Additions/Purchases	-	266,404	-	571,473	127,710	893,259		1,156,531	195,095	1,489,007	4,699,479	6,488,014
Disposals	-	-	-	(421,144)	-	-		-	-	-	(421,144)	(770,358)
Closing Balance as of August 31	1,002,194	83,418,164	1,553,351	8,356,108	539,700	11,948,687		4,085,136	684,966	1,489,007	113,077,314	108,798,978
Tangible Capital Assets - Amortization:												
Opening Balance as of September 1	-	52,969,273	1,003,906	4,221,736	279,187	8,475,408		1,718,246	192,270	-	68,860,026	66,704,704
Amortization of the Period	-	1,429,299	61,055	576,389	71,775	432,283		633,358	136,993	-	3,341,152	2,925,680
Disposals	-	-	-	(421,144)	-	-		-	-	-	(421,144)	(770,358)
Closing Balance as of August 31	N/A	54,398,572	1,064,961	4,376,981	350,962	8,907,691		2,351,604	329,263	N/A	71,780,034	68,860,026
Net Book Value:												
Opening Balance as of September 1	1,002,194	30,182,487	549,445	3,984,043	132,803	2,580,020		1,210,359	297,601	-	39,938,952	36,376,618
Closing Balance as of August 31	1,002,194	29,019,592	488,390	3,979,128	188,738	3,040,996		1,733,532	355,703	1,489,007	41,297,280	39,938,952
Change in Net Book Value	-	(1,162,895)	(61,055)	(4,915)	55,935	460,976		523,173	58,102	1,489,007	1,358,328	3,562,334
Disposals:												
Historical Cost	-	-	-	421,144	-	-		-	-	-	421,144	770,358
Accumulated Amortization	-	-	-	421,144	-	-		-	-	-	421,144	770,358
Net Cost	-	-	-	-	-	-		-	-	-	-	-
Price of Sale	-	-	-	3,410	-	-		-	-	-	3,410	12,412
Gain/loss on Disposal	-	-	-	3,410	-	-		-	-	-	3,410	12,412

Living Sky School Division No. 202
Schedule D: Non-Cash Items Included in Surplus
for the year ended August 31, 2014

	2014	2013
Non-Cash Items Included in Surplus:		
Amortization of Tangible Capital Assets (Schedule C)	3,341,152	2,925,680
Net Gain on Disposal of Tangible Capital Assets	(3,410)	(12,412)
Total Non-Cash Items Included in Surplus	3,337,742	2,913,268

Living Sky School Division No. 202
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2014

	2014	2013
Net Change in Non-Cash Operating Activities:		
Decrease in Accounts Receivable	3,811,919	83,432
Decrease in Provincial Grant Overpayment	-	(13,950)
Increase (Decrease) In Accounts Payable and Accrued Liabilities	1,196,802	(670,440)
Increase in Liability for Employee Future Benefits	224,300	11,000
Increase (Decrease) in Deferred Revenue	(331,851)	1,395,959
(Increase) in Prepaid Expenses	(3,858)	(7,600)
Total Net Change in Non-Cash Operating Activities	4,897,312	798,401

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2014

1. AUTHORITY AND PURPOSE

The School Division operates under the authority of *The Education Act, 1995* of Saskatchewan as a corporation under the name of "The Board of Education of the Living Sky School Division No. 202" and operates as "Living Sky School Division No. 202". The School Division provides education services to residents within its geographic region and is governed by an elected board of trustees.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

In 2014, the School Division adopted the new PSA standard PS3260 Liability for Contaminated Sites.

Detailed information on the impact of the adoption of this new PSA standard is provided in Note 18 Accounting Changes.

b) Reporting Entity

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

c) Basis of Accounting

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

d) Measurement Uncertainty and the Use of Estimates

Canadian public sector accounting standards requires management to make estimates and assumptions that affect 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 exist for:

- the liability for employee future benefits of \$1,797,300 (2013: \$1,573,000) because actual experience may differ significantly from actuarial estimations.
- property tax revenue of \$22,794,987 (2013: \$19,354,422) because final tax assessments may differ from initial estimates.

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2014

- uncollectible taxes of \$247,905 (2013: \$341,407) because actual collectability may differ from initial estimates.
- valuation allowance for Other Receivables of \$487,618 (2013: \$504,063) because actual collectability may differ from amount invoiced.
- useful lives of capital assets and related amortization for \$3,341,152 (2013: \$2,925,680) because the actual useful lives 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 material changes in the amounts recognized or disclosed.

e) Financial Instruments

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

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

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

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

f) Financial Assets

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

Cash and Cash Equivalents consist of cash and bank deposits 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.

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

Portfolio Investments consist of term deposits and equity in co-operatives. 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.

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, buildings, buildings – short term, school buses, other vehicles, furniture and equipment, computer hardware and audio visual equipment, computer software, and assets under construction. Tangible capital assets are recorded at cost 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:

Buildings	50 years
Buildings – short-term (portables, storage sheds, outbuildings, garages)	20 years
School buses	12 years
Other vehicles – passenger and light duty trucks and vans	5 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years

Assets under construction are not amortized until completed and placed into service for use.

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

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Prepaid Expenses are prepaid amounts for goods or services which will provide economic benefits in one or more future periods. Prepaid expenses include Saskatchewan School Board Association fees and insurance.

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.

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

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

Liability for Employee Future Benefits represents post-employment and compensated absence benefits that accrue to the School Division's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially determined using the projected benefit method pro-rated on service. Actuarial valuations are performed periodically using assumptions including discount rate, inflation, salary escalation, termination and retirement rates and mortality. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups.

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

i) Employee Pension Plans

Employees of the School Division participate in one of the following multi-employer defined benefit plans:

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

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j) Revenue Recognition

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

The School Division's sources of revenue include the following:

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with the PS3410 standard, government transfers are recognized as revenues when the transfer is authorized, all eligibility criteria have been met, the amount can be estimated and collection is reasonably assured except when, and to the extent, stipulations by the transferor give rise to an obligation that meets the definition of a liability. For transfers with stipulations, revenue is recognized in the statement of operations and accumulated surplus from operations as the stipulation liabilities are settled.

ii) Property Taxation:

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. 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 School 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

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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 and Losses because it does not have financial instruments that give rise to remeasurement gains and losses.

3. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$10,000,000 that bears interest at Bank prime rate less 0.50% per annum. This line of credit is authorized by a borrowing resolution by the Board of Education and is secured by Provincial Grant receipts. This line of credit was approved by the Minister of Education on October 29, 2010. There was no balance outstanding on the line of credit at August 31, 2014 or August 31, 2013.

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2014	2013
Portfolio investments in the cost and amortized cost category:		
Term deposits	\$ 88,600	\$ 88,600
Credit Union Shares	5	5
Credit Union Equity	10,000	10,000
Member Equity in Co-op Organizations	28,455	25,093
Total portfolio investments reported at cost and amortized cost category:	\$ 127,060	\$ 123,698

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As at August 31, 2014

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2014 Budget	2014 Actual	2013 Actual
Governance	\$ 165,772	\$ 303,920	\$ -	\$ -	\$ 493,544	\$ 469,692	\$ 460,447
Administration	2,201,104	325,858	-	96,527	2,636,609	2,623,489	2,683,730
Instruction	44,677,988	3,658,140	-	1,170,869	48,144,044	49,506,997	46,834,173
Plant	3,686,562	4,492,158	-	1,376,748	8,635,488	9,555,468	9,338,047
Transportation	2,119,811	4,212,214	-	693,459	7,286,150	7,025,484	6,546,580
Tuition and Related Fees	-	242,380	-	-	849,564	242,380	148,977
School Generated Funds	-	1,959,827	-	-	2,065,000	1,959,827	1,904,076
Complementary Services	2,089,174	266,840	-	-	2,065,973	2,356,014	2,685,529
External Services	633,218	422,348	-	3,549	479,194	1,059,115	980,482
Other	-	-	45,451	-	35,000	45,451	33,484
TOTAL	\$ 55,573,629	\$ 15,883,685	\$ 45,451	\$ 3,341,152	\$72,690,566	\$74,843,917	\$71,615,525

6. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment and compensated absence benefits to its employees. These benefits include: non-vested sick leave payout, retirement gratuity, vacation banks and paid-time-off banks. Significant assumptions include discount rate, inflation and salary scale. The liability associated with these benefits is calculated at 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:

	2014	2013
Actuarial valuation date	31-Aug-14	31-Aug-13
Long-term assumptions used:		
Salary escalation rate (percentage)	3.25	3.25
Discount rate (percentage)	2.80	3.50
Inflation rate (percentage)	2.25	2.25
Expected average remaining service life (y years)	13	13

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Liability for Employee Future Benefits	2014	2013
Accrued Benefit Obligation – beginning of year	\$ 1,645,700	\$ 1,789,400
Current period benefit cost	134,800	144,600
Interest cost	61,100	49,500
Benefit payments	(67,200)	(201,400)
Actuarial (gains) / losses	127,800	(136,400)
Plan amendments	87,800	-
Accrued Benefit Obligation – end of year	1,990,000	1,645,700
Unamortized Net Actuarial Gains / Losses	(192,700)	(72,700)
Liability for Employee Future Benefits	\$ 1,797,300	\$ 1,573,000

Employee Future Benefits Expense	2014	2013
Current period benefit cost	\$ 134,800	\$ 144,600
Amortization of net actuarial gain / loss	7,800	18,300
Plan amendments	87,800	-
Benefit cost	230,400	162,900
Interest cost on unfunded employee future benefits obligation	61,100	49,500
Total Employee Future Benefits Expense	\$ 291,500	\$ 212,400

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.

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

	2014			2013
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	514	30	544	540
Member contribution rate (percentage of salary)	9.10%-11.30%	6.05%-7.85%	6.05%-11.30%	6.05%-10.00%
Member contributions for the year	\$ 2,674,648	\$ 66,792	\$ 2,741,440	\$ 2,712,938

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:

	2014	2013
Number of active School Division members	533	491
Member contribution rate (percentage of salary)	8.15%	7.40% - 8.15%
School Division contribution rate (percentage of salary)	8.15%	7.40% - 8.15%
Member contributions for the year	\$1,187,391	\$1,097,759
School Division contributions for the year	\$1,187,391	\$1,097,759
Actuarial valuation date	31-Dec-13	31-Dec-12 (Restated)
Plan Assets (in thousands)	\$1,685,167	\$1,560,967
Plan Liabilities (in thousands)	\$1,498,853	\$1,420,319
Plan Surplus (Deficit) (in thousands)	\$186,314	\$140,648

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8. ACCOUNTS RECEIVABLE

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

	2014			2013		
	Total Receivables	Valuation Allowance	Net of Allowance	Total Receivables	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 8,039,679	\$ 247,905	\$ 7,791,774	\$ 9,690,281	\$ 341,407	\$ 9,348,874
Provincial Grants Receivable	1,202,194	-	1,202,194	1,200,125	-	1,200,125
Other Receivables	1,127,551	487,618	639,933	3,400,884	504,063	2,896,821
Total Accounts Receivables	\$10,369,424	\$735,523	\$9,633,901	\$14,291,290	\$845,470	\$13,445,820

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2014	2013
Accrued Salaries and Benefits	\$ 1,132,648	\$ 982,892
Supplier Payments	2,401,825	1,354,779
Total Accounts Payable and Accrued Liabilities	\$ 3,534,473	\$ 2,337,671

10. LONG-TERM DEBT

Details of long-term debt are as follows:

Capital Loan	2014	2013
Innovation Credit Union – loan repayable in annual principal installments of \$100,000 plus interest at 6.00% paid monthly	\$ 400,000	\$ 500,000
Total Long-Term Debt	\$ 400,000	\$ 500,000

Principal repayments over the next 4 years are as follows:	
2015	\$ 100,000
2016	100,000
2017	100,000
2018	100,000
Total	\$ 400,000

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Principal and interest payments on long-term debt are as follows:		
	2014	2013
Principal	\$ 100,000	\$ 100,000
Interest	26,006	31,966
Total	\$ 126,006	\$ 131,966

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2013	Additions during the Year	Revenue recognized in the Year	Balance as Aug. 31, 2014
Capital Projects:				
Federal capital tuition	\$ 1,111,315	\$ 197,527	\$ -	\$ 1,308,842
Total Capital Projects Deferred Revenue	1,111,315	197,527	-	1,308,842
Other Deferred Revenue:				
Cash Receipts from Municipalities Exceeding Tax Assessments	2,523,006	-	(529,378)	1,993,628
Total Other Deferred Revenue	2,523,006	-	(529,378)	1,993,628
Total Deferred Revenue	\$ 3,634,321	\$ 197,527	\$ (529,378)	\$ 3,302,470

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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 2014 and 2013:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community and Inter-Agency Liaison	Other Programs	2014	2013
Revenue:					
Grants	\$ 880,587	\$ 582,596	\$ 67,001	\$ 1,530,184	\$ 1,233,437
Tuition and Related Fees	-	-	105,303	105,303	34,775
Miscellaneous Revenue	-	-	52,689	52,689	53,147
Total Revenue	\$ 880,587	\$ 582,596	\$ 224,993	\$ 1,688,176	\$ 1,321,359
Expenses:					
Tuition Fees	\$ 7,066	\$ -	\$ -	\$ 7,066	\$ 15,698
Salaries & Benefits	843,002	1,220,738	25,434	2,089,174	2,466,679
Instructional Aids	42,715	-	1,883	44,598	31,755
Supplies and Services	259	-	173,924	174,183	154,889
Non-Capital Equipment	15,917	-	684	16,601	11,749
Communications	-	-	440	440	483
Travel	1,926	-	-	1,926	1,811
Professional Development	667	-	-	667	1525
Student Related Expenses	2,071	-	7,677	9,748	940
Contracted Transportation & Allowances	-	-	11,611	11,611	-
Total Expenses	\$ 913,623	\$ 1,220,738	\$ 221,653	\$ 2,356,014	\$ 2,685,529
Excess (Deficiency) of Revenue over Expenses	\$ (33,036)	\$ (638,142)	\$ 3,340	\$ (667,838)	\$ (1,364,170)

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

Pre-K Programs – provides support to early intervention programs that target pre-school age children and their families who are living in vulnerable circumstances.

Community and Inter-Agency Liaison – supports the delivery of a range of diverse and comprehensive supports and effective practices that address the complex needs of vulnerable students and that help eliminate learning barriers.

Other Programs – have the objective of enhancing the K-12 curriculum/learning programs and include such things as nutrition programs.

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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 2014 and 2013:

Summary of External Services Revenues and Expenses, by Program	Cafeteria	Associate Schools *	Other Programs	2014	2013
Revenue:					
Grants	\$ -	\$ 629,501	\$ 20,000	\$ 649,501	\$ 588,427
Sales and Rentals	139,630	-	1,068	140,698	144,647
Total Revenue	\$ 139,630	\$ 629,501	\$ 21,068	\$ 790,199	\$ 733,074
Expenses:					
Salaries & Benefits	\$ 97,540	\$ 534,780	\$ 898	\$ 633,218	\$ 610,593
Supplies and Services	172,479	-	-	172,479	172,863
Building Operating Expenses	-	30,697	6,412	37,109	37,909
Travel	-	-	-	-	-
Professional Development	-	5,521	-	5,521	3,344
Contracted Transportation & Allowances	-	-	148,736	148,736	152,224
Amortization of Tangible Capital Assets	-	-	3,549	3,549	3,549
Tuition	-	58,503	-	58,503	-
Total Expenses	\$ 270,019	\$ 629,501	\$ 159,595	\$ 1,059,115	\$ 980,482
(Deficiency) of Revenue over Expenses	\$ (130,389)	\$ -	\$ (138,527)	\$ (268,916)	\$ (247,408)

**Associate Schools – see table below for details of revenues and expenses by school.*

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

Cafeteria – provides meals to students, staff and the general public.

Other Programs – are services that have no direct link to the K-12 program and include staff residences and extra-curricular transportation.

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Summary of Associate School Revenues and Expenses - Details by School	Heritage Christian School	Meadow Lake Christian Academy	2014	2013
Revenue:				
Operating Grants	\$ 424,158	\$ 205,343	\$ 629,501	\$ 567,427
Total Revenue	\$ 424,158	\$ 205,343	\$ 629,501	\$ 567,427
Expenses:				
Salaries & Benefits	\$ 397,138	\$ 137,642	\$ 534,780	\$ 508,295
Building Operating Expenses	30,697	-	30,697	28,670
Professional Development	5,514	7	5,521	3,244
Tuition	(9,191)	67,694	58,503	-
Total Expenses	\$ 424,158	\$ 205,343	\$ 629,501	\$ 540,209
Excess of Revenue over Expenses	\$ -	\$ -	\$ -	\$ 27,218

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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.

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

Details of accumulated surplus from operations are as follows:

	August 31 2013	Additions during the year	Reductions during the year	August 31 2014
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 39,938,952	\$ 4,699,479	\$ (3,341,151)	\$ 41,297,280
Less: Debt owing on Tangible Capital Assets	(500,000)	-	100,000	(400,000)
	39,438,952	4,699,479	(3,241,151)	40,897,280
PMR maintenance project allocations (1)	-	870,051	-	870,051
Internally Restricted Surplus:				
Capital projects:				
Designated for tangible capital asset expenditures	11,400	-	-	11,400
	11,400	-	-	11,400
Other:				
School generated funds	773,882	-	(8,770)	765,112
Scholarship funds	185,691	-	(3,800)	181,891
Other - Tax Loss Compensations	3,819,650	-	-	3,819,650
Other - Future Expenditures	2,525,425	-	(3,024,764)	(499,339)
Other - Bus Replacement	163,728	-	-	163,728
	7,468,376	-	(3,037,334)	4,431,042
Unrestricted Surplus	16,395,748	-	-	16,395,748
Total Accumulated Surplus from Operations	\$ 63,314,476	\$ 5,569,530	\$ (6,278,485)	\$ 62,605,521

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

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

School generated funds – the amount of funds held in the school-based bank accounts.

Scholarship funds – the amount of funds donated to provide scholarships.

Tax Loss Compensations – the amount of tax loss compensation from Treaty Land Entitlement receipts.

Future Expenditure – the amount for future capital expenditures.

Bus Replacement – the amount for bus replacements.

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15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board of Education on June 12, 2013, and the Minister of Education on August 23, 2013.

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.

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.

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

	2014	2013
Revenues:		
<i>Ministry of Education</i>	\$ 42,956,342	\$ 45,739,299
<i>Sask Workers' Compensation Board</i>	18,278	53,674
<i>Light of Christ School Division No. 16</i>	76,178	21,952
<i>North West Regional College</i>	212,756	222,468
<i>Saskatchewan Rivers School Division No. 119</i>	70,000	56,742
<i>SGI</i>	127,300	258,889
<i>Ministry of Finance</i>	-	1,654
<i>Sask Arts Board</i>	27,955	43,000
<i>Sask Culture</i>	6,250	-
<i>Conseil Scolaire</i>	14,023	11,255
<i>Other</i>	4,100	1,000
	\$ 43,513,182	\$ 46,409,933

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2014

	2014	2013
Expenses:		
<i>Good Spirit School Division No. 204</i>	\$ 15,920	\$ 21,239
<i>Light of Christ School Division No. 16</i>	25,572	20,000
<i>Ministry of Finance</i>	35,114	3,703
<i>North West Regional College</i>	232,072	129,590
<i>Prairie Spirit School Division No. 206</i>	3,139	-
<i>Saskatoon School Division No. 13</i>	3,500	2,895
<i>St. Paul's R.C.S.S.D. No. 20</i>	13,500	20,000
<i>South East Cornerstone School Division No. 209</i>	4,000	-
<i>Western Development Museum</i>	11,762	3,208
<i>Sask Tel</i>	275,621	267,950
<i>SGI Auto Fund</i>	71,954	70,566
<i>Sask Energy</i>	904,556	719,817
<i>Sask Power Corp</i>	1,004,863	882,969
<i>Sask Workers' Compensation Board</i>	177,796	131,152
<i>Sun West School Division No. 207</i>	32,875	24,000
<i>Regina School Division No. 4</i>	-	415
<i>Other</i>	6,566	5,275
	\$ 2,818,810	\$ 2,302,779
Accounts Receivable:		
<i>Ministry of Education</i>	\$ 1,202,194	\$ 1,200,125
<i>Light of Christ School Division No. 16</i>	52,055	10,657
<i>North West Regional College</i>	76,423	20,968
<i>Saskatchewan Rivers School Division No. 119</i>	42,000	-
	\$ 1,372,672	\$ 1,231,750
Tangible Capital Asset Additions:		
<i>Sask Tel</i>	\$ 404,641	\$ 294,510
	\$ 404,641	\$ 294,510
Accounts Payable and Accrued Liabilities:		
<i>Light of Christ School Division No. 16</i>	\$ 20,000	\$ -
<i>Sask Energy</i>	-	286
<i>Sask Power Corp</i>	29,392	5,046
<i>Sask Tel</i>	5,185	2,099
<i>Sun West School Division No. 207</i>	-	500
<i>Other</i>	81	-
	\$ 54,658	\$ 7,931

In addition, the School Division pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases and customer sales on items that are deemed taxable. Taxes paid are recorded as part of the cost of those purchases.

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

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As at August 31, 2014

17. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

- Operating lease obligations, as follows:

	Operating Leases	
	Copier Lease	Total Operating
Future minimum lease payments:		
2015	\$ 172,936	\$ 172,936
2016	172,936	172,936
2017	172,936	172,936
2018	172,936	172,936
2019	172,936	172,936
Total Lease Obligations	\$ 864,680	\$ 864,680

18. ACCOUNTING CHANGES

PS 3260 Liability for Contaminated Sites

On September 1, 2013, the School Division adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School Division:
 - directly responsible; or
 - accepts responsibility
- the School Division expects that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the School Division's 2014 financial statements.

19. COMPARATIVE INFORMATION

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

Living Sky School Division No. 202
Notes to the Financial Statements
As at August 31, 2014

20. RISK MANAGEMENT

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

(i) Credit Risk

Credit risk is the risk to the School Division from potential non-payment of accounts receivable. The credit risk related to the School Division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the School Division has adopted credit policies which include close monitoring of overdue accounts.

The School Division does not have a significant exposure to any individual customer. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect an impairment in collectability.

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

	August 31, 2014		August 31, 2013	
	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable	Allowance for Doubtful Accounts
Current	\$ 543,705	\$ -	\$ 405,878	\$ -
30-60 days	1,200	-	478	-
60-90 days	-	-	675	-
Over 90 days	582,646	(487,618)	2,993,853	(504,063)
Total	\$ 1,127,551	\$ (487,618)	\$ 3,400,884	\$ (504,063)
Net	\$ 639,933		\$ 2,896,821	

(ii) Liquidity Risk

Liquidity risk is the risk that the School Division will not be able to meet its financial obligations as they come due. The School Division manages liquidity risk by maintaining adequate cash balances, budget practices, monitoring, and forecasts. The following table sets out the contractual maturities of the School Division's financial liabilities:

	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 1,995,746	\$ 1,538,727	\$ -	\$ -
Long-term debt	-	100,000	300,000	-
Total	\$ 1,995,746	\$ 1,638,727	\$ 300,000	\$ -

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Notes to the Financial Statements
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(iii) Market Risk:

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

(a) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The School Division's interest rate exposure relates to cash and cash equivalents, and portfolio investments. The School Division also has an authorized bank line of credit of \$10 million with interest payable monthly at a rate of prime less 0.50%. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility as of August 31, 2014.

The School Division minimizes these risks by:

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

(b) 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. The School Division did not have any financial instruments denominated in foreign currency outstanding at August 31, 2014 or August 31, 2013.