

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Saskatchewan Rivers School Division No.119, which comprise the statement of financial position as at August 31, 2014, and the statements of operations and accumulated surplus from operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Rivers School Division No. 119 as at August 31, 2014, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

November 24, 2014
Prince Albert, Saskatchewan

Saskatchewan Rivers School Division No. 119
Statement of Financial Position
as at August 31, 2014

	2014	2013
Financial Assets		
Cash and Cash Equivalents	24,715,907	24,745,743
Accounts Receivable (Note 7)	6,256,024	9,197,098
Total Financial Assets	30,971,931	33,942,841
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	2,306,341	3,185,701
Long Term Debt (Note 9)	650,600	975,900
Liability for Employee Future Benefits (Note 5)	2,544,400	2,419,300
Deferred Revenue (Note 10)	1,383,841	1,353,317
Total Liabilities	6,885,182	7,934,218
Net Financial Assets	24,086,749	26,008,623
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	74,361,452	70,283,923
Inventory of Supplies for Consumption	122,952	108,154
Prepaid Expenses	702,276	647,255
Total Non-Financial Assets	75,186,680	71,039,332
Accumulated Surplus (Note 13)	99,273,429	97,047,955

Contingent Liabilities (Note 17)

Contractual Obligations and Commitments (Note 18)

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

Approved by the Board:

Chairperson

Chief Financial Officer

Saskatchewan Rivers School Division No. 119
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2014

	2014 Budget (Note 14)	2014 Actual	2013 Actual (Note 20)
REVENUES			
Property Taxation	21,889,457	21,789,855	21,620,280
Grants	69,343,132	67,557,573	75,637,447
Tuition and Related Fees	1,804,534	1,895,113	1,960,170
School Generated Funds	2,265,000	2,335,722	2,396,251
Complementary Services (Note 11)	1,715,757	1,544,676	1,465,173
External Services (Note 12)	2,684,727	3,582,903	3,199,092
Other	1,064,168	1,261,052	1,331,399
Total Revenues (Schedule A)	100,766,775	99,966,894	107,609,812
EXPENSES			
Governance	659,341	642,172	624,322
Administration	3,868,449	3,618,777	3,293,825
Instruction	68,708,880	67,681,586	67,230,390
Plant	13,164,136	11,924,293	11,237,943
Transportation	7,076,022	6,693,903	6,787,862
Tuition and Related Fees	72,572	50,700	48,332
School Generated Funds	2,338,325	2,306,662	2,079,797
Complementary Services (Note 11)	1,532,051	1,521,541	1,403,742
External Services (Note 12)	3,196,389	3,106,513	2,850,356
Other Expenses	36,960	195,273	113,305
Total Expenses (Schedule B)	100,653,125	97,741,420	95,669,874
Operating Surplus for the Year	113,650	2,225,474	11,939,938
Accumulated Surplus from Operations, Beginning of Year	97,047,955	97,047,955	85,108,017
Accumulated Surplus from Operations, End of Year	97,161,605	99,273,429	97,047,955

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

Saskatchewan Rivers School Division No. 119

**Statement of Changes in Net Financial Assets
for the year ended August 31, 2014**

	2014 Budget (Note 14)	2014 Actual	2013 Actual
Net Financial Assets, Beginning of Year	26,008,623	26,008,623	23,213,565
Changes During the Year:			
Operating Surplus for the Year	113,650	2,225,474	11,939,938
Acquisition of Tangible Capital Assets (Schedule C)	(7,816,946)	(9,302,868)	(14,070,266)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	30,000	75,888	73,293
Net Gain on Disposal of Capital Assets (Schedule C)	(30,000)	(27,169)	(21,907)
Amortization of Tangible Capital Assets (Schedule C)	5,843,254	5,176,620	4,972,008
Net Acquisition of Inventory of Supplies	-	(14,798)	(9,077)
Net Change in Prepaid Expenses	-	(55,021)	(88,931)
Change in Net Financial Assets	(1,860,042)	(1,921,874)	2,795,058
Net Financial Assets, End of Year	24,148,581	24,086,749	26,008,623

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

Saskatchewan Rivers School Division No. 119
Statement of Cash Flows
for the year ended August 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Operating Surplus for the Year	2,225,474	11,939,938
Add Non-Cash Items Included in Surplus (Schedule D)	5,149,451	4,950,101
Net Change in Non-Cash Operating Activities (Schedule E)	1,306,414	(6,107,952)
Cash Provided by Operating Activities	8,681,339	10,782,087
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(8,461,763)	(11,534,410)
Proceeds on Disposal of Tangible Capital Assets	75,888	73,293
Cash Used by Capital Activities	(8,385,875)	(11,461,117)
FINANCING ACTIVITIES		
Repayment of Long Term Debt	(325,300)	(325,300)
Cash Used by Financing Activities	(325,300)	(325,300)
DECREASE IN CASH AND CASH EQUIVALENTS	(29,836)	(1,004,330)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,745,743	25,750,073
CASH AND CASH EQUIVALENTS, END OF YEAR	24,715,907	24,745,743

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

Saskatchewan Rivers School Division No. 119
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
			(Note 20)
Property Taxation Revenue			
Property Tax Revenue	21,889,457	20,104,034	19,999,997
Grants in Lieu of Taxes:			
Federal Government	-	508,032	827,824
Provincial Government	-	492,411	492,007
Other	-	776,988	286,662
Total Grants in Lieu of Taxes	-	1,777,431	1,606,493
Other Tax Revenues:			
Treaty Land Entitlement - Rural	-	42,749	-
House Trailer Fees	-	24,025	38,815
Total Other Tax Revenues	-	66,774	38,815
Additions to Levy:			
Penalties	-	178,806	234,871
Other	-	(22,464)	1,782
Total Additions to Levy	-	156,342	236,653
Deletions from Levy:			
Cancellations	-	(314,310)	(253,597)
Other Deletions	-	(416)	(8,081)
Total Deletions from Levy	-	(314,726)	(261,678)
Total Property Taxation Revenue	21,889,457	21,789,855	21,620,280
Grants:			
Operating Grants			
Ministry of Education Grants:			
Operating Grant	64,419,652	65,598,963	66,351,354
Other Ministry Grants	63,000	81,900	44,100
Total Ministry Grants	64,482,652	65,680,863	66,395,454
Other Provincial Grants	313,500	307,982	427,561
Federal Grants	42,600	18,893	24,989
Total Operating Grants	64,838,752	66,007,738	66,848,004
Capital Grants			
Ministry of Education Capital Grants	4,504,380	1,545,835	8,773,443
Other Provincial Capital Grants	-	4,000	16,000
Total Capital Grants	4,504,380	1,549,835	8,789,443
Total Grants	69,343,132	67,557,573	75,637,447

Saskatchewan Rivers School Division No. 119

Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
			(Note 20)
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
Federal Government and First Nations	1,691,910	1,726,810	1,886,681
Individuals and Other	112,624	168,303	71,739
Total Tuition Fees	1,804,534	1,895,113	1,958,420
Transportation Fees	-	-	1,750
Total Operating Tuition and Related Fees	1,804,534	1,895,113	1,960,170
Total Tuition and Related Fees Revenue	1,804,534	1,895,113	1,960,170
School Generated Funds Revenue			
Curricular:			
Student Fees	35,000	27,167	28,993
Total Curricular Fees	35,000	27,167	28,993
Non-Curricular Fees:			
Commercial Sales - Non-GST	165,000	130,220	118,430
Fundraising	1,340,000	1,457,735	1,369,419
Grants and Partnerships	125,000	113,860	132,897
Students Fees	300,000	285,705	320,154
Other	300,000	321,035	426,358
Total Non-Curricular Fees	2,230,000	2,308,555	2,367,258
Total School Generated Funds Revenue	2,265,000	2,335,722	2,396,251
Complementary Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	1,451,225	1,517,269	1,446,000
Other Provincial Grants	-	27,407	19,173
Total Operating Grants	1,451,225	1,544,676	1,465,173
Fees and Other Revenue			
Other Revenue	264,532	-	-
Total Fees and Other Revenue	264,532	-	-
Total Complementary Services Revenue	1,715,757	1,544,676	1,465,173

Saskatchewan Rivers School Division No. 119
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
(Note 20)			
External Services			
Operating Grants:			
Ministry of Education Grants:			
Other Ministry Grants	2,514,896	1,989,682	1,668,747
Other Provincial Grants	87,648	1,200,905	1,134,368
Federal Grants	-	-	3,248
Other Grants	5,033	116,347	92,673
Total Operating Grants	2,607,577	3,306,934	2,899,036
Fees and Other Revenue			
Tuition and Related Fees	27,150	15,450	18,563
Other Revenue	50,000	260,519	281,493
Total Fees and Other Revenue	77,150	275,969	300,056
Total External Services Revenue	2,684,727	3,582,903	3,199,092
Other Revenue			
Miscellaneous Revenue	752,000	960,944	995,635
Sales & Rentals	11,500	22,675	15,186
Investments	270,668	250,264	298,595
Gain on Disposal of Capital Assets	30,000	27,169	21,983
Total Other Revenue	1,064,168	1,261,052	1,331,399
TOTAL REVENUE FOR THE YEAR	100,766,775	99,966,894	107,609,812

Saskatchewan Rivers School Division No. 119
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
			(Note 20)
Governance Expense			
Board Members Expense	220,210	191,824	180,572
Professional Development- Board Members	139,631	144,351	123,459
Advisory Committees	33,500	31,000	30,051
Elections	-	-	63,879
Other Governance Expenses	266,000	274,997	226,361
Total Governance Expense	659,341	642,172	624,322
Administration Expense			
Salaries	2,688,252	2,602,039	2,270,018
Benefits	333,700	277,473	318,484
Supplies & Services	283,500	242,155	259,802
Non-Capital Furniture & Equipment	20,500	12,539	14,372
Building Operating Expenses	112,664	93,988	80,135
Communications	77,000	85,211	94,187
Travel	20,000	16,619	19,584
Professional Development	65,700	68,404	51,814
Amortization of Tangible Capital Assets	267,133	220,349	185,429
Total Administration Expense	3,868,449	3,618,777	3,293,825
Instruction Expense			
Instructional (Teacher Contract) Salaries	46,106,023	46,475,536	45,657,098
Instructional (Teacher Contract) Benefits	2,420,777	2,513,458	2,336,203
Program Support (Non-Teacher Contract) Salaries	11,119,628	10,845,855	11,109,359
Program Support (Non-Teacher Contract) Benefits	2,244,688	2,166,200	2,150,245
Instructional Aids	2,524,437	2,356,195	2,473,536
Supplies & Services	973,454	831,853	844,664
Non-Capital Furniture & Equipment	471,945	189,137	207,623
Communications	188,068	185,189	184,767
Travel	167,000	152,295	138,081
Professional Development	646,976	485,973	541,748
Student Related Expense	65,250	68,474	39,752
Amortization of Tangible Capital Assets	1,780,634	1,411,421	1,547,314
Total Instruction Expense	68,708,880	67,681,586	67,230,390

Saskatchewan Rivers School Division No. 119
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
			(Note 20)
Plant Operation & Maintenance Expense			
Salaries	4,136,999	3,902,008	3,781,300
Benefits	843,767	770,340	700,902
Supplies & Services	6,550	3,759	3,187
Non-Capital Furniture & Equipment	58,000	31,060	30,620
Building Operating Expenses	5,061,313	4,345,611	4,142,218
Communications	12,500	10,959	9,377
Travel	114,000	112,627	118,658
Professional Development	13,800	8,837	7,363
Amortization of Tangible Capital Assets	2,917,207	2,739,092	2,444,318
Total Plant Operation & Maintenance Expense	13,164,136	11,924,293	11,237,943
Student Transportation Expense			
Salaries	2,516,025	2,447,424	2,452,273
Benefits	505,001	499,645	495,770
Supplies & Services	987,011	1,044,088	945,237
Non-Capital Furniture & Equipment	322,960	331,723	278,749
Building Operating Expenses	75,600	58,464	74,983
Communications	46,000	12,134	38,634
Travel	15,500	21,185	20,677
Professional Development	9,500	9,487	9,081
Contracted Transportation	1,814,295	1,550,700	1,762,246
Amortization of Tangible Capital Assets	784,130	719,053	710,212
Total Student Transportation Expense	7,076,022	6,693,903	6,787,862
Tuition and Related Fees Expense			
Tuition Fees	72,572	50,700	48,332
Total Tuition and Related Fees Expense	72,572	50,700	48,332
School Generated Funds Expense			
Supplies & Services	1,100,000	177,157	150,386
Cost of Sales	-	683,924	837,382
Non-Capital Furniture & Equipment	65,000	72,018	-
School Fund Expenses	1,100,000	1,305,320	1,025,756
Amortization of Tangible Capital Assets	73,325	68,243	66,273
Total School Generated Funds Expense	2,338,325	2,306,662	2,079,797

Saskatchewan Rivers School Division No. 119
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2014

	2014 Budget	2014 Actual	2013 Actual
			(Note 20)
Complementary Services Expense			
Instructional (Teacher Contract) Salaries & Benefits	937,362	979,081	856,666
Program Support (Non-Teacher Contract) Salaries & Benefits	465,160	416,158	411,924
Instructional Aids	85,800	106,954	110,836
Non-Capital Furniture & Equipment	-	-	2,662
Travel	-	89	-
Professional Development (Non-Salary Costs)	22,500	18,682	19,050
Contracted Transportation & Allowances	16,000	577	2,604
Amortization of Tangible Capital Assets	5,229	-	-
Total Complementary Services Expense	1,532,051	1,521,541	1,403,742
External Service Expense			
Administration Salaries & Benefits	86,191	93,225	85,922
Instructional (Teacher Contract) Salaries & Benefits	299,854	376,691	225,796
Program Support (Non-Teacher Contract) Salaries & Benefits	602,428	561,042	578,691
Plant Operation & Maintenance Salaries & Benefits	176,788	176,788	170,098
Transportation Salaries & Benefits	58,140	29,253	39,804
Instructional Aids	76,056	120,982	97,419
Supplies & Services	1,530,689	1,444,956	1,326,320
Non-Capital Furniture & Equipment	27,100	14,641	21,321
Building Operating Expenses	220,388	183,471	194,933
Communications	18,850	13,023	15,527
Travel	11,324	5,783	5,458
Professional Development (Non-Salary Costs)	44,852	42,258	45,025
Contracted Transportation & Allowances	28,133	25,938	25,580
Amortization of Tangible Capital Assets	15,596	18,462	18,462
Total External Services Expense	3,196,389	3,106,513	2,850,356

Saskatchewan Rivers School Division No. 119

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

	2014 Budget	2014 Actual	2013 Actual
Other Expense			(Note 20)
Interest and Bank Charges:			
Current Interest and Bank Charges	2,500	417	-
Interest on Other Capital Loans and Long Term Debt			
School Facilities	34,460	33,705	61,900
Total Interest and Bank Charges	<u>36,960</u>	<u>34,122</u>	<u>61,900</u>
Provision for Uncollectable Taxes	-	161,151	51,405
Total Other Expense	36,960	195,273	113,305
TOTAL EXPENSES FOR THE YEAR	100,653,125	97,741,420	95,669,874

Saskatchewan Rivers School Division No. 119
 Schedule C - Supplementary Details of Tangible Capital Assets
 for the year ended August 31, 2014

	Land	Land Improvements	Buildings	Buildings Short term	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	2,573,177	6,244,058	97,598,359	243,086	9,070,099	1,057,414	6,165,637	5,679,231	646,228	11,994,950	141,272,239	129,218,018
Additions/Purchases	-	273,503	494,257	-	741,800	158,467	574,840	768,162	110,369	6,181,470	9,302,868	14,070,266
Disposals	-	-	-	-	(568,790)	(72,914)	(2,638,962)	(769,670)	(404,376)	-	(4,454,712)	(2,016,045)
Transfers to (from)	-	-	17,473,657	-	-	-	-	-	-	(17,473,657)	-	-
Closing Balance as of August 31	2,573,177	6,517,561	115,566,273	243,086	9,243,109	1,142,967	4,101,515	5,677,723	352,221	702,763	146,120,395	141,272,239
Tangible Capital Assets - Amortization:												
Opening Balance as of September 1	-	3,800,153	52,625,281	192,863	5,542,478	754,254	4,136,135	3,401,398	535,754	-	70,988,316	67,980,967
Amortization of the Period	-	237,326	2,574,255	7,176	630,664	111,315	409,724	1,135,716	70,444	-	5,176,620	4,972,008
Disposals	-	-	-	-	(568,790)	(24,195)	(2,638,962)	(769,670)	(404,376)	-	(4,405,993)	(1,964,659)
Closing Balance as of August 31	N/A	4,037,479	55,199,536	200,039	5,604,352	841,374	1,906,897	3,767,444	201,822	N/A	71,758,943	70,988,316
Net Book Value:												
Opening Balance as of September 1	2,573,177	2,443,905	44,973,078	50,223	3,527,621	303,160	2,029,502	2,277,833	110,474	11,994,950	70,283,923	61,237,051
Closing Balance as of August 31	2,573,177	2,480,082	60,366,737	43,047	3,638,757	301,593	2,194,618	1,910,279	150,399	702,763	74,361,452	70,283,923
Change in Net Book Value	-	36,177	15,393,659	(7,176)	111,136	(1,567)	165,116	(367,554)	39,925	(11,292,187)	4,077,529	9,046,872
Disposals:												
Historical Cost	-	-	-	-	568,790	72,914	2,638,962	769,670	404,376	-	4,454,712	2,016,045
Accumulated Amortization	-	-	-	-	568,790	24,195	2,638,962	769,670	404,376	-	4,405,993	1,964,659
Net Cost	-	-	-	-	-	48,719	-	-	-	-	48,719	51,386
Price of Sale	-	-	-	-	11,951	63,413	524	-	-	-	75,888	73,293
Gain on Disposal	-	-	-	-	11,951	14,694	524	-	-	-	27,169	21,907

Saskatchewan Rivers School Division No. 119
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)	5,176,620	4,972,008
Net Gain on Disposal of Tangible Capital Assets	(27,169)	(21,907)
Total Non-Cash Items Included in Surplus	5,149,451	4,950,101

Saskatchewan Rivers School Division No. 119
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 (Increase) in Accounts Receivable	2,941,074	(3,582,612)
Decrease in Accounts Payable and Accrued Liabilities	(1,720,465)	(1,361,984)
Increase in Liability for Employee Future Benefits	125,100	12,400
Increase (Decrease) in Deferred Revenue	30,524	(1,077,748)
Increase in Inventory of Supplies for Consumption	(14,798)	(9,077)
Increase in Prepaid Expenses	(55,021)	(88,931)
Total Net Change in Non-Cash Operating Activities	1,306,414	(6,107,952)

SASKATCHEWAN RIVERS SCHOOL DIVISION NO. 119
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 Saskatchewan Rivers School Division No. 119" and operates as "the Saskatchewan Rivers School Division No. 119". The School Division provides education services to residents within its geographic region and is governed by an elected board of trustees.

The School Division is funded mainly by grants from the Government of Saskatchewan and a levy on the property assessment included in the School Division's boundaries at mill rates determined by the provincial government. The school division is exempt from income tax and is 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 19 Accounting Changes.

b) Reporting Entity

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

c) Trust Funds

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Basis of Accounting

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

e) 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 exists for:

- the liability for employee future benefits of \$2,544,400 (2013 - \$2,419,300) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$21,789,855 (2013 - \$21,620,280) because final tax assessments may differ from initial estimates.
- useful lives of capital assets (note 2(h)) and related amortization (schedule C) for land improvements, buildings, buildings short-term, school buses, other vehicles, furniture and equipment, computer hardware and audio equipment, and computer software because actual useful lives and amortization may differ from initial estimates.
- prior year's tangible capital asset historical costs (schedule C) and related amortization (schedule C) for land, land improvements, buildings, buildings short-term, furniture and equipment, computer hardware and audio equipment, and computer software because actual historical costs and related amortization may differ from initial estimates.

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

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

f) Financial Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments (continued)

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.

g) Financial Assets

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

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

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

Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful. Other receivables include First Nations tuition fees, Frank J Dunn pool utilization charges, goods and services tax rebate and other miscellaneous items.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Non-Financial Assets

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

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the School Division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, land improvements, buildings, 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 (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The School Division does not capitalize interest incurred while a tangible capital asset is under construction.

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

Land improvements (pavement, fencing, lighting, etc.)	20 years
Buildings	50 years
Buildings – short-term (portables, storage sheds, outbuildings, garages)	20 years
School buses	12 years
Other vehicles – passenger	5 years
Other vehicles – heavy (graders, 1 ton truck, etc.)	10 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years

Assets 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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Liabilities

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

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

Long Term Debt is comprised of capital loans 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. 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.

j) Employee Pension Plans

Multi-Employer Defined Benefit Plans

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

- i) Teachers participate in the 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

j) **Employee Pension Plans** (continued)

- ii) Other employees participate in the Municipal Employees' Pension Plan (MEPP). In accordance with PSAB, the plan is accounted for as a defined contribution plan whereby the School Division's contributions are expensed when due.

k) **Revenue Recognition**

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

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

i) **Government Transfers (Grants)**

Grants from governments are considered to be government transfers. In accordance with the 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 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.

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

k) **Revenue Recognition (continued)**

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

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

l) **Statement of Remeasurement Gain and Losses**

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

3. **SHORT TERM BORROWINGS**

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$5,000,000 that bears interest at bank prime rate minus .5%. This line of credit is authorized by a borrowing resolution by the Board of Education and is secured by funding from the Ministry of Education. This line of credit was approved by the Minister of Education on July 26, 2010. The balance drawn on the line of credit at August 31, 2014 was \$0 (August 31, 2013 - \$0).

4. **EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION**

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2014 Budget	2014 Actual	2013 Actual (Note 20)
Governance	\$ 191,824	\$ 450,348	\$ -	\$ -	\$ 659,341	\$ 642,172	\$ 624,322
Administration	2,879,512	518,916	-	220,349	3,868,449	3,618,777	3,293,825
Instruction	62,001,049	4,269,116	-	1,411,421	68,708,880	67,681,586	67,230,390
Plant	4,672,348	4,512,853	-	2,739,092	13,164,136	11,924,293	11,237,943
Transportation	2,947,069	3,027,781	-	719,053	7,076,022	6,693,903	6,787,862
Tuition and Related Fees	-	50,700	-	-	72,572	50,700	48,332
School Generated Funds	-	2,238,419	-	68,243	2,338,325	2,306,662	2,079,797
Complementary Services	1,395,239	126,302	-	-	1,532,051	1,521,541	1,403,742
External Services	1,236,999	1,851,052	-	18,462	3,196,389	3,106,513	2,850,356
Other	-	161,151	34,122	-	36,960	195,273	113,305
TOTAL	\$ 75,324,040	\$ 17,206,638	\$ 34,122	\$ 5,176,620	\$ 100,653,125	\$ 97,741,420	\$ 95,669,874

5. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave, retirement gratuity and earned vacation pay. Significant economic and demographic assumptions are necessary to predict future benefits and include estimates for inflation, discount rates, earnings increases and future employee behavior. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the Statement of Financial Position. Morneau Shepell, a firm of consulting actuaries, performed an actuarial valuation as at August 31, 2012, and extrapolated it to August 31, 2014.

Details of the employee future benefits are as follows:

	2014	2013
	August 31, 2014	August 31, 2013
Actuarial extrapolation date		
Long-term assumptions used:		
Salary escalation rate - teachers (percentage)	3.25	3.25
Salary escalation rate - non-teachers (percentage)	3.25	3.25
Discount rate (percentage)	2.80	3.50
Inflation rate (percentage)	2.25	3.25
Expected average remaining service life (years)	14	14

Liability for Employee Future Benefits	2014	2013
Accrued Benefit Obligation - beginning of year	\$ 2,236,100	\$ 2,406,900
Opening balance	\$ 2,236,100	\$ 2,406,900
Current period benefit cost	166,500	177,700
Interest cost	82,200	66,700
Benefit payments	(110,500)	(232,000)
Actuarial gains / losses	162,600	(183,200)
Accrued Benefit Obligation - end of year	2,536,900	2,236,100
Unamortized Net Actuarial Gain	7,500	183,200
Liability for Employee Future Benefits	\$ 2,544,400	\$ 2,419,300

Employee Future Benefits Expense	2014	2013
Current period benefit cost	\$ 166,500	\$ 177,700
Amortization of net actuarial gain / loss	(13,100)	-
Benefit cost	153,400	177,700
Interest cost on unfunded employee future benefits obligation	82,200	66,700
Total Employee Future Benefits Expense	\$ 235,600	\$ 244,400

6. PENSION PLANS

Multi-Employer Defined Benefit Plans

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

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

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

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

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

	2014		
	STRP	STSP	TOTAL
Number of active School Division members	713	35	748
Member contribution rate (percentage of salary)	7.80% - 9.10%	6.60%	6.60 - 9.10%
Member contributions for the year	\$ 3,862,847	\$ 123,058	\$ 3,985,905
	2013		
	STRP	STSP	TOTAL
Number of active School Division members	690	46	736
Member contribution rate (percentage of salary)	7.80%	6.05%	6.05 - 7.80%
Member contributions for the year	\$ 3,788,626	\$ 169,431	\$ 3,958,057

- ii) Municipal Employees' Pension Plan (MEPP)

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

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

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

6. **PENSION PLANS (continued)**

ii) **Municipal Employees' Pension Plan (MEPP) (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:

	2014	2013
Number of active School Division members	623	628
Member contribution rate (percentage of salary)	8.15%	8.15%
School Division contribution rate (percentage of salary)	8.15%	8.15%
Member contributions for the year	\$ 1,534,144	\$ 1,475,536
School Division contributions for the year	\$ 1,534,239	\$ 1,475,540
Actuarial valuation date	Dec. 31, 2013	Dec. 31, 2012 (restated)
Plan Assets (in \$1,000's)	\$ 1,685,167	\$ 1,560,967
Plan Liabilities (in \$1,000's)	\$ 1,498,853	\$ 1,420,319
Plan Surplus (Deficit) (in \$1,000's)	\$ 186,314	\$ 140,648

7. **ACCOUNTS RECEIVABLE**

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

	2014			2013		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 4,553,173	\$ -	\$ 4,553,173	\$ 3,977,076	\$ -	\$ 3,977,076
Provincial Grants Receivable	956,762	-	956,762	3,916,722	-	3,916,722
Other Receivables	746,089	-	746,089	1,303,300	-	1,303,300
Total Accounts Receivable	\$ 6,256,024	\$ -	\$ 6,256,024	\$ 9,197,098	\$ -	\$ 9,197,098

8. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Details of account payable and accrued liabilities are as follows:

	2014	2013
Accrued Salaries and Benefits	\$ 882,541	\$ 148,105
Supplier Payments	1,290,240	3,013,205
Other - debenture principal & interest, GST payable	133,560	24,391
Total Accounts Payable and Accrued Liabilities	\$ 2,306,341	\$ 3,185,701

9. LONG-TERM DEBT

Details of long-term debt are as follows:

	2014	2013
Capital Loans: Bank of Montreal 4.54% fixed rate loan, interest payable monthly, principal payable in annual instalments of \$325,300, until December 2015	\$ 650,600	\$ 975,900
Total Long Term Debt	\$ 650,600	\$ 975,900

Principal repayments over the next 2 years are estimated as follows:

	Capital Loans	Total
2015	\$ 325,300	\$ 325,300
2016	325,300	325,300
Total	\$ 650,600	\$ 650,600

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

	Capital Loans	2014	2013
Principal	\$ 325,300	\$ 325,300	\$ 325,300
Interest	33,705	33,705	50,601
Total	\$ 359,005	\$ 359,005	\$ 375,901

10. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2013	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2014
Capital projects:				
Federal Capital Tuition	\$ 807,090	\$ 83,916	\$ -	\$ 891,006
Friday Night Lights	113,922	-	76,203	37,719
Proceeds from Sale of School Buildings	342,711	-	-	342,711
Total capital projects deferred revenue	\$ 1,263,723	\$ 83,916	\$ 76,203	\$ 1,271,436
Other deferred revenue				
Tax Liability	\$ 79,739	\$ 80,758	\$ 79,739	\$ 80,758
Other Grant - Global partners	9,855	31,647	9,855	31,647
Total other deferred revenue	\$ 89,594	\$ 112,405	\$ 89,594	\$ 112,405
Total Deferred Revenue	\$ 1,353,317	\$ 196,321	\$ 165,797	\$ 1,383,841

11. COMPLEMENTARY SERVICES

Complementary services represent those services and programs where the primary purpose is other than K-12 learning/learning support, but which have the specific objective of enhancing the School Division's ability to successfully deliver its K-12 curriculum/learning programs.

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the School Division in 2014:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Program	2014	2013
Revenue:			(Note 20)
Operating Grants	\$ 1,517,269	\$ 1,517,269	\$ 1,465,173
Fees and Other Revenue	27,407	27,407	-
Total Revenue	1,544,676	1,544,676	1,465,173
Expenses:			
Salaries & Benefits	1,395,239	1,395,239	1,268,590
Instructional Aids	106,954	106,954	110,836
Non-Capital Furniture & Equipment	-	-	2,662
Travel	89	89	-
Professional Development (Non-Salary Costs)	18,682	18,682	19,050
Contracted Transportation & Allowances	577	577	2,604
Total Expenses	1,521,541	1,521,541	1,403,742
Excess of Revenue over Expenses	\$ 23,135	\$ 23,135	\$ 61,431

Pre-K

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

12. EXTERNAL SERVICES

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

Following is a summary of the revenue and expenses of the External Services programs operated by the School Division in 2014:

Summary of External Services Revenues and Expenses, by Program	Kids First	Eagle's Nest	FNM Achievement	Other Programs	2014	2013
Revenue:						(Noted 20)
Operating Grants	\$ 1,466,296	\$ 608,100	\$ 524,771	\$ 707,767	\$ 3,306,934	\$ 2,899,036
Fees and Other Revenue	2,816	-	-	273,153	275,969	300,056
Total Revenue	1,469,112	608,100	524,771	980,920	3,582,903	3,199,092
Expenses:						
Salaries & Benefits	377,186	374,059	-	485,754	1,236,999	1,100,311
Instructional Aids	41,685	15,398	6,468	57,431	120,982	97,419
Supplies and Services	762,078	16,577	446,400	219,901	1,444,956	1,326,320
Non-Capital Furniture & Equipment	4,141	7,013	2,676	811	14,641	21,321
Building Operating Expenses	1,740	-	-	181,731	183,471	194,933
Communications	9,408	906	2,709	-	13,023	15,527
Travel	3,544	402	287	1,550	5,783	5,458
Professional Development (Non-Salary Costs)	28,362	3,743	2,937	7,216	42,258	45,025
Contacted Transportation & Allowances	21,307	1,484	-	3,147	25,938	25,580
Amortization of Tangible Capital Assets	-	-	-	18,462	18,462	18,462
Total Expenses	1,249,451	419,582	461,477	976,003	3,106,513	2,850,356
Excess of Revenue over Expenses	\$ 219,661	\$ 188,518	\$ 63,294	\$ 4,917	\$ 476,390	\$ 348,736

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

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

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

13. ACCUMULATED SURPLUS

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

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 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.

13. ACCUMULATED SURPLUS (continued)

Details of accumulated surplus from operations are as follows:

	August 31, 2013	(Note 20)	Additions during the year	Reductions during the year	August 31, 2014
Invested in Tangible Capital Assets:					
Net Book Value of Tangible Capital Assets	\$ 70,283,923		\$ 4,077,529	\$ -	\$ 74,361,452
Less: Debt owing on Tangible Capital Assets	975,900		-	325,300	\$ 650,600
	69,308,023		4,077,529	(325,300)	73,710,852
S.286 pre-April 2009 capital reserves from prior years' operating surpluses (1)	\$ 3,488,110		\$ -	\$ -	\$ 3,488,110
PMR Maintenance Project Allocations (2)	\$ 267,632		\$ 1,059,871	\$ 1,106,652	\$ 220,851
Internally Restricted Surplus:					
Capital projects:					
Communications/Technology	\$ 509,168		\$ 216,182	\$ -	\$ 725,350
Equipment Replacement	393,454		-	-	393,454
Facilities	3,444,710		-	2,406,459	1,038,251
Office Facility	1,250,000		-	996,522	253,478
Rental of Track Equipment	138,726		15,000	16,938	136,788
Transportation	254,046		431,940	-	685,986
Track Facility	180,000		45,000	-	225,000
	\$ 6,170,104		\$ 708,122	\$ 3,419,919	\$ 3,458,307
Other reserves:					
Consultant Professional Development	\$ 22,976		\$ 2,427	\$ -	\$ 25,403
Future Contract	1,095,523		-	-	1,095,523
Developmental Education	8,972		-	-	8,972
Future Expenditures	1,766,852		-	1,701,045	65,807
School Generated Funds Carryovers	1,663,090		1,296	-	1,664,386
School Budget Carryovers	1,073,590		-	78,855	994,735
	\$ 5,631,003		\$ 3,723	\$ 1,779,900	\$ 3,854,826
Other projects:					
Eagle's Nest Project	\$ 133,437		\$ 608,100	\$ 419,582	\$ 321,955
First Nation-Metis Achievement Project	228,196		524,771	311,132	441,835
Invitational Shared Services Initiative	-		300,000	8,198	291,802
Kids First Project	7,507		1,469,112	1,249,451	227,168
Other Projects	319,574		353,733	599,955	73,352
Regional Intersectoral Committee Program	29,881		125,000	114,412	40,469
	\$ 718,595		\$ 3,380,716	\$ 2,702,730	\$ 1,396,581
Unrestricted Surplus	\$ 11,464,488		\$ 1,679,414	\$ -	\$ 13,143,902
Total Accumulated Surplus	\$ 97,047,955		\$ 10,909,375	\$ 8,683,901	\$ 99,273,429

13. **ACCUMULATED SURPLUS** (continued)

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

Internally restricted surplus – capital projects and other reserves

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

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

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

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

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

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

Transportation reserve represents funds available for purchase of buses.

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

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

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

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

Future expenditures reserve represents funds available for future expenditures.

School generated funds carryovers represent the unspent portion of funds generated at each school.

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

13. ACCUMULATED SURPLUS (continued)

Internally restricted surplus – other projects

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

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

Invitational Shared Services Initiative represents transfers received from the Ministry of Education as funding support for a partnership with Wahpeton Dakota Nation, Muskoday First Nation, One Arrow First Nation and the Saskatoon Tribal Council to develop strategies, programs and processes to support First Nations Students' graduation rates, attendance and credit attainment.

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

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

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

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board of Education on June 3, 2013 and the Minister of Education on August 23, 2013.

15. RELATED PARTIES

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

Related Party Transactions:

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

15. **RELATED PARTIES** (continued)

	2014	2013
Revenues:		
Community Initiatives Fund	\$ 37,400	\$ 103,663
Ministry of Education	70,733,649	78,499,691
Ministry of Health	1,084,985	919,206
Prince Albert Roman Catholic Separate School Division No. 6	176,667	-
Saskatchewan Government Insurance	227,559	258,038
Other	2,263	12,000
	\$ 72,262,523	\$ 79,792,598
Expenses:		
Living Sky School Division No. 202	\$ 70,700	\$ 56,742
Prince Albert Parkland Health Region	126,168	75,596
Saskatchewan Government Insurance	249,848	152,469
Saskatchewan Power Corporation	1,154,903	1,109,830
Saskatchewan Telecommunications Holding Corporation	229,980	235,241
Saskatchewan Workers' Compensation Board	411,975	351,422
SaskEnergy Incorporated	1,137,101	1,033,597
Other	21,458	25,561
	\$ 3,402,133	\$ 3,040,458
Accounts Receivable:		
Ministry of Education - Provincial Grants	\$ 956,976	\$ 3,916,722
Ministry of Education - Other	-	3,357
Other	31,979	14,027
	\$ 988,955	\$ 3,934,106
Prepaid Expenses:		
SaskEnergy Incorporated	\$ 11,979	\$ -
Saskatchewan Workers' Compensation Board	137,084	116,826
	\$ 149,063	\$ 116,826
Accounts Payable and Accrued Liabilities:		
Saskatchewan Power Corporation	\$ 72,619	\$ 64,758
Saskatchewan Telecommunications Holding Corporation	13,259	40,806
SaskEnergy Incorporated	-	16,018
	\$ 85,878	\$ 121,582

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

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

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

16. TRUSTS

The School Division, as the trustee, administers trust funds for the Saskatchewan Rivers School Division No. 119 of Saskatchewan Charity and Scholarship Fund. Two bank accounts are held: (1) charities and (2) scholarships. The operating cycle for these funds is January 1 to December 31. The accounts are audited by Deloitte LLP. The trust assets and transactions are not included in the financial statements.

Information about these trusts is as follows:

	Charity	Scholarships	Total December 31, 2013	Total December 31, 2012
Cash	\$ 89,203	\$ 36,100	\$ 125,303	\$ 198,974
Short term investments	-	9,200	9,200	9,480
Accounts receivable	-	-	-	1,692
Total Assets	\$ 89,203	\$ 45,300	\$ 134,503	\$ 210,146
Revenues				
Contributions and donations	\$ 120,024	\$ 22,025	\$ 142,049	\$ 767,524
Interest on investments	1,149	619	1,768	1,944
	121,173	22,644	143,817	769,468
Expenses				
In-kind & school expenditures	193,220	-	193,220	611,806
Scholarships paid	-	26,240	26,240	23,550
	193,220	26,240	219,460	635,356
(Deficiency) Excess of Revenue over Expenses	(72,047)	(3,596)	(75,643)	134,112
Trust Fund Balance, Beginning of Year	163,350	46,796	210,146	76,034
Transfer From/To Scholarship Fund	(2,100)	2,100	-	-
Trust Fund Balance, End of Year	\$ 89,203	\$ 45,300	\$ 134,503	\$ 210,146

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 amount is not determinable.

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

- construction contract for the Education Centre Lower Level Renovations in the amount of \$647,536;
- construction contract for the King George School Boiler project in the amount of \$68,145;
- construction contract for the Riverside School Roof project in the amount of \$53,935;
- construction contract for the T.D. Michel Roof Top Units project in the amount of \$71,906;

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (continued)

- the School Division has signed a letter of intent with Western Canadian IC Bus for the purchase of fourteen buses for a total cost of \$1,326,967; and
- operating lease for multifunction printing devices, variable monthly cost based on usage expiring June 30, 2019.

19. ACCOUNTING CHANGES

PS3260 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.

20. CORRESPONDING INFORMATION

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

21. RISK MANAGEMENT

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

i) Credit Risk

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

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

21. RISK MANAGEMENT (continued)

i) Credit Risk (continued)

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

	August 31, 2014		August 31, 2013	
	Accounts Receivable	Allowance of Doubtful Accounts	Accounts Receivable	Allowance of Doubtful Accounts
Current	\$ 1,111,743	\$ -	\$ 4,158,180	\$ -
0-30 days	262,014	-	236,872	-
30-60 days	4,332	-	3,419	-
60-90 days	2,751	-	22	-
Over 90 days	322,011	-	821,529	-
Total	\$ 1,702,851	\$ -	\$ 5,220,022	\$ -
Net		\$ 1,702,851		\$ 5,220,022

ii) Liquidity Risk

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

	August 31, 2014			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 2,306,341	\$ -	\$ -	\$ -
Long term debt	325,300	-	325,300	-
Total	\$ 2,631,641	\$ -	\$ 325,300	\$ -

iii) Market Risk

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

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The School Division's interest rate exposure relates to cash and cash equivalents and long-term debt. The School Division also has an authorized bank line of credit of \$5,000,000 with interest payable monthly at a rate of prime minus .5 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows.

The School Division minimizes these risks by:

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

21. RISK MANAGEMENT (continued)

iii) Market Risk (continued)

Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The School Division is exposed to currency risk on cash and cash equivalents denominated in U.S. dollars for which the balances are subject to exchange rate fluctuations; however, this risk is minimal as the School Division does not have a significant amount of cash and cash equivalents denominated on a foreign currency. As at August 31, 2014 the School Division had cash and cash equivalents of \$30,641 denominated in U.S. dollars and converted to Canadian dollars at \$1 USD - \$1.08729 CAD (2013 - \$30,641 at \$1 USD - \$1.05322 CAD).