

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors,  
South East Cornerstone School Division No. 209

We have audited the accompanying financial statements of South East Cornerstone School Division No. 209 which comprise the statement of financial position as at August 31, 2014 and the statements of operations and accumulated surplus from operations, remeasurement losses, changes in net financial assets, and cash flows for the year then ended, with related schedules 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.

***Auditors' 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 of 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 school division'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 school division'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, these financial statements present fairly, in all material respects, the financial position of the school division as at August 31, 2014, and the results of its operations, its remeasurement losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

November 27, 2014  
Regina, Saskatchewan

  
Chartered Accountants

**South East Cornerstone School Division No. 209**  
**Statement of Financial Position**  
**as at August 31, 2014**

	2014	2013
<b>Financial Assets</b>		
Cash and Cash Equivalents	1,544,291	1,754,457
Accounts Receivable (Note 8)	30,979,573	31,887,414
Inventories for Sale	14,963	8,278
Portfolio Investments (Note 4)	132,902	121,300
<b>Total Financial Assets</b>	<b>32,671,729</b>	<b>33,771,449</b>
<b>Liabilities</b>		
Bank Indebtedness (Note 3)	7,281,147	12,543,217
Accounts Payable and Accrued Liabilities (Note 9)	5,093,390	2,478,081
Long Term Debt (Note 10)	7,612,828	472,700
Liability for Employee Future Benefits (Note 6)	741,400	668,600
Deferred Revenue (Note 11)	575,666	562,274
<b>Total Liabilities</b>	<b>21,304,431</b>	<b>16,724,872</b>
<b>Net Financial Assets</b>	<b>11,367,298</b>	<b>17,046,577</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule C)	126,789,455	112,977,414
Inventory of Supplies for Consumption	554,457	496,143
Prepaid Expenses	269,456	464,822
<b>Total Non-Financial Assets</b>	<b>127,613,368</b>	<b>113,938,379</b>
<b>Accumulated Surplus</b>	<b>138,980,666</b>	<b>130,984,956</b>
<b>Accumulated Surplus is comprised of:</b>		
Accumulated surplus from operations (Note 14)	138,980,763	130,984,997
Accumulated remeasurement losses	(97)	(41)
<b>Total Accumulated Surplus</b>	<b>138,980,666</b>	<b>130,984,956</b>

Contingent Liabilities (Note 18)

Contractual Obligations and Commitments (Note 19)

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

Approved by the Board:

  
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Chairperson

  
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Chief Financial Officer

**South East Cornerstone School Division No. 209**  
**Statement of Operations and Accumulated Surplus from Operations**  
**for the year ended August 31, 2014**

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
	(Note 15)		
<b>REVENUES</b>			
Property Taxation	52,996,612	52,458,818	50,143,337
Grants	50,224,454	49,731,898	49,801,012
Tuition and Related Fees	1,223,000	1,488,481	1,284,507
School Generated Funds	2,720,000	2,906,347	2,920,868
Complementary Services (Note 12)	1,259,906	1,438,255	1,392,103
External Services (Note 13)	378,400	324,548	420,981
Other	356,400	572,732	722,067
<b>Total Revenues (Schedule A)</b>	<b>109,158,772</b>	<b>108,921,079</b>	<b>106,684,875</b>
<b>EXPENSES</b>			
Governance	634,800	643,701	602,060
Administration	3,301,648	3,316,382	2,972,737
Instruction	69,814,183	67,771,372	65,974,855
Plant	13,890,063	13,455,240	13,061,440
Transportation	9,792,688	9,760,097	9,152,774
Tuition and Related Fees	10,000	278,296	7,500
School Generated Funds	2,773,702	2,810,685	2,710,060
Complementary Services (Note 12)	2,066,502	2,007,644	1,894,211
External Services (Note 13)	474,987	411,996	496,140
Other Expenses	123,720	469,900	209,191
<b>Total Expenses (Schedule B)</b>	<b>102,882,293</b>	<b>100,925,313</b>	<b>97,080,968</b>
<b>Operating Surplus for the Year</b>	<b>6,276,479</b>	<b>7,995,766</b>	<b>9,603,907</b>
<b>Accumulated Surplus from Operations, Beginning of Year</b>	<b>130,984,997</b>	<b>130,984,997</b>	<b>121,381,090</b>
<b>Accumulated Surplus from Operations, End of Year</b>	<b>137,261,476</b>	<b>138,980,763</b>	<b>130,984,997</b>

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

**South East Cornerstone School Division No. 209**  
**Statement of Remeasurement Losses**  
**as at August 31, 2014**

	2014	2013
<b>Accumulated Remeasurement Losses, Beginning of Year</b>	(41)	-
Unrealized losses attributable to:		
Foreign exchange	(56)	(41)
Net remeasurement losses for the year	(56)	(41)
<b>Accumulated Remeasurement Losses, End of Year</b>	(97)	(41)

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

**South East Cornerstone School Division No. 209**  
**Statement of Changes in Net Financial Assets**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
	(Note 15)		
<b>Net Financial Assets, Beginning of Year</b>	<b>17,046,577</b>	<b>17,046,577</b>	<b>16,078,752</b>
<b>Changes During the Year:</b>			
Operating Surplus for the Year	6,276,479	7,995,766	9,603,907
Acquisition of Tangible Capital Assets (Schedule C)	(21,266,553)	(20,971,608)	(15,010,248)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	19,072	268,245
Net Loss (Gain) on Disposal of Capital Assets (Schedule C)	-	921	(99,724)
Amortization of Tangible Capital Assets (Schedule C)	7,470,815	7,139,574	6,194,289
Net Acquisition of Inventory of Supplies	-	(58,314)	2,219
Net Change in Other Non-Financial Assets	-	195,366	9,178
	<b>(7,519,259)</b>	<b>(5,679,223)</b>	<b>967,866</b>
Net Remeasurement Losses	-	(56)	(41)
<b>Change in Net Financial Assets</b>	<b>(7,519,259)</b>	<b>(5,679,279)</b>	<b>967,825</b>
<b>Net Financial Assets, End of Year</b>	<b>9,527,318</b>	<b>11,367,298</b>	<b>17,046,577</b>

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

**South East Cornerstone School Division No. 209**  
**Statement of Cash Flows**  
**for the year ended August 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Operating Surplus for the Year	7,995,766	9,603,907
Add Non-Cash Items Included in Surplus (Schedule D)	7,140,495	6,094,565
Net Change in Non-Cash Operating Activities (Schedule E)	3,739,709	(6,426,581)
<b>Cash Provided by Operating Activities</b>	<b>18,875,970</b>	<b>9,271,891</b>
<b>CAPITAL ACTIVITIES</b>		
Cash Used to Acquire Tangible Capital Assets	(20,971,608)	(15,010,248)
Proceeds on Disposal of Tangible Capital Assets	19,072	268,245
<b>Cash Used by Capital Activities</b>	<b>(20,952,536)</b>	<b>(14,742,003)</b>
<b>INVESTING ACTIVITIES</b>		
Cash (Used) to Acquire Portfolio Investments	(11,602)	(11,499)
<b>Cash (Used) by Investing Activities</b>	<b>(11,602)</b>	<b>(11,499)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Long Term Debt	7,708,585	-
Repayment of Long Term Debt	(568,457)	(978,301)
Cash Used for Other Non-Financial Assets	(56)	(41)
<b>Cash Provided (Used) by Financing Activities</b>	<b>7,140,072</b>	<b>(978,342)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,051,904</b>	<b>(6,459,953)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>(10,788,760)</b>	<b>(4,328,807)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>(5,736,856)</b>	<b>(10,788,760)</b>
<b>REPRESENTED ON THE FINANCIAL STATEMENTS BY:</b>		
Cash and Cash Equivalents	1,544,291	1,754,457
Bank Indebtedness	(7,281,147)	(12,543,217)
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>(5,736,856)</b>	<b>(10,788,760)</b>

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

**South East Cornerstone School Division No. 209**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Property Taxation Revenue</b>			
<b>Tax Levy Revenue:</b>			
Property Tax Levy Revenue	52,996,612	51,802,410	51,258,976
<b>Total Property Tax Revenue</b>	<b>52,996,612</b>	<b>51,802,410</b>	<b>51,258,976</b>
<b>Grants in Lieu of Taxes:</b>			
Federal Government	-	175,650	136,814
Provincial Government	-	229,135	225,439
Railways	-	263,592	(38,881)
Other	-	51,627	194,406
<b>Total Grants in Lieu of Taxes</b>	<b>-</b>	<b>720,004</b>	<b>517,778</b>
<b>Other Tax Revenues:</b>			
Treaty Land Entitlement - Rural	-	51,057	-
House Trailer Fees	-	52,350	67,929
<b>Total Other Tax Revenues</b>	<b>-</b>	<b>103,407</b>	<b>67,929</b>
<b>Additions to Levy:</b>			
Penalties	-	270,389	179,018
Other	-	-	80,172
<b>Total Additions to Levy</b>	<b>-</b>	<b>270,389</b>	<b>259,190</b>
<b>Deletions from Levy:</b>			
Cancellations	-	(437,392)	(1,380,840)
Other Deletions	-	-	(579,696)
<b>Total Deletions from Levy</b>	<b>-</b>	<b>(437,392)</b>	<b>(1,960,536)</b>
<b>Total Property Taxation Revenue</b>	<b>52,996,612</b>	<b>52,458,818</b>	<b>50,143,337</b>
<b>Grants:</b>			
<b>Operating Grants</b>			
Ministry of Education Grants:			
Operating Grant	38,301,954	39,392,555	38,212,871
Other Ministry Grants	-	46,012	24,939
<b>Total Ministry Grants</b>	<b>38,301,954</b>	<b>39,438,567</b>	<b>38,237,810</b>
Other Provincial Grants	441,300	381,300	455,597
Grants from Others	8,000	9,270	10,152
<b>Total Operating Grants</b>	<b>38,751,254</b>	<b>39,829,137</b>	<b>38,703,559</b>
<b>Capital Grants</b>			
Ministry of Education Capital Grants	7,473,200	7,553,187	6,764,121
Other Capital Grants	4,000,000	2,349,574	4,333,332
<b>Total Capital Grants</b>	<b>11,473,200</b>	<b>9,902,761</b>	<b>11,097,453</b>
<b>Total Grants</b>	<b>50,224,454</b>	<b>49,731,898</b>	<b>49,801,012</b>

**South East Cornerstone School Division No. 209**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Tuition and Related Fees Revenue</b>			
<b>Operating Fees:</b>			
Tuition Fees:			
School Boards	90,000	48,500	92,500
Federal Government and First Nations	1,088,000	1,337,464	1,148,752
Individuals and Other	-	52,495	-
<b>Total Tuition Fees</b>	<b>1,178,000</b>	<b>1,438,459</b>	<b>1,241,252</b>
Transportation Fees	45,000	50,022	43,255
<b>Total Operating Tuition and Related Fees</b>	<b>1,223,000</b>	<b>1,488,481</b>	<b>1,284,507</b>
<b>Total Tuition and Related Fees Revenue</b>	<b>1,223,000</b>	<b>1,488,481</b>	<b>1,284,507</b>
<b>School Generated Funds Revenue</b>			
<b>Curricular:</b>			
Student Fees	20,000	43,215	36,202
<b>Total Curricular Fees</b>	<b>20,000</b>	<b>43,215</b>	<b>36,202</b>
<b>Non-Curricular Fees:</b>			
Commercial Sales - Non-GST	550,000	642,767	566,863
Fundraising	1,200,000	1,290,473	1,169,589
Grants and Partnerships	100,000	129,280	143,448
Students Fees	400,000	471,606	335,939
Other	450,000	329,006	668,827
<b>Total Non-Curricular Fees</b>	<b>2,700,000</b>	<b>2,863,132</b>	<b>2,884,666</b>
<b>Total School Generated Funds Revenue</b>	<b>2,720,000</b>	<b>2,906,347</b>	<b>2,920,868</b>
<b>Complementary Services</b>			
<b>Operating Grants:</b>			
Ministry of Education Grants:			
Operating Grant	511,478	511,476	552,964
Other Ministry Grants	118,386	756,471	689,190
Other Provincial Grants	546,792	70,883	69,899
Other Grants	38,250	54,250	38,250
<b>Total Operating Grants</b>	<b>1,214,906</b>	<b>1,393,080</b>	<b>1,350,303</b>
<b>Fees and Other Revenue</b>			
Tuition and Related Fees	45,000	44,175	41,800
Other Revenue	-	1,000	-
<b>Total Fees and Other Revenue</b>	<b>45,000</b>	<b>45,175</b>	<b>41,800</b>
<b>Total Complementary Services Revenue</b>	<b>1,259,906</b>	<b>1,438,255</b>	<b>1,392,103</b>

**South East Cornerstone School Division No. 209**  
**Schedule A: Supplementary Details of Revenue**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>External Services</b>			
<b>Fees and Other Revenue</b>			
Other Revenue	378,400	324,548	420,981
<b>Total Fees and Other Revenue</b>	<b>378,400</b>	<b>324,548</b>	<b>420,981</b>
<b>Total External Services Revenue</b>	<b>378,400</b>	<b>324,548</b>	<b>420,981</b>
<b>Other Revenue</b>			
Miscellaneous Revenue	71,000	261,543	240,036
Sales & Rentals	85,400	88,430	113,912
Investments	200,000	205,259	169,888
Gain on Disposal of Capital Assets	-	17,500	198,231
<b>Total Other Revenue</b>	<b>356,400</b>	<b>572,732</b>	<b>722,067</b>
<b>TOTAL REVENUE FOR THE YEAR</b>	<b>109,158,772</b>	<b>108,921,079</b>	<b>106,684,875</b>

**South East Cornerstone School Division No. 209**

**Schedule B: Supplementary Details of Expenses**

**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Governance Expense</b>			
Board Members Expense	182,500	203,917	182,794
Professional Development- Board Members	119,000	149,714	92,737
Advisory Committees	90,000	68,924	75,258
Professional Development - Advisory Committees	-	33	-
Elections	-	990	30,555
Other Governance Expenses	243,300	220,123	220,716
<b>Total Governance Expense</b>	<b>634,800</b>	<b>643,701</b>	<b>602,060</b>
<b>Administration Expense</b>			
Salaries	2,333,275	2,325,086	2,120,927
Benefits	289,899	264,733	249,914
Supplies & Services	225,425	301,655	215,100
Non-Capital Furniture & Equipment	10,000	17,723	9,609
Building Operating Expenses	143,505	156,416	174,421
Communications	89,400	69,777	85,833
Travel	124,770	52,152	36,643
Professional Development	-	38,541	-
Amortization of Tangible Capital Assets	85,374	90,299	80,290
<b>Total Administration Expense</b>	<b>3,301,648</b>	<b>3,316,382</b>	<b>2,972,737</b>
<b>Instruction Expense</b>			
Instructional (Teacher Contract) Salaries	45,709,938	46,055,354	44,525,703
Instructional (Teacher Contract) Benefits	2,609,134	2,396,392	2,301,515
Program Support (Non-Teacher Contract) Salaries	9,640,758	8,721,222	8,612,570
Program Support (Non-Teacher Contract) Benefits	2,010,558	1,811,617	1,747,143
Instructional Aids	2,558,590	2,923,451	2,908,325
Supplies & Services	1,473,671	953,867	1,069,194
Non-Capital Furniture & Equipment	833,443	880,444	927,150
Communications	271,450	267,518	266,500
Travel	909,443	385,931	920,361
Professional Development	-	382,358	-
Student Related Expense	488,021	412,222	368,514
Amortization of Tangible Capital Assets	3,309,177	2,580,996	2,327,880
<b>Total Instruction Expense</b>	<b>69,814,183</b>	<b>67,771,372</b>	<b>65,974,855</b>

**South East Cornerstone School Division No. 209**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Plant Operation &amp; Maintenance Expense</b>			
Salaries	4,252,734	4,010,840	3,757,348
Benefits	852,544	762,294	695,359
Supplies & Services	37,700	47,722	237,198
Non-Capital Furniture & Equipment	292,500	79,158	117,709
Building Operating Expenses	5,202,045	4,856,098	5,148,134
Communications	21,500	32,133	28,417
Travel	117,600	179,226	167,741
Professional Development	-	15,687	-
Amortization of Tangible Capital Assets	3,113,440	3,472,082	2,909,534
<b>Total Plant Operation &amp; Maintenance Expense</b>	<b>13,890,063</b>	<b>13,455,240</b>	<b>13,061,440</b>
<b>Student Transportation Expense</b>			
Salaries	3,320,364	3,259,596	3,060,603
Benefits	653,052	661,911	616,622
Supplies & Services	1,255,750	1,504,611	1,271,525
Non-Capital Furniture & Equipment	534,000	607,836	410,254
Building Operating Expenses	68,136	64,009	61,405
Communications	39,000	39,506	41,569
Travel	32,000	44,666	37,337
Professional Development	-	442	-
Contracted Transportation	3,033,217	2,688,223	2,861,594
Amortization of Tangible Capital Assets	857,169	889,297	791,865
<b>Total Student Transportation Expense</b>	<b>9,792,688</b>	<b>9,760,097</b>	<b>9,152,774</b>
<b>Tuition and Related Fees Expense</b>			
Tuition Fees	10,000	278,296	7,500
<b>Total Tuition and Related Fees Expense</b>	<b>10,000</b>	<b>278,296</b>	<b>7,500</b>
<b>School Generated Funds Expense</b>			
Supplies & Services	75,000	96,206	85,116
Cost of Sales	650,000	772,182	706,730
Non-Capital Furniture & Equipment	150,000	158,604	154,333
School Fund Expenses	1,800,000	1,680,427	1,682,795
Amortization of Tangible Capital Assets	98,702	103,266	81,086
<b>Total School Generated Funds Expense</b>	<b>2,773,702</b>	<b>2,810,685</b>	<b>2,710,060</b>

**South East Cornerstone School Division No. 209**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Complementary Services Expense</b>			
Instructional (Teacher Contract) Salaries & Benefits	857,758	766,223	746,779
Program Support (Non-Teacher Contract) Salaries & Benefits	1,004,275	1,044,986	903,202
Instructional Aids	19,170	34,034	61,614
Supplies & Services	67,780	74,693	88,924
Non-Capital Furniture & Equipment	1,515	3,299	5,253
Building Operating Expenses	7,000	1,664	4,087
Communications	6,550	10,424	10,647
Travel	94,454	50,284	68,251
Professional Development (Non-Salary Costs)	-	17,483	-
Student Related Expenses	8,000	4,554	5,454
<b>Total Complementary Services Expense</b>	<b>2,066,502</b>	<b>2,007,644</b>	<b>1,894,211</b>
<b>External Service Expense</b>			
Program Support (Non-Teacher Contract) Salaries & Benefits	175,409	160,733	161,350
Supplies & Services	275,000	228,639	319,074
Building Operating Expenses	17,625	18,990	12,082
Amortization of Tangible Capital Assets	6,953	3,634	3,634
<b>Total External Services Expense</b>	<b>474,987</b>	<b>411,996</b>	<b>496,140</b>

**South East Cornerstone School Division No. 209**  
**Schedule B: Supplementary Details of Expenses**  
**for the year ended August 31, 2014**

	2014 Budget	2014 Actual	2013 Actual
<b>Other Expense</b>			
Interest and Bank Charges:			
Current Interest and Bank Charges	112,500	101,831	126,250
Interest on Other Capital Loans and Long Term Debt			
School Facilities	11,220	330,670	40,944
Other	-	-	1,266
Total Interest and Bank Charges	<u>123,720</u>	<u>432,501</u>	<u>168,460</u>
Loss on Disposal of Tangible Capital Assets	-	18,421	98,507
Provision for Uncollectable Taxes	-	18,978	(57,776)
<b>Total Other Expense</b>	<b>123,720</b>	<b>469,900</b>	<b>209,191</b>
<b>TOTAL EXPENSES FOR THE YEAR</b>	<b>102,882,293</b>	<b>100,925,313</b>	<b>97,080,968</b>

South East Cornerstone School Division No. 209  
 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
<b>Tangible Capital Assets - at Cost:</b>												
Opening Balance as of September 1	4,397,064	3,442,447	132,978,180	4,265,087	10,958,812	1,661,959	13,796,168	14,790,883	1,461,332	25,318,052	213,069,984	198,291,866
Additions/Purchases	-	20,665	-	-	991,019	194,886	595,620	2,928,748	-	16,240,670	20,971,608	15,010,248
Disposals	(16,105)	-	-	-	-	(70,325)	(78,582)	-	-	-	(165,012)	(232,130)
Transfers to (from)	-	-	30,439,210	-	-	-	29,816	-	-	(30,469,026)	-	-
<b>Closing Balance as of August 31</b>	<b>4,380,959</b>	<b>3,463,112</b>	<b>163,417,390</b>	<b>4,265,087</b>	<b>11,949,831</b>	<b>1,786,520</b>	<b>14,343,022</b>	<b>17,719,631</b>	<b>1,461,332</b>	<b>11,089,696</b>	<b>233,876,580</b>	<b>213,069,984</b>
<b>Tangible Capital Assets - Amortization:</b>												
Opening Balance as of September 1	-	3,203,049	64,160,153	966,098	6,951,316	1,321,387	12,230,108	9,907,498	1,352,961	-	100,092,570	93,961,890
Amortization of the Period	-	52,351	3,257,710	195,324	704,980	145,453	357,097	2,361,828	64,831	-	7,139,574	6,194,289
Disposals	-	-	-	-	-	(70,325)	(74,694)	-	-	-	(145,019)	(63,609)
<b>Closing Balance as of August 31</b>	<b>N/A</b>	<b>3,255,400</b>	<b>67,417,863</b>	<b>1,161,422</b>	<b>7,656,296</b>	<b>1,396,515</b>	<b>12,512,511</b>	<b>12,269,326</b>	<b>1,417,792</b>	<b>N/A</b>	<b>107,087,125</b>	<b>100,092,570</b>
<b>Net Book Value:</b>												
Opening Balance as of September 1	4,397,064	239,398	68,818,027	3,298,989	4,007,496	340,572	1,566,060	4,883,385	108,371	25,318,052	112,977,414	104,329,976
Closing Balance as of August 31	4,380,959	207,712	95,999,527	3,103,665	4,293,535	390,005	1,830,511	5,450,305	43,540	11,089,696	126,789,455	112,977,414
<b>Change in Net Book Value</b>	<b>(16,105)</b>	<b>(31,686)</b>	<b>27,181,500</b>	<b>(195,324)</b>	<b>286,039</b>	<b>49,433</b>	<b>264,451</b>	<b>566,920</b>	<b>(64,831)</b>	<b>(14,228,356)</b>	<b>13,812,041</b>	<b>8,647,438</b>
<b>Disposals:</b>												
Historical Cost	16,105	-	-	-	-	70,325	78,582	-	-	-	165,012	232,130
Accumulated Amortization	-	-	-	-	-	(70,325)	(74,694)	-	-	-	(145,019)	(63,609)
<b>Net Cost</b>	<b>16,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,993</b>	<b>168,521</b>
Price of Sale	552	-	-	-	-	17,500	1,020	-	-	-	19,072	268,245
<b>Gain/loss on Disposal</b>	<b>(15,553)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,500</b>	<b>(2,868)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(921)</b>	<b>99,724</b>

**South East Cornerstone School Division No. 209**  
**Schedule D: Non-Cash Items Included in Surplus**  
**for the year ended August 31, 2014**

	2014	2013
<b>Non-Cash Items Included in Surplus:</b>		
Amortization of Tangible Capital Assets (Schedule C)	7,139,574	6,194,289
Net (Gain) Loss on Disposal of Tangible Capital Assets	921	(99,724)
<b>Total Non-Cash Items Included in Surplus</b>	<b>7,140,495</b>	<b>6,094,565</b>

**South East Cornerstone School Division No. 209**  
**Schedule E: Net Change in Non-Cash Operating Activities**  
**for the year ended August 31, 2014**

	2014	2013
<b>Net Change in Non-Cash Operating Activities:</b>		
Decrease in Accounts Receivable	907,841	2,935,950
Decrease (Increase) in Inventories for Sale	(6,685)	6,061
(Decrease) in Provincial Grant Overpayment	-	(1,572,745)
Increase (Decrease) In Accounts Payable and Accrued Liabilities	2,615,309	(2,813,449)
Increase in Liability for Employee Future Benefits	72,800	54,300
Increase (Decrease) in Deferred Revenue	13,392	(5,048,095)
Decrease (Increase) in Inventory of Supplies for Consumption	(58,314)	2,219
Decrease in Prepaid Expenses	195,366	9,178
<b>Total Net Change in Non-Cash Operating Activities</b>	<b>3,739,709</b>	<b>(6,426,581)</b>

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**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 South East Cornerstone School Division No. 209” and operates as “the South East Cornerstone School Division No. 209”. 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 20 Accounting Changes.

**b) Reporting Entity**

The financial statements include all of the assets, liabilities, revenues and expenses of the school division reporting entity. The school division reporting entity is comprised of all the organizations which are controlled by the school division.

**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 17).

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**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 \$ 741,400 (2013 - \$ 668,600) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 52,458,818 (2013 - \$ 50,143,337) because final tax assessments may differ from initial estimates,
- uncollectible taxes of \$ 59,985 (2013 - \$ 41,007) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related accumulated amortization of \$107,087,125 (2013-\$100,092,570) because the actual useful lives of the capital assets may differ from their estimated economic lives.
- prior years tangible capital asset historical costs and related amortization represents an estimate for assets owned at September 1, 2009. At the time assets were capitalized in 2009 (with the implementation of PS3150) historical cost records were not available for all assets; therefore, other methods, such as deflated replacement costs, were used to determine a best estimate of historical costs and accumulated amortization.

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

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

**f) Financial Instruments**

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

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

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

and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and 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. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement losses until they are realized, at which time they are transferred to the statement of operations and accumulated surplus from operations.

**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 held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

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

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

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

Other receivables are recorded at cost less valuation allowances. These allowances are recorded where collectability is considered doubtful.

**Inventories for Sale** consist of school clothing and shop supplies which are held for sale in the ordinary course of operations and are valued at the lower of cost and net realizable value. Cost is determined by the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business.

**Portfolio Investments** consist of the equity held at various Co-operative stores across the school division. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (f).

**h) Non-Financial Assets**

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

**Tangible Capital Assets** have useful lives extending beyond the accounting period, are used by the school division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, land improvements, buildings, buildings – short term, school buses, other vehicles, furniture and equipment, computer hardware and software, audio visual equipment, 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.

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

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

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 goods or services which will provide economic benefits in one or more future periods. Prepaid expenses include insurance, membership fees, and rental fees.

**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.

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

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

**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** 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

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

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

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**

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

**Multi-Employer Defined Benefit Plans**

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

- i) Teachers participate in the 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.

**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 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 1/12<sup>th</sup> of estimated total tax revenue recorded in each month of the school division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

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

actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the school division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the school division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

**iii) Fees and Services**

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

**iv) Interest Income**

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

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

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

**3. SHORT-TERM BORROWINGS**

**Bank indebtedness** consists of a demand operating line of credit with a maximum borrowing limit of \$20,000,000 that bears interest at 0.025% below the bank prime rate. This line of credit is authorized by a borrowing resolution by the board of education. This line of credit was approved by the Minister of Education on October 29, 2012. The balance drawn on the line of credit at August 31, 2014 was \$7,281,147 at an interest rate of 2.75% (August 31, 2013 - \$ 12,543,217 at an interest rate of 2.75%).

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**4. PORTFOLIO INVESTMENTS**

Portfolio investments are comprised of the following:

	2014	2013
<b>Portfolio investments in the cost and amortized cost category:</b>	<u>Cost</u>	<u>Cost</u>
Co-op Equity	\$ 132,902	\$ 121,300
<b>Total portfolio investments reported at cost and amortized cost</b>	<b>\$ 132,902</b>	<b>\$ 121,300</b>

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

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2014 Budget	2014 Actual	2013 Actual
Governance	\$ 206,512	\$ 437,189	\$ -	\$ -	\$ 634,800	\$ 643,701	\$ 602,060
Administration	2,589,819	636,264	-	90,299	3,301,648	3,316,382	2,972,737
Instruction	58,984,584	6,205,792	-	2,580,996	69,814,183	67,771,372	65,974,855
Plant	4,773,134	5,210,024	-	3,472,082	13,890,063	13,455,240	13,061,440
Transportation	3,921,507	4,949,293	-	889,297	9,792,688	9,760,097	9,152,774
Tuition and Related Fees	-	278,296	-	-	10,000	278,296	7,500
School Generated Funds	-	2,707,419	-	103,266	2,773,702	2,810,685	2,710,060
Complementary Services	1,811,209	196,435	-	-	2,066,502	2,007,644	1,894,211
External Services	160,733	247,629	-	3,634	474,987	411,996	496,140
Other	-	37,399	432,501	-	123,720	469,900	209,191
<b>TOTAL</b>	<b>\$ 72,447,498</b>	<b>\$20,905,740</b>	<b>\$ 432,501</b>	<b>\$ 7,139,574</b>	<b>\$102,882,293</b>	<b>\$100,925,313</b>	<b>\$ 97,080,968</b>

**6. EMPLOYEE FUTURE BENEFITS**

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

- Demographic assumptions (those that predict future employee behavior) have been harmonized where possible with the pension plan that employees belong to.
- Assumptions regarding the buildup and usage of certain benefits have been developed based on the experience of the employees noted in the data submitted by the school division, supplemented where required by experience of a valuator.
- The discount rate has been determined based on the Province of Saskatchewan borrowing costs for durations similar to the benefit obligation, provided by Ministry of Finance.

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.

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**6. EMPLOYEE FUTURE BENEFITS (Continued)**

Details of the employee future benefits are as follows:

	2014	2013
Actuarial valuation date	AUG/31/2014	AUG/31/2013
Long-term assumptions used:		
Salary escalation rate	3.25%	3.25%
Discount rate	2.80%	3.50%
Inflation rate	2.25%	2.25%
Expected average remaining service life (years)	15	15
<b>Liability for Employee Future Benefits</b>		
	<b>2014</b>	<b>2013</b>
<b>Accrued Benefit Obligation - beginning of year</b>	<b>\$ 673,500</b>	<b>\$ 693,000</b>
Current period benefit cost	63,500	70,000
Interest cost	25,500	20,000
Benefit payments	(17,500)	(41,500)
Actuarial gains / losses	63,800	(68,000)
<b>Accrued Benefit Obligation - end of year</b>	<b>808,800</b>	<b>673,500</b>
<b>Unamortized Net Actuarial Losses</b>	<b>(67,400)</b>	<b>(4,900)</b>
<b>Liability for Employee Future Benefits</b>	<b>\$ 741,400</b>	<b>\$ 668,600</b>
<b>Employee Future Benefits Expense</b>		
	<b>2014</b>	<b>2013</b>
Current period benefit cost	\$ 63,500	\$ 70,000
Amortization of net actuarial loss	1,300	5,800
<b>Benefit cost</b>	<b>64,800</b>	<b>75,800</b>
Interest cost on unfunded employee future benefits obligation	25,500	20,000
<b>Total Employee Future Benefits Expense</b>	<b>\$ 90,300</b>	<b>\$ 95,800</b>

**7. PENSION PLANS**

**Multi-Employer Defined Benefit Plans**

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

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

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

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**7. PENSION PLANS (Continued)**

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			2013
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	767	34	801	783
Member contribution rate (percentage of salary)	7.80%	6.60%	7.8%/6.6%	7.8%/6.05%
Member contributions for the year	\$ 3,695,674	\$ 85,352	\$ 3,781,026	\$3,756,828

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.

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at August 31, 2014**

**7. PENSION PLANS (Continued)**

Details of the MEPP are as follows:

	<b>2014</b>	<b>2013</b>
Number of active School Division members	655	638
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	\$ 1,482,676	\$ 1,333,770
School Division contributions for the year	\$ 1,482,676	\$ 1,333,770
Actuarial valuation date	<b>Dec-31-2013</b>	<b>Dec-31-2012</b> <b>restated</b>
Plan Assets (in thousands)	\$ 1,685,167	\$ 1,560,967
Plan Liabilities (in thousands)	\$ 1,498,853	\$ 1,420,319
Plan Surplus (in thousands)	\$ 186,314	\$ 140,648

**8. ACCOUNTS RECEIVABLE**

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

	<b>2014</b>			<b>2013</b>		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 28,393,396	\$ 59,985	\$ 28,333,411	\$ 30,219,494	\$ 41,007	\$ 30,178,487
Provincial Grants Receivable	992,923	-	992,923	587,599	-	587,599
Other Receivables	1,653,239	-	1,653,239	1,121,328	-	1,121,328
<b>Total Accounts Receivable</b>	<b>\$ 31,039,558</b>	<b>\$ 59,985</b>	<b>\$ 30,979,573</b>	<b>\$ 31,928,421</b>	<b>\$ 41,007</b>	<b>\$ 31,887,414</b>

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Details of account payable and accrued liabilities are as follows:

	<b>2014</b>	<b>2013</b>
Accrued Salaries and Benefits	\$ 1,478,038	\$ 977,211
Supplier Payments	3,603,288	1,499,838
Other Payables	12,064	1,032
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 5,093,390</b>	<b>\$ 2,478,081</b>

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**10. LONG-TERM DEBT**

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

Capital Loans:	2014	2013
Bank of Montreal-Carnduff-Monthly pmts \$32,040 inc int(5.15%) Expires Oct 2013	-	87,987
Bank of Montreal-Lampman-Monthly pmts \$26,921 inc int(4.48%) Expires Nov 2014	72,430	384,713
RBC Insurance-Oxbow-Monthly pmts \$48,768.31 inc int(4.5%) Expires Oct 2033	7,540,398	-
<b>Total Long Term Debt</b>	<b>\$ 7,612,828</b>	<b>\$ 472,700</b>

Principal repayment over the next 5 years:

Capital Loans	Capital Loans	Total
2015	\$ 352,315	\$ 352,315
2016	257,601	257,601
2017	269,667	269,667
2018	282,298	282,298
2019	295,520	295,520
Thereafter	6,155,427	6,155,427
<b>Total</b>	<b>\$ 7,612,828</b>	<b>\$ 7,612,828</b>

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

Capital Loans	2014	2013
Principal	\$ 568,457	\$ 978,301
Interest	330,670	42,210
<b>Total</b>	<b>\$ 899,127</b>	<b>\$ 1,020,511</b>

**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 at Aug. 31, 2014
<b>Capital projects:</b>				
Federal capital tuition	\$ 517,847	\$ 52,156	\$ -	\$ 570,003
<b>Total capital projects deferred revenue</b>	<b>517,847</b>	<b>52,156</b>	<b>-</b>	<b>570,003</b>
<b>Other deferred revenue:</b>				
Tuition - International Students	44,427	5,663	44,427	5,663
<b>Total other deferred revenue</b>	<b>44,427</b>	<b>5,663</b>	<b>44,427</b>	<b>5,663</b>
<b>Total Deferred Revenue</b>	<b>\$ 562,274</b>	<b>\$ 57,819</b>	<b>\$ 44,427</b>	<b>\$ 575,666</b>

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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	Early Learning Programs	Community Schools	Family School Liaisons	First Nations	2014	2013
<b>Revenue:</b>							
Operating Grants	\$ 511,476	\$ -	\$ -	\$ -	\$ -	\$ 511,476	\$ 552,964
Other Ministry of Ed Grants	68,741	612,645	13,460	-	61,625	756,471	689,190
Other Provincial Grants	-	-	-	70,883	-	70,883	69,899
Other Grants	-	16,000	-	38,250	-	54,250	38,250
Tuition & Related Fees	-	-	-	44,175	-	44,175	-
Other Misc. Revenue	-	1,000	-	-	-	1,000	41,800
<b>Total Revenue</b>	<b>580,217</b>	<b>629,645</b>	<b>13,460</b>	<b>153,308</b>	<b>61,625</b>	<b>1,438,255</b>	<b>1,392,103</b>
<b>Expenses:</b>							
Salaries & Benefits	724,758	400,776	77,347	455,127	153,201	1,811,209	1,649,981
Instructional Aids	10,891	20,837	-	1,016	1,290	34,034	61,614
Supplies and Services	2,329	18,595	13,460	31	40,278	74,693	88,924
Non-Capital Equipment	96	328	-	600	2,275	3,299	5,253
Building Operating Expenses	-	1,664	-	-	-	1,664	4,087
Communications	13	6,800	-	3,611	-	10,424	10,647
Travel	2,770	37,632	-	7,087	2,795	50,284	68,251
Professional Development (Non-Salary Costs)	1,165	8,915	-	7,033	370	17,483	-
Student Related Expenses	4,554	-	-	-	-	4,554	5,454
<b>Total Expenses</b>	<b>746,576</b>	<b>495,547</b>	<b>90,807</b>	<b>474,505</b>	<b>200,209</b>	<b>2,007,644</b>	<b>1,894,211</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ (166,359)</b>	<b>\$ 134,098</b>	<b>\$ (77,347)</b>	<b>\$ (321,197)</b>	<b>\$ (138,584)</b>	<b>\$ (569,389)</b>	<b>\$ (502,108)</b>

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

- **Pre-K (Prekindergarten)** is a developmentally-appropriate early childhood education program for three and four year old children. The school division has 8 programs being offered in 6 different schools as well as one Pre-K/K Pilot program.
- **Early Learning** consists of Early Childhood Intervention Programs (ECIPs) which are a province-wide network of community-based supports for families of children who experience developmental delays. ECIPs utilize a strength-based approach to deliver family-focused, home- and centre-based services to families.
- **Community School** is a program to recognize areas that have a high percentage of at risk students due to socio-economic factors. The school division has 1 Community School.
- **Family School Liaisons** liaise between home, school and community. Liaisons provide counselling for students and their parents pertaining to social emotional barriers that prevent students from realizing their full potential at school and within the community. The school division has 5.5 FTE's for Family School Liaisons.
- **First Nations** includes a First Nations educator to assist in sharing traditional First Nation and Metis ways of knowing across the division. Our division has also implemented direct in-home services and traditional support to First Nation and Metis vulnerable children ages 0-5.

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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	Teacherages	2014	2013
<b>Revenue:</b>				
Sales & Rentals	\$ 300,546	\$ 24,002	\$ 324,548	\$ 420,981
<b>Total Revenue</b>	<b>300,546</b>	<b>24,002</b>	<b>324,548</b>	<b>420,981</b>
<b>Expenses:</b>				
Salaries & Benefits	160,733	-	160,733	161,350
Supplies and Services	228,639	4,067	232,706	319,074
Building Operating Expenses	-	14,923	14,923	12,082
Amortization of Tangible Capital Assets	3,634	-	3,634	3,634
<b>Total Expenses</b>	<b>393,006</b>	<b>18,990</b>	<b>411,996</b>	<b>496,140</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ (92,460)</b>	<b>\$ 5,012</b>	<b>\$ (87,448)</b>	<b>\$ (75,159)</b>

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

- **Cafeterias** are offered in 2 schools within the school division, providing students the option of purchasing meals on site.
- **Teacherages** are housing owned by the school division. The school division owns 6 residences which are primarily rented to teachers.

**14. ACCUMULATED SURPLUS**

Accumulated Surplus represents the financial assets and non-financial assets of the school division less liabilities. Accumulated surplus is comprised of the following two amounts:

- i) Accumulated surplus from operations, which represents the accumulated balance of net surplus arising from the operations of the school division and school generated funds as detailed in the table below; and
- ii) Accumulated remeasurement losses, which represents the unrealized losses associated with foreign exchange and changes in value for financial instruments recorded at fair value as detailed in the statement of remeasurement losses.

Certain amounts of the accumulated surplus from operations, as approved by the board of education, have been designated for specific future purposes such as school generated funds, Pre-K funding related to the start up grant funding for Carnduff and Kids First programming. These internally restricted amounts are included in the accumulated surplus from operations presented in the statement of financial position. The school division does maintain a separate bank account for a portion of the internally restricted amounts.

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**14. ACCUMULATED SURPLUS (Continued)**

Details of accumulated surplus from operations are as follows:

	August 31 2013	Additions during the year	Reductions during the year	August 31 2014
<b>Invested in Tangible Capital Assets:</b>				
Net Book Value of Tangible Capital Assets	\$ 112,977,414	\$ 13,832,034	\$ 19,993	\$ 126,789,455
Less: Debt owing on Tangible Capital Assets	(472,700)	(7,708,584)	(568,456)	(7,612,828)
	<b>112,504,714</b>	<b>6,123,450</b>	<b>(548,463)</b>	<b>119,176,627</b>
<b>PMR maintenance project allocations (1)</b>	<b>806,753</b>	<b>1,218,928</b>	<b>725,036</b>	<b>1,300,645</b>
<b>Internally Restricted Surplus:</b>				
<b>Other:</b>				
School generated funds	=	1,522,672	-	1,522,672
Pre K (Start up Grant for Carnduff)	=	26,241	-	26,241
Kids First Program	-	55,495	-	55,495
	<b>-</b>	<b>1,604,408</b>	<b>-</b>	<b>1,604,408</b>
<b>Unrestricted Surplus</b>	<b>17,673,530</b>	<b>-</b>	<b>774,447</b>	<b>16,899,083</b>
<b>Total Accumulated Surplus from Operations</b>	<b>\$ 130,984,997</b>	<b>\$ 8,946,786</b>	<b>\$ 951,020</b>	<b>\$ 138,980,763</b>

- (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** represent residual funds from activities held at the school level (fundraising, non-curricular student fees, canteen, etc). These funds are restricted surplus and held for specific school use.

**Pre K** represents residual funds from Pre-K start up grants that were put toward upgrading classrooms for a new Pre K program at Carnduff School.

**Kids First Program** represents residual funds from KidsFirst which is a voluntary program that helps vulnerable families to become the best parents they can be and to have the healthiest children possible by enhancing knowledge, providing support and building on family strengths.

**15. BUDGET FIGURES**

Budget figures included in the financial statements were approved by the board of education on June 20, 2013 and the Minister of Education on August 23, 2013.

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**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.

	2014	2013
<b>Revenues:</b>		
Ministry of Education	\$ 48,263,206	\$ 46,265,731
Ministry of Social Services	70,883	69,899
Southeast Regional College	4,725	43,094
Saskatchewan Worker's Compensation Board	7,402	37,841
Saskatchewan Government Insurance	381,300	455,598
Other Related Parties	7,500	7,000
	<b>\$ 48,735,016</b>	<b>\$ 46,879,163</b>
<b>Expenses:</b>		
Holy Family RCSSD # 140	\$ -	\$ 277,554
Ministry of Finance	19,373	23,715
Sask Power/Sask Energy	2,238,116	2,576,860
Sask Tel	460,768	899,455
Sask Ed Leadership Unit	10,913	7,517
Saskatchewan Worker's Compensation Board	158,052	146,564
Saskatchewan Government Insurance	151,705	117,880
Southeast Regional College	270,802	18,940
Other Related Parties	21,338	39,841
	<b>\$ 3,331,067</b>	<b>\$ 4,108,326</b>
<b>Accounts Receivable:</b>		
Ministry of Education	\$ 992,923	\$ 587,599
	<b>\$ 992,923</b>	<b>\$ 587,599</b>
<b>Accounts Payable and Accrued Liabilities:</b>		
Sask Power/Sask Energy	\$ 106,081	\$ 1,090
Sask Tel	25,670	208,304
Other Related Parties	21	1,170
	<b>\$ 131,772</b>	<b>\$ 210,564</b>

**SOUTH EAST CORNERSTONE SCHOOL DIVISION NO. 209**  
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**16. RELATED PARTIES (Continued)**

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

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

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

**17. TRUSTS**

The school division, as the trustee, administers trust funds for student scholarships. The trust assets and transactions are not included in the financial statements.

Information about these trusts is as follows:

	<b>Total</b>	<b>Total</b>
	<b><u>2014</u></b>	<b><u>2013</u></b>
Cash and short-term investments	\$ 735,889	\$ 730,191
Portfolio investments	29,276	28,385
<b>Total Assets</b>	<b>\$ 765,165</b>	<b>\$ 758,576</b>
<b>Revenues</b>		
Contributions and donations	\$ 21,515	\$ 36,368
Interest on investments	10,420	9,652
	<b>31,935</b>	<b>46,020</b>
<b>Expenses</b>		
Scholarships Issued	25,346	24,634
	<b>25,346</b>	<b>24,634</b>
Excess of Revenue over Expenses	6,589	21,386
Trust Fund Balance, Beginning of Year	758,576	737,190
<b>Trust Fund Balance, End of Year</b>	<b>\$ 765,165</b>	<b>\$ 758,576</b>

**18. CONTINGENT LIABILITIES**

**Litigation:**

The school division has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, 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 determinable.

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**19. CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

Significant contractual obligations and commitments of the school division are as follows

- Construction contract # 2 with HDH Architects and Quorex Construction Services for the remodeling of Weyburn Comprehensive High School in the amount of \$21,250,660. At August 31, 2014, 24.22% of this contract has been completed. The project is estimated to be completed by October 31, 2015.
- operating and capital lease obligations, as follows:

	Operating Leases		
	Office Rental	Copier Leases	Total Operating
<b>Future minimum lease payments:</b>			
2015	\$ 18,653	\$ 200,489	\$ 219,142
2016	-	200,489	200,489
2017	-	200,489	200,489
<b>Interest and executory costs</b>	-	-	-
<b>Total Lease Obligations</b>	<b>\$ 18,653</b>	<b>\$ 601,467</b>	<b>\$ 620,120</b>

**20. 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.

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**21. COMPARATIVE INFORMATION**

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

**22. 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. 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 impairment in collectability.

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	Net of Allowances	Accounts Receivable	Net of Allowances
Current	\$ 992,923	\$ 992,923	\$ 587,599	\$ 587,599
0-30 days	815,679	815,679	569,903	569,903
30-60 days	22,402	22,402	24,823	24,823
60-90 days	326,955	326,955	39,820	39,820
Over 90 days	488,203	488,203	486,782	486,782
<b>Total</b>	<b>\$ 2,646,162</b>	<b>\$ 2,646,162</b>	<b>\$ 1,708,927</b>	<b>\$ 1,708,927</b>

**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 performing quarterly forecasts and reports as well as maintaining an operating line of credit as a temporary means of meeting the financial obligations. The following table sets out the contractual maturities of the school division's financial liabilities:

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**22. RISK MANAGEMENT (Continued)**

	August 31, 2014			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Bank indebtedness	\$ 7,281,147	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	5,093,390	-	-	-
Long term debt	227,870	124,445	1,105,086	6,155,427
<b>Total</b>	<b>\$12,602,407</b>	<b>\$ 124,445</b>	<b>\$ 1,105,086</b>	<b>\$ 6,155,427</b>

**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 portfolio investments. The school division also has an authorized bank line of credit of \$ 20,000,000 with interest payable monthly at a rate of prime less 0.025 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. The balance outstanding on this credit facility at August 31, 2014 was \$ 7,281,147 (2013 - \$ 12,543,217).

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.

**Foreign Currency Risk:**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The school division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the school division does not make a significant amount of purchases denominated on a foreign currency. As at August 31, 2014 the school division had a cash balance of \$1,014 denominated in U.S. dollars and converted to Canadian dollars at \$1.0959 USD - \$1,111.24 CAD (2013 - \$1.0652 USD - \$677 CAD).