

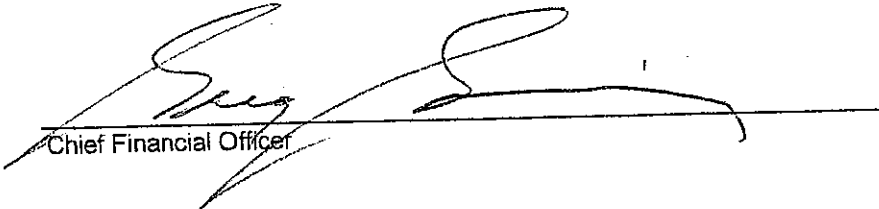


Ministry of
Education

**Auditor's Report and
Financial Statement**

Of the Northwest School Division #203
School Division No. 2030500

For the Period Ending: August 31, 2011



Chief Financial Officer



Auditor

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

Pinnacle Business Solutions
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INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the Northwest School Division No. 203, which comprise the statement of financial position as at August 31, 2011, and the statements of operations and accumulated surplus, statement of 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 generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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

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

An audit includes 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northwest School Division as at August 31, 2011 and the results of its operations and changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meadow Lake, Saskatchewan,
December 8, 2011

Pinnacle Business Solutions
Chartered Accountant

CA 

Northwest School Division #203
Statement of Financial Position
as at August 31, 2011

	2011	2010
Financial Assets		
Short Term Investments (Note 4)	\$ 25,930	\$ 229,552
Accounts Receivable (Note 8)	14,709,203	15,114,652
Total Financial Assets	14,735,133	15,344,204
Liabilities		
Bank Indebtedness (Note 3)	6,205,308	2,673,173
Accounts Payable and Accrued Liabilities (Note 9)	2,562,446	2,041,551
Short Term Loans (Note 3)	-	3,010,068
Long Term Debt (Note 10)	-	196,938
Liability for Employee Future Benefits (Note 6)	661,200	688,900
Deferred Revenue (Note 11)	493,318	1,769,698
Total Liabilities	9,922,272	10,380,328
Net Financial Assets (Net Debt)	4,812,861	4,963,876
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	51,468,120	52,120,658
Prepaid Expenses	114,796	157,808
Total Non-Financial Assets	51,582,916	52,278,466
Accumulated Surplus (Deficit) (Note 13)	56,395,777	57,242,342

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

Approved by the Board:

Chairperson

Secretary-Treasurer

Northwest School Division #203
Statement of Operations and Accumulated Surplus (Deficit)
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
REVENUES	(Note 15)		
Property Taxation	30,309,800	26,071,994	28,161,742
Grants (Note 19)	20,761,857	23,877,985	24,473,144
Tuition and Related Fees	2,403,500	2,827,809	2,556,004
School Generated Funds	-	2,487,128	2,600,559
Complementary Services (Note 12)	85,000	294,844	259,108
Other	70,000	49,187	108,128
Total Revenues (Schedule A)	53,630,157	55,608,947	58,158,685
EXPENSES			
Governance	500,000	396,078	423,974
Administration	1,102,663	974,109	1,052,517
Instruction	37,613,790	37,177,955	36,777,112
Plant	7,740,015	7,702,576	6,980,075
Transportation	5,517,198	5,577,696	5,255,896
Tuition and Related Fees	230,000	322,664	280,585
School Generated Funds	-	2,480,367	2,515,491
Complementary Services (Note 12)	1,837,358	1,916,986	1,829,265
Other Expenses	77,945	(92,919)	138,974
Total Expenses (Schedule B)	54,618,969	56,455,512	55,253,888
Surplus (Deficit) for the Year	(988,812)	(846,565)	2,904,797
Accumulated Surplus (Deficit), Beginning of Year	57,242,342	57,242,342	54,337,545
Accumulated Surplus (Deficit), End of Year	56,253,530	56,395,777	57,242,342

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

Northwest School Division #203
Statement of Changes in Net Financial Assets (Net Debt)
for the year ended August 31, 2011

	2011 Budget (Note 15)	2011 Actual	2010 Actual
Net Financial Assets (Net Debt), Beginning of Year	4,963,876	4,963,876	6,051,298
Changes During the Year:			
Surplus (Deficit) for the Year	(988,812)	(846,565)	2,904,797
Acquisition of Tangible Capital Assets (Schedule C)	(2,073,783)	(2,167,313)	(6,880,697)
Amortization of Tangible Capital Assets (Schedule C)	2,768,207	2,819,851	2,900,559
Net Acquisition of Prepaid Expenses	-	43,012	(12,081)
Change in Net Financial Assets / Net Debt	(294,388)	(151,015)	(1,087,422)
Net Financial Assets (Net Debt), End of Year	4,669,488	4,812,861	4,963,876

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

Northwest School Division #203
Statement of Cash Flows
for the year ended August 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Surplus (Deficit) for the Year	\$ (846,565)	\$ 2,904,796
Add (Deduct) Non-Cash Items Included in Surplus / Deficit (Schedule D)	2,819,851	2,900,559
Net Change in Non-Cash Operating Activities (Schedule E)	(3,344,792)	3,088,832
Cash Provided (Used) by Operating Activities	(1,371,506)	8,894,187
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(2,167,313)	(6,880,697)
Cash Provided (Used) by Capital Activities	(2,167,313)	(6,880,697)
INVESTING ACTIVITIES		
(Acquisition) Disposition of Short Term Investments	203,622	(2,259)
Cash Provided (Used) by Investing Activities	203,622	(2,259)
FINANCING ACTIVITIES		
Repayment of Long Term Debt	(196,938)	(186,929)
Cash Provided (Used) by Financing Activities	(196,938)	(186,929)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,532,135)	1,824,302
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(2,673,173)	(4,497,475)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (6,205,308)	\$ (2,673,173)
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Bank Indebtedness	\$ (6,205,308)	\$ (2,673,173)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (6,205,308)	\$ (2,673,173)

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

Northwest School Division #203
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	30,309,800	26,739,317	28,128,368
Total Property Tax Revenue	30,309,800	26,739,317	28,128,368
Grants in Lieu of Taxes:			
Federal Government	-	83,221	67,499
Provincial Government	-	175,721	168,943
Other	-	23,172	99,128
Total Grants in Lieu of Taxes	-	282,114	335,570
Other Tax Revenues:			
Treaty Land Entitlement - Rural	-	14,862	945,113
House Trailer Fees	-	30,657	33,506
Total Other Tax Revenues	-	45,519	978,619
Additions to Levy:			
Penalties	-	106,876	103,994
Other	-	156,555	16,411
Total Additions to Levy	-	263,431	120,405
Deletions from Levy:			
Discounts	-	(1,150,962)	(1,365,249)
Cancellations	-	(107,425)	(35,971)
Total Deletions from Levy	-	(1,258,387)	(1,401,220)
Total Property Taxation Revenue	30,309,800	26,071,994	28,161,742
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	20,336,857	23,434,308	22,419,075
Other Ministry Grants	-	72,052	34,092
Total Ministry Grants	20,336,857	23,506,360	22,453,167
Other Provincial Grants	170,000	97,585	72,654
Federal Grants	215,000	84,738	151,710
Total Operating Grants	20,721,857	23,688,683	22,677,531
Capital Grants			
Ministry of Education Capital Grants	40,000	189,302	1,795,613
Total Capital Grants	40,000	189,302	1,795,613
Total Grants	20,761,857	23,877,985	24,473,144

Northwest School Division #203
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
School Boards	-	146,407	-
Federal Government and First Nations Individuals and Other	2,285,500	2,527,137	2,438,175
Total Tuition Fees	2,305,500	2,733,044	2,493,475
Transportation Fees	43,000	43,941	47,529
Other Related Fees	25,000	-	15,000
Total Operating Tuition and Related Fees	2,373,500	2,776,985	2,556,004
Capital Fees:			
Federal/First Nations Capital Fees	30,000	50,824	-
Total Capital Tuition and Fees	30,000	50,824	-
Total Tuition and Related Fees Revenue	2,403,500	2,827,809	2,556,004
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	-	140,094	156,812
Total Curricular Fees	-	140,094	156,812
Non-Curricular Fees:			
Fundraising		855,223	807,132
Grants and Partnerships		107,395	130,528
Students Fees	-	1,025,386	1,160,170
Other	-	359,030	345,917
Total Non-Curricular Fees	-	2,347,034	2,443,747
Total School Generated Funds Revenue	-	2,487,128	2,600,559
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education Grants-Other	-	108,000	37,000
Other Provincial Grants	85,000	112,033	26,122
Federal Grants	-	2,222	1,000
Other Grants	-	20,550	81,190
Total Operating Grants	85,000	242,805	145,312
Fees and Other Revenue			
Tuition and Related Fees	-	52,039	113,796
Total Fees and Other Revenue	-	52,039	113,796
Total Complementary Services Revenue	85,000	294,844	259,108

Northwest School Division #203
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Other Revenue			
Miscellaneous Revenue	-	18,355	62,727
Sales & Rentals	20,000	3,549	1,892
Investments	50,000	27,283	43,508
Gain on Disposal of Capital Assets	-	-	-
Total Other Revenue	70,000	49,187	108,128
TOTAL REVENUE FOR THE YEAR	53,630,157	55,608,947	58,158,685

Northwest School Division #203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Governance Expense			
Board Members Expense	110,000	99,502	113,900
Conventions - Board Members	95,000	88,482	94,374
School Community Councils	145,000	61,577	65,018
Elections	5,000	709	12,878
Other Governance Expenses	145,000	145,808	137,804
Amortization of Tangible Capital Assets	-	-	-
Total Governance Expense	500,000	396,078	423,974
Administration Expense			
Salaries	702,000	685,394	672,260
Benefits	85,849	92,392	89,073
Supplies & Services	114,500	52,414	135,473
Non-Capital Furniture & Equipment	17,500	17,506	11,014
Building Operating Expenses	62,500	38,726	35,116
Communications	45,500	23,714	32,291
Travel	14,000	7,711	9,819
Professional Development	6,000	1,438	4,350
Amortization of Tangible Capital Assets	54,814	54,814	63,120
Total Administration Expense	1,102,663	974,109	1,052,516
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	25,635,000	26,184,989	25,449,248
Instructional (Teacher & LEADS Contract) Benefits	1,521,878	1,327,777	1,564,667
Program Support (Non-Teacher Contract) Salaries	5,229,000	4,933,170	5,094,710
Program Support (Non-Teacher Contract) Benefits	840,207	811,306	836,078
Instructional Aids	1,264,000	1,129,366	946,933
Supplies & Services	250,000	270,555	255,801
Non-Capital Furniture & Equipment	1,401,917	1,238,954	1,254,376
Communications	100,000	122,365	127,993
Travel	261,000	237,545	223,210
Professional Development	539,000	400,838	355,103
Student Related Expense	215,000	162,817	189,980
Amortization of Tangible Capital Assets	356,788	358,273	479,012
Total Instruction Expense	37,613,790	37,177,955	36,777,112

Northwest School Division #203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Plant Operation & Maintenance Expense			
Salaries	1,764,000	1,784,227	1,544,000
Benefits	323,183	374,013	341,562
Supplies & Services	23,000	5,415	4,908
Non-Capital Furniture & Equipment	70,000	65,329	29,736
Building Operating Expenses	3,840,000	3,698,202	3,312,125
Communications	17,000	15,750	11,761
Travel	75,000	105,449	79,900
Professional Development	8,000	5,414	1,147
Amortization of Tangible Capital Assets	1,619,832	1,648,777	1,654,937
Total Plant Operation & Maintenance Expense	7,740,015	7,702,576	6,980,075
Student Transportation Expense			
Salaries	2,421,000	2,551,868	2,414,818
Benefits	366,427	391,861	367,122
Supplies & Services	878,000	876,830	716,687
Non-Capital Furniture & Equipment	442,000	452,580	430,379
Building Operating Expenses	60,000	48,897	47,109
Communications	35,000	36,539	32,816
Travel	48,200	51,069	45,380
Professional Development	20,000	12,380	13,776
Contracted Transportation	514,800	402,686	489,324
Amortization of Tangible Capital Assets	731,771	752,986	698,487
Total Student Transportation Expense	5,517,198	5,577,696	5,255,896
Tuition and Related Fees Expense			
Tuition Fees	225,000	322,664	280,585
Other Fees	5,000	-	-
Total Tuition and Related Fees Expense	230,000	322,664	280,585
School Generated Funds Expense			
Supplies & Services	-	115,743	133,063
Cost of Sales	-	667,442	714,289
Non-Capital Furniture & Equipment	-	8,686	13,131
School Fund Expenses	-	1,688,496	1,655,008
Total School Generated Funds Expense	-	2,480,367	2,515,491

Northwest School Division #203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Complementary Services Expense			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	515,283	559,729	535,920
Program Support (Non-Teacher Contract) Salaries & Benefits	833,273	954,322	900,423
Instructional Aids	171,000	102,226	106,660
Supplies & Services	208,000	230,172	160,096
Non-Capital Furniture & Equipment	1,200	16,469	18,832
Building Operating Expenses	16,800	18,694	17,069
Communications	-	2,433	3,913
Travel	12,000	6,412	18,525
Professional Development (Non-Salary Costs)	6,800	3,079	22,955
Student Related Expenses	30,000	18,448	17,820
Contracted Transportation & Allowances	38,000	-	22,050
Amortization of Tangible Capital Assets	5,002	5,002	5,002
Total Complementary Services Expense	1,837,358	1,916,986	1,829,265
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	64,100	110,913	102,552
Interest on Other Capital Loans and Long Term Debt			
School Facilities	13,845	6,168	36,421
Total Interest and Bank Charges	77,945	117,081	138,974
Provision for Uncollectable Taxes	-	(210,000)	-
Total Other Expense	77,945	(92,919)	138,974
TOTAL EXPENSES FOR THE YEAR	54,618,969	56,455,512	55,253,888

Northwest School Division #203
Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2011

	Land	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer		Work-in-Progress	2011	2010
								Hardware and Audio Equipment	Computer Software			
Opening Balance as of September 1	1,364,468	1,387,586	79,437,740	405,965	8,824,088	820,988	7,339,259	4,468,787			104,048,881	97,168,184
Additions/Purchases	10,000		973,220		966,303	196,155	21,835				2,167,313	6,880,697
Closing Balance as of August 31	1,374,468	1,387,586	80,410,960	405,965	9,790,391	1,017,143	7,360,894	4,468,787			106,216,194	104,048,881

Tangible Capital Assets - Amortization:

Opening Balance as of September 1	1,261,656	34,191,155	328,939	5,130,583	554,869	6,559,951	3,901,070				51,928,223	49,027,664
Amortization of the Period	32,199	1,606,525	10,765	623,984	125,212	163,804	257,362				2,819,851	2,900,559
Closing Balance as of August 31	1,293,855	35,797,680	339,704	5,754,567	680,081	6,723,755	4,158,432		N/A		54,748,074	51,928,223

Net Book Value:

Opening Balance as of September 1	1,364,468	125,930	45,246,595	77,026	3,693,505	266,119	779,308	567,717			52,120,658	48,140,520
Closing Balance as of August 31	1,374,468	93,731	44,613,280	66,261	4,035,824	337,062	637,139	310,355			51,468,120	52,120,658
Change in Net Book Value	10,000	(32,199)	(633,305)	(10,765)	342,319	70,943	(142,169)	(257,362)			(652,538)	3,980,138

Northwest School Division #203
Schedule D: Non-Cash Items Included in Surplus / Deficit
for the year ended August 31, 2011

	2011	2010
Non-Cash Items Included in Surplus / Deficit:		
Amortization of Tangible Capital Assets (Schedule C)	2,819,851	2,900,559
Total Non-Cash Items Included in Surplus / Deficit	2,819,851	2,900,559

Northwest School Division #203
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2011

	2011	2010
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	405,449	(125,272)
Increase (Decrease) In Accounts Payable and Accrued Liabilities	520,895	(228,774)
Increase (Decrease) In Short Term Loans	(3,010,068)	3,010,068
Increase (Decrease) in Liability for Employee Future Benefits	(27,700)	(20,800)
Increase (Decrease) in Deferred Revenue	(1,276,380)	(855,716)
Increase (Decrease) in Other Liabilities	-	1,321,406
Decrease (Increase) in Prepaid Expenses	43,012	(12,081)
Total Net Change in Non-Cash Operating Activities	(3,344,792)	3,088,832

Northwest School Division No. 203

Notes to the Financial Statements August 31, 2011

1. Authority and Purpose

The Board of Education of the Northwest School Division No. 203 was formed April 30, 2005 by a ministerial order to provide an educational system for residents of the Northwest School Division. The school division is governed by their Board of Education which sets the policies and practices for the division within the guidelines of *The Education Act, 1995* and *The Education Regulations, 1986*. 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 Canadian Institute of Chartered Accountants (CICA).

Significant aspects of the accounting policies adopted by the school division are as follows:

a) 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.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Expenses also include the amortization of tangible capital assets.

c) Measurement Uncertainty and the Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Measurement uncertainty that may be material to these financial statements exists for:

- the liability for employee future benefits of \$ 661,200 (2010 - \$688,900) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$26,071,994 (2010 - \$28,161,742) because final tax assessments may differ from initial estimates,
- uncollectible taxes of \$690,000 (2010 - \$900,000) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related amortization as outlined in note 1g.
- prior years tangible capital asset historical costs and related amortization as outlined in note 1g.

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

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

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

e) Financial Instruments

Financial instruments include cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, short term loans, long-term debt and other liabilities. Except as otherwise disclosed, the school division is not exposed to significant interest, currency or credit risk arising from these financial instruments that may affect the amount, timing and certainty of future cash flows. The school division is exposed to credit risk from the potential non-payment of accounts receivable. However, the majority of the receivables are from local, provincial and federal governments, and therefore, the credit risk is minimal.

f) Financial Assets

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

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

Short Term Investments consist of highly liquid securities made to obtain a return on a temporary basis with maturity terms between three months and one year. Short term investments are recorded at the lower of cost or market.

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

g) Non-Financial Assets

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

Northwest School Division No. 203

Notes to the Financial Statements August 31, 2011

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

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

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

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

Prepaid Expenses are prepaid amounts for photocopier services which will provide economic benefits in one or more future periods.

h) Liabilities

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

Short Term Borrowings are comprised of Bank indebtedness and Short Term Loans with initial maturities of one year or less and are incurred for the purpose of financing current expenses in accordance with the provisions of The Education Act, 1995.

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

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.

Northwest School Division No. 203

Notes to the Financial Statements **August 31, 2011**

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 prorated on service and management's best estimate of expected discount rate, inflation, salary escalation, termination and retirement rates and mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Actuarial valuations are performed periodically. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year.

Recognition of employee future benefits obligations commenced on September 1, 2008. The school division recorded the full value of the obligation related to these benefits for employees' past service at this time.

Deferred revenue represents revenue received pursuant to legislation, regulation or agreement that may only be used for specific purposes. Revenue is recognized in the fiscal year in which the resources are used for the purpose specified.

i) Employee Pension Plans

The school division's employees participate in a multi-employer defined benefit plan. The school division follows defined contribution plan accounting for its participation in the plans. Accordingly, the school division expenses all contributions it is required to make in the year.

Multi-Employer Defined Benefit Plans

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

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

j) Revenue Recognition

Revenues are recognized in the year they are earned provided the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Northwest School Division No. 203

Notes to the Financial Statements August 31, 2011

The school division's two major sources of revenues are provincial grants and property taxation.

i) Provincial grants:

Provincial grants are recognized in the financial statements in the period which the events giving rise to the grant occur provided the grant is authorized, eligibility criteria are met, and a reasonable estimate of the amount can be made. Grants that restrict how those resources are to be used are recognized as revenue in the fiscal year the related expenses are incurred or services are performed. Provincial operating grants are recognized on a 12 month basis, with 1/12th of the grant recognized as revenue each month. Capital grants are recognized over the course of the construction project as the grant is earned and the amount is measurable. Restricted grants received but not yet earned are recorded as deferred revenue.

ii) Property taxation:

Property tax is levied and collected on a calendar year basis. Effective the 2009 calendar year, uniform education property tax mill rates are set by the Government of Saskatchewan. Prior to 2009, each school division set the education property tax mill rate for properties in its jurisdiction. 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.

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

3. **SHORT TERM BORROWINGS**

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$12,000,000 that bears interest at Royal Bank of Canada Prime less .70% per annum. 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 August 24, 2010. The balance drawn on the line of credit at August 31, 2011 was \$6,205,308 at an interest rate of 2.3% (August 31, 2010 - \$ 2,673,173 at an interest rate of 2.5%).

Short Term Loans consisted of an Innovation Credit Union Commercial loan. The loan was authorized by a borrowing resolution by the Board of Education and was secured by an interest rate of Innovation Credit Union Prime plus 2.25%. The balance owing on the Short Term Loan at August 31, 2011 was \$0.00 (August 31, 2010 - \$3,010,068).

4. **SHORT TERM INVESTMENTS**

Short term investments consist of term deposits with maturities between three months and one year. Due to the short-term nature of the investments, market value approximates cost.

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2011 Budget	2011 Actual	2010 Actual
Governance	\$ 75,014	\$ 321,064	\$ -	\$ -	\$ 500,000	\$ 396,078	\$ 423,974
Administration	777,786	141,509		54,814	1,102,663	974,109	1,052,517
Instruction	33,257,242	3,562,440		358,273	37,613,790	37,177,955	36,777,112
Plant	2,158,240	3,895,559		1,648,777	7,740,015	7,702,576	6,980,075
Transportation	2,943,729	1,880,981		752,986	5,517,198	5,577,696	5,255,895
Tuition and Related Fees		322,664			230,000	322,664	280,585
School Generated Funds		2,480,367			-	2,480,367	2,515,491
Complementary Services	1,514,051	397,933		5,002	1,837,358	1,916,986	1,829,265
External Services							-
Other		(210,000)	117,081		77,945	(92,919)	138,974
TOTAL	\$ 40,726,062	\$ 12,792,517	\$ 117,081	\$ 2,819,852	\$ 54,618,969	\$ 56,455,512	\$ 55,253,888

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 and Retirement Allowance/Gratuity. 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 Consolidated Statement of Financial Position.

Details of the employee future benefits are as follows:

	2011	2010
	Aug 31-11	Aug 31-10
Actuarial valuation date		
Long-term assumptions used:		
Salary escalation rate (percentage)	3.30%	3.50%
Discount rate (percentage)	3.40%	3.60%
Inflation rate (percentage)	2.50%	2.50%
Expected average remaining service life (years)	16	16

Liability for Employee Future Benefits	2011	2010
Accrued Benefit Obligation - beginning of year	\$ 687,600	\$ 709,700
Current period benefit cost	59,100	54,200
Interest cost	31,400	31,700
Benefit payments	(127,100)	(108,000)
Actuarial gains / losses	-	-
Plan amendments	-	-
Accrued Benefit Obligation - end of year	651,000	687,600
Unamortized Net Actuarial Gains / Losses	10,200	1,300
Liability for Employee Future Benefits	\$ 661,200	\$ 688,900

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

Employee Future Benefits Expense	2011	2010
Current period benefit cost	\$ 59,100	\$ 54,200
Amortization of net actuarial gain / loss	8,900	1,300
Plan amendments		
Benefit cost	68,000	55,500
Interest cost on unfunded employee future benefits obligation	31,400	31,700
Total Employee Future Benefits Expense	\$ 99,400	\$ 87,200

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 Commission (STSC):

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

The STRP and STSC are funded by contributions by the participating employee members and the Government of Saskatchewan. The school division's obligation to the STRP and STSC 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 STSC.

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

	2011			2010
	STRP	STSC	TOTAL	TOTAL
Number of active School Division members	416	47	463	487
Member contribution rate (percentage of salary)	6.05-7.85%	7-9%		7-9%/ 6.05-7.85%
Member contributions for the year	\$ 1,736,827	\$ 128,556	\$ 1,865,383	\$ 1,862,459

- 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.

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

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:

	<u>2011</u>	<u>2010</u>
Number of active School Division members	370	389
Member contribution rate (percentage of salary)	7.40%	5.4-6.4%
School Division contribution rate (percentage of salary)	7.40%	5.4-6.4%
Member contributions for the year	\$ 693,482	\$ 592,946
School Division contributions for the year	\$ 693,482	\$ 592,946
Actuarial valuation date	Dec 31-10	Dec 31-09
Plan Assets	\$ 1,399,241	\$ 1,284,959,000
Plan Liabilities	\$ 1,381,094	\$ 1,233,841,000
Plan Surplus (Deficit)	\$ 18,147	\$ 51,118,000

8. ACCOUNTS RECEIVABLE

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

	<u>2011</u>			<u>2010</u>		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 13,820,784	\$ 690,000	\$ 13,130,784	\$ 13,099,997	\$ 900,000	\$ 12,199,997
Provincial Grants Receivable	-	-	-	1,527,093	-	1,527,093
Other Receivables	1,578,419	-	1,578,419	1,387,563	-	1,387,563
Total Accounts Receivable	\$ 15,399,203	\$ 690,000	\$ 14,709,203	\$ 16,014,652	\$ 900,000	\$ 15,114,652

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	<u>2011</u>	<u>2010</u>
Accrued Salaries and Benefits	\$ 43,964	\$ 28,970
Supplier Payments	1,841,389	1,985,293
Teacher retro-pay (Note 18)	658,343	-
Accrued Interest Charges	-	9,288
Accrued Audit Fees	18,750	18,000
Total Accounts Payable and Accrued Liabilities	\$2,562,446	\$2,041,551

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

10. LONG-TERM DEBT

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

	2011	2010
Capital Loan: <i>Royal Bank of Canada (Carpenter High School - Meadow Lake, SK) Term - 10 years Amortization - 10 years Interest Rate - 7.03% Annual Payments - \$214,064</i>	-	196,938
Total Long Term Debt	\$ -	\$ 196,938

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

	Capital Loans	2011	2010
Principal	\$ 196,938	\$ 196,938	\$ 186,931
Interest	15,609	15,609	27,134
Total	\$ 212,547	\$ 212,547	\$ 214,065

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2010	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2011
Capital projects:				
Federal capital tuition	\$ 200,477	\$ 38,660	\$ (50,824)	\$ 188,313
Total capital projects deferred revenue	200,477	38,660	(50,824)	188,313
Other deferred revenue:				
Deferred Scholarships	\$ 140,368	\$ 3,432		\$ 143,800
Deferred Distance Education	61,235		(9,514)	51,721
Deferred Applied Behaviour	17,142			17,142
Deferred Technology Consortium	29,070			29,070
Child Nutrition & Development	-	20,772		20,772
Pre-K	-	42,500		42,500
Grant - Funded Liability	1,175,000		(1,175,000)	-
Tuition - Funded Liability	146,406		(146,406)	-
Total other deferred revenue	1,569,221	66,704	(1,330,920)	305,005
Total Deferred Revenue	\$ 1,769,698	\$ 105,364	\$ (1,381,744)	\$ 493,318

Northwest School Division No. 203

Notes to the Financial Statements
August 31, 2011

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.

The school division offers a Pre-K Program which is a comprehensive initiative targeting children who may benefit from additional supports such as speech, language and social development programming. The Pre-K Program provides in-community transportation, as well as interventionists that provide a liaison between the school and the home.

Other Programs consists of the following:

Project ABLE which focuses on Employment Readiness & Resources. This program assists 35 participants with significant barriers to self-sufficiency, community inclusion, and employment, prepare for and find employment opportunities.

Bridging Program which provides alternate curriculum to meet specific student needs, while ensuring high-school graduation.

Cree Program which is intended for students who wish to study Cree language and culture.

Transition Program which provides instruction to students who experience difficulty in a normal classroom setting.

Nutritionist Education Assistant who provides nutritional snacks and lunches to students.

Academic/Activity Coordinators who provide noon-hour and after-school activities for students.

Addiction Counselors who provide addiction awareness and ensure that students with drug and alcohol addictions have a support system to help them recover and end their dependencies.

Community School Coordinators who proactively promote healthy choices and general wellness for students and provide support for students who are experiencing difficulties.

Behavior Interventionists provide support to students who experience behavioral and developmental challenges.

Purchase of Academic Supplies required for After-School Programs, Elders, Mentorship, Wellness, Literacy, FAST, and Nutrition.

Northwest School Division No. 203

Notes to the Financial Statements
August 31, 2011

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the school division in 2011:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Other Programs	2011	2010
Revenue:				
Operating Grants	\$ 193,000	\$ 49,805	\$ 242,805	\$ 145,312
Capital Grants		52,039	52,039	113,796
Fees and Other Revenue				
Total Revenue	193,000	101,844	294,844	259,108
Expenses:				
Tuition Fees				
Salaries & Benefits	319,552	1,194,499	1,514,051	1,436,343
Instructional Aids	51	102,175	102,226	106,660
Supplies and Services	216,266	13,906	230,172	160,096
Non-Capital Equipment	4,782	11,687	16,469	18,832
Building Operating Expenses		18,694	18,694	17,069
Communications		2,433	2,433	3,913
Travel	95	6,317	6,412	18,525
Professional Development (Non-Salary Costs)	89	2,990	3,079	22,955
Student Related Expenses	332	18,116	18,448	17,820
Contacted Transportation & Allowances				22,050
Amortization of Tangible Capital Assets		5,002	5,002	5,002
Loss on Disposal of Tangible Capital Assets				
Write-Down of Tangible Capital Assets				
Total Expenses	541,167	1,375,819	1,916,986	1,829,265
Excess (Deficiency) of Revenue over Expenses	\$ (348,167)	\$ (1,273,975)	\$ (1,622,142)	\$ (1,570,157)

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 and school generated funds.

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

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

Details of accumulated surplus are as follows:

	2011	2010
Invested in Tangible Capital Assets:		
Net Book Value of Tangible Capital Assets	\$ 51,468,120	\$ 52,317,596
Less: Debt owing on Tangible Capital Assets		196,938
	<u>51,468,120</u>	<u>52,120,658</u>
Internally Restricted Surplus:		
Other:		
School generated funds	1,049,958	1,043,752
	<u>1,049,958</u>	<u>1,043,752</u>
Unrestricted Surplus	<u>3,877,699</u>	<u>4,077,932</u>
Total Accumulated Surplus	<u>\$ 56,395,777</u>	<u>\$ 57,242,342</u>

School generated funds are monies raised by the school, or under the auspices of the school, through curricular and extra curricular fees for the sole use of the school. The principal of each school, subject to the rules of the School Board, may raise, hold, administer and expand these funds for the purposes of the school. Only revenue and expenses of school generated funds controlled by the division are included in the statement of financial activities and fund balances. To be deemed as controlled, the school division must have the unilateral authority to make decisions as to when, how and on what the funds are to be spent. Year end cash balances of all school generated funds are included in the Statement of Financial Position.

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 10, 2010 and the Minister of Education on August 31, 2010.

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.

Northwest School Division No. 203

**Notes to the Financial Statements
August 31, 2011**

(a) 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.

	2011	2010
Revenues:		
Ministry of Education	\$ 26,098,148	\$ 24,285,780
	\$ 26,098,148	\$ 24,285,780
Expenses:		
Sask Power	\$ 1,191,912	\$ 1,156,240
Sask Tel	680,519	\$ 427,550
North West Regional College	474,384	\$ 225,766
Sask Workers' Compensation Board	103,430	\$ 116,805
Turtleford Agencies	87,471	\$ 75,668
Multiworks Corporation	13,025	\$ 42,098
Ministry of Finance	748	\$ 15,013
Good Spirit School Division	7,368	10,331
Other	31,068	52,832
	\$ 2,589,925	\$ 2,122,303
Accounts Receivable:		
Ministry of Finance	\$ 468,897	\$ 2,554,999
	\$ 468,897	\$ 2,554,999
Prepaid Expenses:		
	\$ -	\$ -
Provincial Grant Overpayment:		
	\$ -	\$ -
Accounts Payable and Accrued Liabilities:		
Sask Tel	\$ 150,180	\$ 139,470
Other		75
	\$ 150,180	\$ 139,545
Deferred Revenue:		
Ministry of Education	\$ 51,721	\$ 61,235
	\$ 51,721	\$ 61,235

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.

Northwest School Division No. 203

Notes to the Financial Statements
August 31, 2011

(b) Ministry of Education Capital Transfers:

The Ministry of Education has approved \$2,053,507 in capital transfers to the school division for projects in which construction has not yet started and/or been completed. Approved capital transfers that have not yet been reflected in the financial statements of the school division are as follows:

Total Ministry obligation at August 31, 2011	\$ 2,053,507
Less: Revenue reported in financial statements	<u>(468,897)</u>
Unrecorded balance of approved capital transfers	<u>\$ 1,584,610</u>

In March 2011, PSAB issued revised section PS 3410 Government Transfers. Revised PS 3410 provides revised guidance for the recognition of government transfers and is effective for fiscal years beginning on or after April 1, 2012 (earlier adoption is encouraged), and may affect the future accounting treatment for these capital transfers to school divisions.

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

16. COMPARATIVE INFORMATION

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

17. TREATY LAND ENTITLEMENT

As per Ministry direction dated December 7, 2009, "any TLE deferred revenues received prior to April 1, 2009, is to be brought into revenue in the 2009-10 fiscal year (these historical payments will not be used in reducing grant payments as they historically were)." As a result, TLE deferred revenue of \$878,953 received prior to April 1, 2009 has been brought into revenue in 2009-10.

18. TEACHERS' 2010-13 PROVINCIAL COLLECTIVE BARGAINING AGREEMENT

The Saskatchewan Teachers' Provincial Collective Bargaining Agreement expired on August 31, 2010. The Saskatchewan Teachers' Federation (STF) and the Government Trustee Bargaining Committee (GTBC) reached a new collective agreement which was ratified on October 4, 2011 and covers the period September 1, 2010 to August 31, 2013. The new agreement provides for retroactive wage increases for teachers of the school division for the period September 1, 2010 to August 31, 2011 with an estimated cost of \$658,343 (estimated cost of 2010-11 increases) which was recorded as an expense in the 2010-11 financial statements. The agreement provides for further wage increases in 2011-12 and 2012-13.

19. SUBSEQUENT EVENTS

Subsequent to the year end the school division received the 2010 property tax reconciliation from the Ministry of Education. The operating grant will be increased based on this reconciliation by \$2,873,636. These amounts will be adjusted on the December 2011 to March 2012 grant. As such, this adjustment will be recognized as income in the fiscal 2011-12 year.