

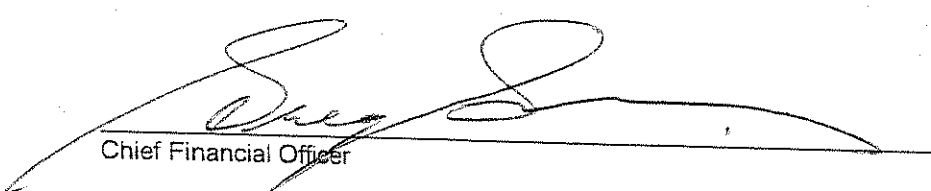


Ministry of
Education

Auditor's Report and Financial Statement

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

For the Period Ending: August 31, 2012


Chief Financial Officer

Pinnacle Business Solutions
Auditor

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

Pinnacle Business Solutions

Chartered Accountant P.C. Ltd.

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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, 2012, 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 evaluation of 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, 2012 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 Public Sector Accounting Standards.

Meadow Lake, Saskatchewan,
December 13, 2012

Pinnacle Business Solutions

Chartered Accountant

CA 

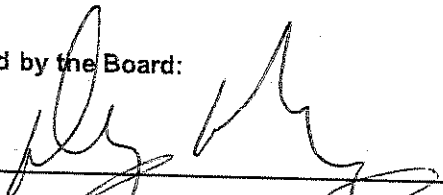
Northwest School Division #203
Statement of Financial Position
as at August 31, 2012

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	2012	2011
Financial Assets		
Short Term Investments (Note 4)	72,949	25,930
Accounts Receivable (Note 8)	17,719,756	14,709,203
Total Financial Assets	17,792,705	14,735,133
Liabilities		
Bank Indebtedness (Note 3)	2,958,848	6,205,308
Accounts Payable and Accrued Liabilities (Note 9)	2,452,377	2,562,446
Liability for Employee Future Benefits (Note 6)	624,500	661,200
Deferred Revenue (Note 10)	490,414	493,318
Total Liabilities	6,526,139	9,922,272
Net Financial Assets (Net Debt)	11,266,566	4,812,861
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	53,767,014	51,468,120
Prepaid Expenses	106,772	114,796
Total Non-Financial Assets	53,873,786	51,582,916
Accumulated Surplus (Deficit) (Note 12)	65,140,352	56,395,777

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

Approved by the Board:



Chairperson



Chief Financial Officer

Northwest School Division #203
Statement of Operations and Accumulated Surplus (Deficit)
for the year ended August 31, 2012

	2012 Budget (Note 13)	2012 Actual	2011 Actual
REVENUES			
Property Taxation	26,101,092	25,704,948	26,071,994
Grants	25,035,761	33,963,568	23,877,985
Tuition and Related Fees	2,595,000	2,718,058	2,827,809
School Generated Funds	-	2,572,508	2,487,128
Complementary Services (Note 11)	673,000	853,539	294,844
Other	68,000	535,758	49,187
Total Revenues (Schedule A)	54,472,853	66,348,379	55,608,947
EXPENSES			
Governance	500,000	334,361	396,078
Administration	1,102,964	1,057,623	974,109
Instruction	37,782,217	38,319,974	37,177,955
Plant	8,010,078	7,239,971	7,702,576
Transportation	5,670,147	5,710,922	5,577,696
Tuition and Related Fees	320,000	411,859	322,664
School Generated Funds	-	2,582,694	2,480,367
Complementary Services (Note 11)	1,888,623	1,849,409	1,916,986
Other Expenses	83,000	96,991	(92,919)
Total Expenses (Schedule B)	55,357,029	57,603,804	56,455,512
Surplus (Deficit) for the Year	(884,176)	8,744,575	(846,565)
Accumulated Surplus (Deficit), Beginning of Year	56,395,777	56,395,777	57,242,342
Accumulated Surplus (Deficit), End of Year	55,511,601	65,140,352	56,395,777

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, 2012

	2012 Budget (Note 13)	2012 Actual	2011 Actual
Net Financial Assets (Net Debt), Beginning of Year	4,812,861	4,812,861	4,963,876
Changes During the Year:			
Surplus (Deficit) for the Year	(884,176)	8,744,575	(846,565)
Acquisition of Tangible Capital Assets (Schedule C)	(2,000,000)	(5,292,529)	(2,167,313)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)		419,041	-
Net Loss (Gain) on Disposal of Capital Assets (Schedule C)		(346,143)	-
Amortization of Tangible Capital Assets (Schedule C)	2,791,176	2,920,737	2,819,851
Net Acquisition of Prepaid Expenses		8,024	43,012
Change in Net Financial Assets / Net Debt	(93,000)	6,453,705	(151,015)
Net Financial Assets (Net Debt), End of Year	4,719,861	11,266,566	4,812,861

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, 2012

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	2012	2011
OPERATING ACTIVITIES		
Surplus (Deficit) for the Year	8,744,575	(846,565)
Add (Deduct) Non-Cash Items Included in Surplus / Deficit (Schedule D)	2,574,594	2,819,851
Net Change in Non-Cash Operating Activities (Schedule E)	(3,152,202)	(3,344,792)
Cash Provided (Used) by Operating Activities	8,166,967	(1,371,506)
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(5,292,529)	(2,167,313)
Proceeds on Disposal of Tangible Capital Assets	419,041	-
Cash Provided (Used) by Capital Activities	(4,873,488)	(2,167,313)
INVESTING ACTIVITIES		
Cash Used to Acquire Investments	(47,019)	
Proceeds on Disposal of Investments		203,622
Cash Provided (Used) by Investing Activities	(47,019)	203,622
FINANCING ACTIVITIES		
Repayment of Long Term Debt		(196,938)
Cash Provided (Used) by Financing Activities	-	(196,938)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,246,460	(3,532,135)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(6,205,308)	(2,673,173)
CASH AND CASH EQUIVALENTS, END OF YEAR	(2,958,848)	(6,205,308)
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Bank Indebtedness	(2,958,848)	(6,205,308)
CASH AND CASH EQUIVALENTS, END OF YEAR	(2,958,848)	(6,205,308)

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

A-1

Northwest School Division #203
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	26,101,092	26,416,737	26,739,317
Total Property Tax Revenue	<u>26,101,092</u>	<u>26,416,737</u>	<u>26,739,317</u>
Grants in Lieu of Taxes:			
Federal Government	-	68,508	83,221
Provincial Government	-	214,109	175,721
Other	-	35,906	23,172
Total Grants in Lieu of Taxes	<u>-</u>	<u>318,523</u>	<u>282,114</u>
Other Tax Revenues:			
Treaty Land Entitlement - Rural	-	26,885	14,862
House Trailer Fees	-	25,426	30,657
Total Other Tax Revenues	<u>-</u>	<u>52,311</u>	<u>45,519</u>
Additions to Levy:			
Penalties	-	138,669	106,876
Other	-	33,162	156,555
Total Additions to Levy	<u>-</u>	<u>171,831</u>	<u>263,431</u>
Deletions from Levy:			
Discounts	-	(1,203,751)	(1,150,962)
Cancellations	-	(50,703)	(107,425)
Total Deletions from Levy	<u>-</u>	<u>(1,254,454)</u>	<u>(1,258,387)</u>
Total Property Taxation Revenue	<u>26,101,092</u>	<u>25,704,948</u>	<u>26,071,994</u>
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	24,536,761	31,251,843	23,434,308
Other Ministry Grants	-	128,362	72,052
Total Ministry Grants	<u>24,536,761</u>	<u>31,380,205</u>	<u>23,506,360</u>
Other Provincial Grants	94,000	234,287	97,585
Federal Grants	215,000	-	84,738
Grants from Others	190,000	153,811	-
Total Operating Grants	<u>25,035,761</u>	<u>31,768,303</u>	<u>23,688,683</u>
Capital Grants			
Ministry of Education Capital Grants	-	2,195,265	189,302
Total Capital Grants	<u>-</u>	<u>2,195,265</u>	<u>189,302</u>
Total Grants	<u>25,035,761</u>	<u>33,963,568</u>	<u>23,877,985</u>

Northwest School Division #203
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
School Boards	-	-	146,407
Federal Government and First Nations	2,450,000	2,643,413	2,527,137
Individuals and Other	40,000	20,929	59,500
Total Tuition Fees	2,490,000	2,664,342	2,733,044
Transportation Fees	45,000	53,716	43,941
Other Related Fees	25,000	-	-
Total Operating Tuition and Related Fees	2,560,000	2,718,058	2,776,985
Capital Fees:			
Federal/First Nations Capital Fees	35,000	-	50,824
Total Capital Tuition and Fees	35,000	-	50,824
Total Tuition and Related Fees Revenue	2,595,000	2,718,058	2,827,809
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	-	154,701	140,094
Total Curricular Fees	-	154,701	140,094
Non-Curricular Fees:			
Fundraising	-	953,003	855,223
Grants and Partnerships	-	144,167	107,395
Students Fees	-	1,004,105	1,025,386
Other	-	316,532	359,030
Total Non-Curricular Fees	-	2,417,807	2,347,034
Total School Generated Funds Revenue	-	2,572,508	2,487,128
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	-	611,241	-
Ministry of Education Grants-Other	-	57,721	108,000
Other Provincial Grants	585,000	108,080	112,033
Federal Grants	-	-	2,222
Other Grants	25,000	43,122	20,550
Total Operating Grants	610,000	820,164	242,805
Fees and Other Revenue			
Tuition and Related Fees	63,000	33,375	52,039
Total Fees and Other Revenue	63,000	33,375	52,039
Total Complementary Services Revenue	673,000	853,539	294,844

Northwest School Division #203
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Other Revenue			
Miscellaneous Revenue	35,000	99,504	18,355
Sales & Rentals	3,000	2,648	3,549
Investments	30,000	87,463	27,283
Gain on Disposal of Capital Assets	-	346,143	-
Total Other Revenue	68,000	535,758	49,187
TOTAL REVENUE FOR THE YEAR	54,472,853	66,348,379	55,608,947

B-1

Northwest School Division #203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Governance Expense			
Board Members Expense	117,000	69,772	99,502
Conventions - Board Members	99,000	66,015	88,482
School Community Councils	145,000	62,186	61,577
Elections	5,000	1,790	709
Other Governance Expenses	134,000	134,598	145,808
Total Governance Expense	500,000	334,361	396,078
Administration Expense			
Salaries	740,000	747,207	685,394
Benefits	100,924	108,623	92,392
Supplies & Services	83,000	60,055	52,414
Non-Capital Furniture & Equipment	19,000	11,135	17,506
Building Operating Expenses	54,000	35,791	38,726
Communications	41,000	34,608	23,714
Travel	14,000	11,128	7,711
Professional Development	6,000	4,036	1,438
Amortization of Tangible Capital Assets	45,040	45,040	54,814
Total Administration Expense	1,102,964	1,057,623	974,109
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	25,942,000	28,037,045	26,184,989
Instructional (Teacher & LEADS Contract) Benefits	1,394,269	1,436,665	1,327,777
Program Support (Non-Teacher Contract) Salaries	5,174,000	4,926,464	4,933,170
Program Support (Non-Teacher Contract) Benefits	896,560	861,675	811,306
Instructional Aids	1,260,000	1,106,422	1,129,366
Supplies & Services	325,000	289,489	270,555
Non-Capital Furniture & Equipment	1,400,000	381,070	1,238,954
Communications	100,000	119,599	122,365
Travel	255,000	246,311	237,545
Professional Development	549,000	315,955	400,838
Student Related Expense	215,000	190,036	162,817
Amortization of Tangible Capital Assets	271,388	409,243	358,273
Total Instruction Expense	37,782,217	38,319,974	37,177,955

Northwest School Division #203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Piant Operation & Maintenance Expense			
Salaries	1,902,000	1,782,307	1,784,227
Benefits	405,466	409,116	374,013
Supplies & Services	27,000	6,164	5,415
Non-Capital Furniture & Equipment	69,000	26,904	65,329
Building Operating Expenses	3,834,853	3,224,664	3,698,202
Communications	17,000	21,713	15,750
Travel	92,000	106,431	105,449
Professional Development	8,000	4,612	5,414
Amortization of Tangible Capital Assets	1,654,759	1,658,060	1,648,777
Total Piant Operation & Maintenance Expense	8,010,078	7,239,971	7,702,576
Student Transportation Expense			
Salaries	2,540,000	2,535,840	2,551,868
Benefits	392,087	423,468	391,861
Supplies & Services	914,000	940,288	876,830
Non-Capital Furniture & Equipment	452,000	463,344	452,580
Building Operating Expenses	57,000	64,705	48,897
Communications	37,000	47,686	36,539
Travel	68,000	48,016	51,069
Professional Development	20,000	19,609	12,380
Contracted Transportation	375,000	365,009	402,686
Amortization of Tangible Capital Assets	815,060	802,957	752,986
Total Student Transportation Expense	5,670,147	5,710,922	5,577,696
Tuition and Related Fees Expense			
Tuition Fees	320,000	411,859	322,664
Total Tuition and Related Fees Expense	320,000	411,859	322,664
School Generated Funds Expense			
Supplies & Services	-	97,559	115,743
Cost of Sales	-	790,667	667,442
Non-Capital Furniture & Equipment	-	11,372	8,686
School Fund Expenses	-	1,683,096	1,688,496
Total School Generated Funds Expense	-	2,582,694	2,480,367

Northwest School Division #203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Complementary Services Expense			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	549,308	562,966	559,729
Program Support (Non-Teacher Contract) Salaries & Benefits	1,039,386	1,133,785	954,322
Transportation Salaries & Benefits	58,000	-	-
Instructional Aids	171,000	93,284	102,226
Supplies & Services	24,000	20,046	230,172
Non-Capital Furniture & Equipment	2,000	4,919	16,469
Building Operating Expenses	-	-	18,694
Communications	-	2,180	2,433
Travel	12,000	12,195	6,412
Professional Development (Non-Salary Costs)	8,000	1,485	3,079
Student Related Expenses	20,000	13,112	18,448
Amortization of Tangible Capital Assets	4,929	5,437	5,002
Total Complementary Services Expense	1,888,623	1,849,409	1,916,986
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	83,000	96,991	110,913
Interest on Other Capital Loans and Long Term Debt	-	-	6,168
School Facilities	-	-	-
Total Interest and Bank Charges	<u>83,000</u>	<u>96,991</u>	<u>117,081</u>
Provision for Uncollectable Taxes	-	-	(210,000)
Total Other Expense	83,000	96,991	(92,919)
TOTAL EXPENSES FOR THE YEAR	55,357,029	57,603,804	56,455,512

Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2012

	Land	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Work-in-Progress	2012	2011
Tangible Capital Assets - at Cost:												
Operating Balance as of September 1	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
Additions/Purchases												
Disposals	(47,963)		109,276 (95,903)		1,141,131 (1,065,290)	169,447 (48,830)	256,243	678,405 (749,056)		2,938,027	5,292,529 (2,007,042)	2,167,313
Closing Balance as of August 31	1,326,505	1,387,586	80,424,333	405,965	9,866,232	1,137,760	7,617,137	4,398,136	-	2,938,027	109,501,681	106,216,194
Tangible Capital Assets - Amortization:												
Operating Balance as of September 1		1,293,855	35,797,680	339,704	5,754,567	680,081	6,723,755	4,158,432			54,748,074	51,928,223
Amortization of the Period		29,326	1,605,597 (70,968)	11,730	670,068 (1,065,290)	128,311 (48,830)	186,319	289,386 (749,056)			2,920,737 (1,934,144)	2,819,851
Disposals												
Closing Balance as of August 31	N/A	1,323,181	37,332,309	351,434	5,359,345	759,562	6,910,074	3,698,762	-	N/A	55,734,667	54,748,074
Net Book Value:												
Operating Balance as of September 1	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
Closing Balance as of August 31	1,326,505	64,405	43,092,024	54,531	4,506,887	378,198	707,063	699,374	-	2,938,027	53,767,014	51,468,120
Change in Net Book Value	(47,963)	(29,326)	(1,521,256)	(11,730)	471,063	41,136	69,924	389,019	-	2,938,027	2,298,894	(652,538)
Disposals:												
Historical Cost	47,963		95,903		1,065,290	48,830					1,257,986	
Accumulated Amortization			70,968		1,065,290	48,830					1,185,088	
Net Cost	47,963		24,935								72,898	
Price of Sale	127,383		258,627		18,435	12,095	2,501				419,041	
Gain/Loss on Disposal	79,420		233,692		18,435	12,095	2,501				346,143	
Net Book Value (NBV) of Assets Pledged as Security for Debt												

Northwest School Division #203
Schedule D: Non-Cash Items Included in Surplus / Deficit
for the year ended August 31, 2012

	2012	2011
Non-Cash Items Included in Surplus / Deficit:		
Amortization of Tangible Capital Assets (Schedule C)	2,920,737	2,819,851
Net (Gain) Loss on Disposal of Tangible Capital Assets	(346,143)	-
Total Non-Cash Items Included in Surplus / Deficit	2,574,594	2,819,851

Northwest School Division #203
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2012

	2012	2011
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	(3,010,553)	405,449
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(110,069)	520,895
Increase (Decrease) in Short Term Loans	-	(3,010,068)
Increase (Decrease) in Liability for Employee Future Benefits	(36,700)	(27,700)
Increase (Decrease) in Deferred Revenue	(2,904)	(1,276,380)
Decrease (Increase) in Prepaid Expenses	8,024	43,012
Total Net Change in Non-Cash Operating Activities	(3,152,202)	(3,344,792)

Northwest School Division No. 203

Notes to the Financial Statements August 31, 2012

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 \$624,500 (2011 - \$661,200) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$25,704,948 (2011 - \$26,071,994) because final tax assessments may differ from initial estimates,
- uncollectible taxes of \$690,000 (2011 - \$690,000) 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, 2012

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.

d) Financial Instruments

Financial instruments include short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, 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.

e) 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.

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.

f) Non-Financial Assets

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

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the school division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets include land, buildings, 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.

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Notes to the Financial Statements **August 31, 2012**

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 and Driver Education services which will provide economic benefits in one or more future periods.

g) 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.

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.

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Notes to the Financial Statements **August 31, 2012**

h) Employee Pension Plans

The school divisions' 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.

i) 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.

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.

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**Notes to the Financial Statements
August 31, 2012**

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, 2012 was \$ 2,958,848 at an interest rate of 2.3% (August 31, 2011 - \$ 6,205,308 at an interest rate of 2.3%).

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.

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2012 Budget	2012 Actual	2011 Actual
Governance	\$ 51,595	\$ 282,766	\$ -	\$ -	\$ 500,000	\$ 334,361	\$ 396,078
Administration	855,830	156,753		45,040	1,102,964	1,057,623	974,109
Instruction	35,261,849	2,648,882		409,243	37,782,217	38,319,974	37,177,955
Plant	2,191,423	3,390,488		1,658,060	8,010,078	7,239,971	7,702,576
Transportation	2,959,308	1,948,657		802,957	5,670,147	5,710,922	5,577,696
Tuition and Related Fees		411,859			320,000	411,859	322,664
School Generated Funds		2,582,694			-	2,582,694	2,480,367
Complementary Services	1,696,751	147,221		5,437	1,888,623	1,849,409	1,916,986
External Services							-
Other			96,991		83,000	96,991	(92,919)
TOTAL	\$ 43,016,756	\$ 11,569,320	\$ 96,991	\$ 2,920,737	\$ 55,357,029	\$ 57,603,804	\$ 56,455,512

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:

	2012	2011
	Aug 31-12	Aug 31-11
Actuarial valuation date		
Long-term assumptions used:		
Salary escalation rate (percentage)	3.25%	3.30%
Discount rate (percentage)	2.70%	3.40%
Inflation rate (percentage)	2.25%	2.50%
Expected average remaining service life (years)	15	16

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**Notes to the Financial Statements
August 31, 2012**

Liability for Employee Future Benefits	2012	2011
Accrued Benefit Obligation - beginning of year	\$ 893,400	\$ 829,600
Current period benefit cost	60,700	59,100
Interest cost	31,300	31,400
Benefit payments	(147,800)	(127,100)
Actuarial gains / losses	145,900	100,400
Plan amendments	3,900	-
Accrued Benefit Obligation - end of year	987,400	893,400
Unamortized Net Actuarial Gains / Losses	(362,900)	(232,200)
Liability for Employee Future Benefits	\$ 624,500	\$ 661,200

Employee Future Benefits Expense	2012	2011
Current period benefit cost	\$ 60,700	\$ 59,100
Amortization of net actuarial gain / loss	15,200	8,900
Plan amendments	3,900	-
Benefit cost	79,800	68,000
Interest cost on unfunded employee future benefits obligation	31,300	31,400
Total Employee Future Benefits Expense	\$ 111,100	\$ 99,400

7. PENSION PLANS

Multi-Employer Defined Benefit Plans

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

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

	2012			2011
	STRP	STSC	TOTAL	TOTAL
Number of active School Division members	459	45	504	463
Member contribution rate (percentage of salary)	7.8-10%	6.05-7.85%		7.9%/ 6.05-7.85%
Member contributions for the year	\$ 2,229,385	\$ 115,750	\$ 2,345,135	\$ 1,865,383

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**Notes to the Financial Statements
August 31, 2012**

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

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

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

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

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

Details of the MEPP are as follows:

	2012	2011
Number of active School Division members	379	370
Member contribution rate (percentage of salary)	7.40%	7.40%
School Division contribution rate (percentage of salary)	7.40%	7.40%
Member contributions for the year	\$ 783,161	\$ 693,482
School Division contributions for the year	\$ 783,161	\$ 693,482
Actuarial valuation date	Dec 31-11	Dec 31-10
Plan Assets (in thousands)	\$ 1,395,109	\$ 1,399,241
Plan Liabilities (in thousands)	\$ 1,627,865	\$ 1,381,094
Plan Surplus (Deficit) (in thousands)	\$ (232,756)	\$ 18,147

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:

	2012			2011		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 13,662,864	\$ 690,000	\$ 12,972,864	\$ 13,820,784	\$ 690,000	\$ 13,130,784
Provincial Grants Receivable	1,280,184		1,280,184			
Other Receivables	3,466,708		3,466,708	1,578,419		1,578,419
Total Accounts Receivable	\$ 18,409,756	\$ 690,000	\$ 17,719,756	\$ 15,399,203	\$ 690,000	\$ 14,709,203

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**Notes to the Financial Statements
August 31, 2012**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2012	2011
Accrued Salaries and Benefits	\$ 97,070	\$ 43,964
Supplier Payments	2,335,807	1,841,389
Teacher retro-pay (Note 18)		658,343
Accrued Audit Fees	19,500	18,750
Total Accounts Payable and Accrued Liabilities	\$2,452,377	\$2,562,446

10. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2011	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2012
Capital projects:				
Federal capital tuition	\$ 188,313	\$ 48,465	\$ -	\$ 236,778
Total capital projects deferred revenue	188,313	48,465	-	236,778
Other deferred revenue:				
Deferred Scholarships	\$ 143,800	\$ 7,857	\$ (8,567)	\$ 143,090
Deferred Distance Education	51,721		(51,721)	-
Deferred Applied Behaviour	17,142		(17,142)	-
Deferred Technology Consortium	29,070			29,070
Deferred Child Nutrition & Development	20,772		(20,772)	-
Deferred Pre-K	42,500		(42,500)	-
Deferred Driver Education		38,289		38,289
Deferred Summer Program		5,820		5,820
Deferred Playground Fundraising		37,367		37,367
Total other deferred revenue	305,005	89,333	(140,702)	253,636
Total Deferred Revenue	\$ 493,318	\$ 137,798	\$ (140,702)	\$ 490,414

11. COMPLEMENTARY SERVICES

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

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.

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**Notes to the Financial Statements
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Other Programs consists of the following:

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.

Alternative Education which includes a number of approaches to teaching and learning other than mainstream or traditional education.

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

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

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

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

Distance Education which focuses on teaching methods and technology to deliver education to students who are not physically present in the classroom.

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

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.

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

Purchase of Academic Supplies required for After-School Programs, Elders, Grandmother Program, Mentorship, Early Reading Initiative, Physical Education, Music, Wellness, Literacy, FAST, and Nutrition.

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**Notes to the Financial Statements
August 31, 2012**

Following is a summary of the revenue and expenses of the Complementary Services programs operated by the school division in 2012:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Other Programs	2012	2011
Revenue:				
Operating Grants	\$ 696,241	\$ 123,923	\$ 820,164	\$ 242,805
Capital Grants		33,375	33,375	52,039
Fees and Other Revenue			-	-
Total Revenue	696,241	157,298	853,539	294,844
Expenses:				
Tuition Fees			-	-
Salaries & Benefits	585,806	1,110,945	1,696,751	1,514,051
Instructional Aids	9,636	83,647	93,284	102,226
Supplies and Services	3,294	16,753	20,046	230,172
Non-Capital Equipment	1,897	3,022	4,919	16,469
Building Operating Expenses			-	18,694
Communications	42	2,138	2,180	2,433
Travel	4,027	8,168	12,195	6,412
Professional Development (Non-Salary Costs)	346	1,139	1,485	3,079
Student Related Expenses	90	13,022	13,112	18,448
Contacted Transportation & Allowances			-	-
Amortization of Tangible Capital Assets		5,437	5,437	5,002
Loss on Disposal of Tangible Capital Assets			-	-
Write-Down of Tangible Capital Assets			-	-
Total Expenses	605,138	1,244,271	1,849,409	1,916,986
Excess (Deficiency) of Revenue over Expenses	\$ 91,103	\$ (1,086,974)	\$ (995,870)	\$ (1,622,142)

12. 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.

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**Notes to the Financial Statements
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Details of accumulated surplus are as follows:

	2012	2011
Invested in Tangible Capital Assets:		
Net Book Value of Tangible Capital Assets	\$ 53,767,014	\$ 51,468,120
	53,767,014	51,468,120
Internally Restricted Surplus:		
Other:		
School generated funds	1,039,771	1,049,958
	1,039,771	1,049,958
Unrestricted Surplus	10,333,567	3,877,699
Total Accumulated Surplus	\$ 65,140,352	\$ 56,395,777

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

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.

13. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 9, 2011 (2011 - June 10, 2010) and the Minister of Education on August 31, 2011 (2011 - August 31, 2010).

14. 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.

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Notes to the Financial Statements
August 31, 2012

(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.

	2012	2011
Revenues:		
Ministry of Education	\$ 31,678,656	\$ 26,098,148
	\$ 31,678,656	\$ 26,098,148
Expenses:		
Sask Power	\$ 825,966	\$ 1,191,912
Sask Tel	584,168	680,519
Sask Energy	267,099	-
North West Regional College	37,962	474,384
Sask Workers' Compensation Board	112,716	103,430
Turtleford Agencies	95,035	87,471
Multiworks Corporation	9,619	13,025
Ministry of Finance	-	748
Good Spirit School Division	8,811	7,368
Other	32,486	31,068
	\$ 1,973,861	\$ 2,589,925
Accounts Receivable:		
Ministry of Finance	\$ 2,487,414	\$ 468,897
	\$ 2,487,414	\$ 468,897
Prepaid Expenses:		
	\$ -	\$ -
Provincial Grant Overpayment:		
	\$ -	\$ -
Accounts Payable and Accrued Liabilities:		
Sask Tel	\$ 17,071	\$ 150,180
Sask Energy	5,441	
	\$ 22,512	\$ 150,180
Deferred Revenue:		
Ministry of Education	\$ -	\$ 51,721
	\$ -	\$ 51,721

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, 2012

(b) Ministry of Education Capital Transfers:

The Ministry of Education has approved **\$1,423,906** 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, 2012	\$ 1,423,906
Less: Revenue reported in financial statements	(1,419,700)
Unrecorded balance of approved capital transfers	<u>\$ 4,206</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.

15. COMPARATIVE INFORMATION

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