
Audited Financial Statements

Of the Northwest School Division No. 203

School Division No. 2030500

For the Period Ending: August 31, 2015



Chief Financial Officer



Auditor

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

Management's Responsibility for the Financial Statements

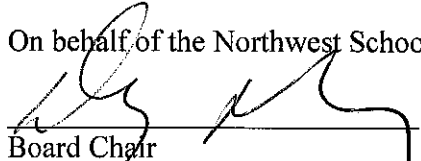
The school division's management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards and the format specified in the Financial Reporting Manual issued by the Ministry of Education. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The school division's management maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of financial statements.

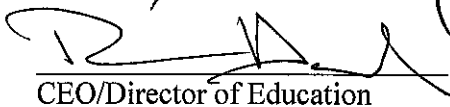
The Board of Education is composed of elected officials who are not employees of the school division. The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and for approving the financial statements. The Board is also responsible for the appointment of the school division's external auditors.

The external auditors, Cogent Chartered Professional Accountants LLP, conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the financial statements. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the school division's financial statements. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.


On behalf of the Northwest School Division No. 203:



Board Chair



CEO/Director of Education



Chief Financial Officer

November 3, 2015

Cogent

CHARTERED PROFESSIONAL
ACCOUNTANTS LLP

INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Board of Education of Northwest School Division No. 203:

We have audited the accompanying financial statements of the Northwest School Division No. 203, which comprise the statement of financial position as at August 31, 2015, and the statements of operations and accumulated surplus from operations, 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit included 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 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.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Northwest School Division No. 203 as at August 31, 2015 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Meadow Lake, Saskatchewan
November 3, 2015



Chartered Professional Accountants

Battleford

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Battleford, SK S0M 0E0

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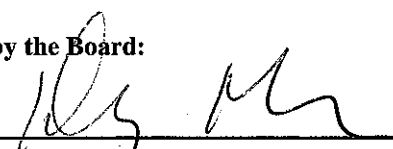
Northwest School Division No. 203
Statement of Financial Position
as at August 31, 2015


	2015	2014
Financial Assets		
Cash and Cash Equivalents	1,274,466	3,311,637
Accounts Receivable (Note 8)	16,474,737	18,634,909
Portfolio Investments (Note 4)	145,429	164,733
Total Financial Assets	17,894,628	22,111,279
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	1,223,612	4,039,894
Long-Term Debt (Note 10)	3,010,348	3,383,175
Liability for Employee Future Benefits (Note 6)	725,000	703,900
Deferred Revenue (Note 11)	634,064	481,576
Total Liabilities	5,593,024	8,608,545
Net Financial Assets	12,301,604	13,502,734
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	59,488,296	58,505,744
Inventory of Supplies for Consumption	575,815	548,494
Prepaid Expenses	429,352	247,039
Total Non-Financial Assets	60,493,463	59,301,277
Accumulated Surplus (Note 14)	72,795,067	72,804,010

Contractual Obligations and Commitments (Note 17)

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

Approved by the Board:





Chairperson

Chief Financial Officer

Northwest School Division No. 203
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2015

	2015 Budget (Note 15)	2015 Actual	2014 Actual
REVENUES			
Property Taxation	25,725,532	26,291,596	25,553,402
Grants	26,968,828	28,047,787	32,666,702
Tuition and Related Fees	2,637,072	2,312,804	2,470,545
School Generated Funds	2,543,000	2,424,409	2,530,692
Complementary Services (Note 12)	1,061,044	1,106,159	1,162,238
External Services (Note 13)	264,960	264,960	329,305
Other	88,000	252,307	519,985
Total Revenues (Schedule A)	59,288,436	60,700,022	65,232,869
EXPENSES			
Governance	491,800	595,163	328,553
Administration	2,641,860	2,807,493	2,518,155
Instruction	39,200,075	38,819,207	38,531,911
Plant	8,419,060	7,862,710	7,824,045
Transportation	5,731,740	5,677,208	5,535,607
Tuition and Related Fees	548,114	462,462	366,057
School Generated Funds	2,543,000	2,305,274	2,453,218
Complementary Services (Note 12)	1,569,328	1,704,309	1,494,539
External Services (Note 13)	264,960	354,120	329,305
Other Expenses	118,698	121,019	85,675
Total Expenses (Schedule B)	61,528,635	60,708,965	59,467,065
Operating Surplus (Deficit) for the Year	(2,240,199)	(8,943)	5,765,804
Accumulated Surplus from Operations, Beginning of Year	72,804,010	72,804,010	67,038,206
Accumulated Surplus from Operations, End of Year	70,563,811	72,795,067	72,804,010

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

Northwest School Division No. 203
Statement of Changes in Net Financial Assets
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
	(Note 15)		
Net Financial Assets, Beginning of Year	13,502,734	13,502,734	13,549,405
Changes During the Year:			
Operating Surplus (Deficit) for the Year	(2,240,199)	(8,943)	5,765,804
Acquisition of Tangible Capital Assets (Schedule C)	(1,984,996)	(4,466,237)	(8,413,257)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	80,918	83,141
Net Gain on Disposal of Capital Assets (Schedule C)	-	(19,014)	(33,161)
Amortization of Tangible Capital Assets (Schedule C)	3,892,990	3,421,780	3,261,000
Net Acquisition of Inventory of Supplies	-	(27,321)	(548,494)
Net Change in Other Non-Financial Assets	-	(182,313)	(161,703)
Change in Net Financial Assets	(332,205)	(1,201,130)	(46,671)
Net Financial Assets, End of Year	13,170,529	12,301,604	13,502,734

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

Northwest School Division No. 203
Statement of Cash Flows
for the year ended August 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Operating Surplus (Deficit) for the Year	(8,943)	5,765,804
Add Non-Cash Items Included in Surplus (Deficit) (Schedule D)	3,402,766	3,227,838
Net Change in Non-Cash Operating Activities (Schedule E)	(692,156)	274,093
Cash Provided by Operating Activities	2,701,667	9,267,735
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(4,466,237)	(8,413,257)
Proceeds on Disposal of Tangible Capital Assets	80,918	83,141
Cash Used by Capital Activities	(4,385,319)	(8,330,116)
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	-	(10,590)
Proceeds on Disposal of Portfolio Investments	19,304	-
Cash Provided (Used) by Investing Activities	19,304	(10,590)
FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	-	2,541,641
Repayment of Long-Term Debt	(372,827)	(210,809)
Cash Provided (Used) by Financing Activities	(372,827)	2,330,832
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,037,175)	3,257,861
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,311,637	53,776
CASH AND CASH EQUIVALENTS, END OF YEAR	1,274,466	3,311,637

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

Northwest School Division No. 203
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	25,725,532	25,605,667	25,108,974
Total Property Tax Revenue	25,725,532	25,605,667	25,108,974
Grants in Lieu of Taxes:			
Federal Government	-	203,386	85,120
Provincial Government	-	179,060	210,679
Other	-	30,989	15,965
Total Grants in Lieu of Taxes	-	413,435	311,764
Other Tax Revenues:			
House Trailer Fees	-	33,518	15,689
Total Other Tax Revenues	-	33,518	15,689
Additions to Levy:			
Penalties	-	120,790	127,106
Other	-	183,401	29,570
Total Additions to Levy	-	304,191	156,676
Deletions from Levy:			
Cancellations	-	(65,215)	(39,701)
Total Deletions from Levy	-	(65,215)	(39,701)
Total Property Taxation Revenue	25,725,532	26,291,596	25,553,402
Grants:			
Operating Grants			
Ministry of Education Grants:			
Operating Grant	26,753,828	26,920,814	27,080,328
Other Ministry Grants	-	120,157	296,166
Total Ministry Grants	26,753,828	27,040,971	27,376,494
Other Provincial Grants	40,000	179,917	199,193
Grants from Others	175,000	470	7,787
Total Operating Grants	26,968,828	27,221,358	27,583,474
Capital Grants			
Ministry of Education Capital Grants	-	826,429	5,083,228
Total Capital Grants	-	826,429	5,083,228
Total Grants	26,968,828	28,047,787	32,666,702

Northwest School Division No. 203
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
Federal Government and First Nations	2,517,072	2,227,633	2,395,407
Individuals and Other	40,000	23,006	10,692
Total Tuition Fees	2,557,072	2,250,639	2,406,099
Transportation Fees	45,000	62,165	64,446
Total Operating Tuition and Related Fees	2,602,072	2,312,804	2,470,545
Capital Fees:			
Federal/First Nations Capital Fees	35,000	-	-
Total Capital Tuition and Fees	35,000	-	-
Total Tuition and Related Fees Revenue	2,637,072	2,312,804	2,470,545
School Generated Funds Revenue			
Curricular:			
Student Fees	141,000	160,095	152,522
Total Curricular Fees	141,000	160,095	152,522
Non-Curricular Fees:			
Fundraising	899,000	1,000,386	1,044,132
Grants and Partnerships	138,000	265,622	167,914
Students Fees	1,028,000	798,779	864,741
Other	337,000	199,527	301,383
Total Non-Curricular Fees	2,402,000	2,264,314	2,378,170
Total School Generated Funds Revenue	2,543,000	2,424,409	2,530,692
Complementary Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	761,044	823,860	800,121
Other Ministry Grants	-	23,310	23,080
Other Provincial Grants	26,000	85,000	80,000
Federal Grants	211,000	179,342	190,075
Other Grants	25,000	-	-
Total Operating Grants	1,023,044	1,111,512	1,093,276
Capital Grants			
Ministry of Education Capital Grants	-	19,447	67,882
Total Capital Grants	-	19,447	67,882
Fees and Other Revenue			
Tuition and Related Fees	38,000	(25,000)	-
Other Revenue	-	200	1,080
Total Fees and Other Revenue	38,000	(24,800)	1,080
Total Complementary Services Revenue	1,061,044	1,106,159	1,162,238

Northwest School Division No. 203
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
External Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	264,960	264,960	329,305
Total Operating Grants	264,960	264,960	329,305
Total External Services Revenue	264,960	264,960	329,305
Other Revenue			
Miscellaneous Revenue	35,000	151,080	389,767
Sales & Rentals	3,000	15,548	14,534
Investments	50,000	61,389	82,523
Gain on Disposal of Capital Assets	-	24,290	33,161
Total Other Revenue	88,000	252,307	519,985
TOTAL REVENUE FOR THE YEAR	59,288,436	60,700,022	65,232,869

Northwest School Division No. 203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Governance Expense			
Board Members Expense	117,000	114,951	98,388
Professional Development- Board Members	99,000	71,782	63,750
Advisory Committees	126,000	257,014	51,836
Professional Development - Advisory Committees	5,000	1,758	-
Elections	3,000	2,098	-
Other Governance Expenses	141,800	147,560	114,579
Total Governance Expense	491,800	595,163	328,553
Administration Expense			
Salaries	2,050,000	2,135,978	1,954,749
Benefits	202,459	224,757	215,094
Supplies & Services	66,870	89,472	64,895
Non-Capital Furniture & Equipment	17,211	7,828	5,583
Building Operating Expenses	42,000	42,419	53,333
Communications	38,000	32,238	39,840
Travel	103,000	86,518	57,583
Professional Development	45,600	78,313	48,553
Amortization of Tangible Capital Assets	76,720	109,970	78,525
Total Administration Expense	2,641,860	2,807,493	2,518,155
Instruction Expense			
Instructional (Teacher Contract) Salaries	26,821,666	27,460,811	27,771,843
Instructional (Teacher Contract) Benefits	1,373,311	1,481,770	1,431,387
Program Support (Non-Teacher Contract) Salaries	5,407,500	5,295,183	5,185,475
Program Support (Non-Teacher Contract) Benefits	951,585	926,576	916,401
Instructional Aids	1,353,500	1,182,701	1,109,936
Supplies & Services	495,000	666,610	489,107
Non-Capital Furniture & Equipment	341,000	236,317	105,752
Communications	117,700	134,772	115,107
Travel	130,000	193,456	214,466
Professional Development	945,897	310,311	353,679
Student Related Expense	351,000	246,360	241,019
Amortization of Tangible Capital Assets	911,916	684,340	597,739
Total Instruction Expense	39,200,075	38,819,207	38,531,911

Northwest School Division No. 203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Plant Operation & Maintenance Expense			
Salaries	1,926,000	1,932,136	1,915,783
Benefits	435,518	449,674	432,384
Supplies & Services	31,500	24,704	248,002
Non-Capital Furniture & Equipment	68,500	14,512	21,740
Building Operating Expenses	3,852,000	3,514,465	3,286,324
Communications	17,000	14,949	19,284
Travel	115,000	105,278	108,766
Professional Development	30,000	16,861	3,587
Amortization of Tangible Capital Assets	1,943,542	1,790,131	1,788,175
Total Plant Operation & Maintenance Expense	8,419,060	7,862,710	7,824,045
Student Transportation Expense			
Salaries	2,521,200	2,661,994	2,589,398
Benefits	450,022	467,404	449,443
Supplies & Services	949,000	851,761	1,009,329
Non-Capital Furniture & Equipment	457,500	655,126	343,244
Building Operating Expenses	48,200	33,733	40,726
Communications	42,400	38,514	48,118
Travel	68,000	63,239	69,613
Professional Development	23,500	21,345	31,076
Contracted Transportation	270,000	129,556	198,601
Amortization of Tangible Capital Assets	901,918	754,536	756,059
Total Student Transportation Expense	5,731,740	5,677,208	5,535,607
Tuition and Related Fees Expense			
Tuition Fees	548,114	462,462	366,057
Total Tuition and Related Fees Expense	548,114	462,462	366,057
School Generated Funds Expense			
Supplies & Services	115,000	110,887	112,259
Cost of Sales	711,000	791,966	766,832
Non-Capital Furniture & Equipment	17,000	34,447	17,182
School Fund Expenses	1,700,000	1,367,974	1,556,945
Total School Generated Funds Expense	2,543,000	2,305,274	2,453,218

Northwest School Division No. 203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Complementary Services Expense			
Instructional (Teacher Contract) Salaries & Benefits	449,780	549,150	452,499
Program Support (Non-Teacher Contract) Salaries & Benefits	813,819	766,166	758,706
Transportation Salaries & Benefits	115,335	111,096	113,213
Instructional Aids	127,000	111,526	88,287
Supplies & Services	29,000	75,394	23,935
Non-Capital Furniture & Equipment	-	8,411	845
Building Operating Expenses	-	6,738	1,478
Communications	3,000	922	551
Travel	6,000	8,633	10,319
Professional Development (Non-Salary Costs)	5,000	4,162	5,718
Student Related Expenses	13,000	38,465	31,033
Amortization of Tangible Capital Assets	7,394	23,646	7,955
Total Complementary Services Expense	1,569,328	1,704,309	1,494,539
External Service Expense			
Program Support (Non-Teacher Contract) Salaries & Benefits	-	2,544	941
Transportation Salaries & Benefits	189,860	186,284	182,234
Supplies & Services	15,000	69,794	83,842
Non-Capital Furniture & Equipment	4,500	31,737	24,748
Communications	2,600	2,206	1,911
Travel	-	80	-
Professional Development (Non-Salary Costs)	1,500	67	82
Contracted Transportation & Allowances	-	2,251	3,000
Amortization of Tangible Capital Assets	51,500	59,157	32,547
Total External Services Expense	264,960	354,120	329,305

Northwest School Division No. 203
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	95,700	7,619	43,973
Interest on Other Capital Loans and Long-Term Debt			
School Facilities	22,998	108,124	41,702
Total Interest and Bank Charges	118,698	115,743	85,675
Loss on Disposal of Tangible Capital Assets	-	5,276	-
Total Other Expense	118,698	121,019	85,675
TOTAL EXPENSES FOR THE YEAR	61,528,635	60,708,965	59,467,065

Northwest School Division No. 203

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2015**

	Land	Improvements	Buildings		School	Other	Furniture and Equipment		Computer Hardware and Equipment	Assets Under Construction	2015	2014
			Buildings	Short-Term			Buses	Vehicles				
Opening Balance as of September 1	1,307,440	1,729,361	83,435,360	405,965	10,840,485	1,191,417	1,964,330	2,091,811	58,923	6,038,770	109,063,862	102,009,564
Additions/Purchases	-	92,214	136,127	-	870,702	93,198	491,855	380,504	44,132	2,357,504	4,466,237	8,413,257
Disposals	(6,039)	-	-	-	(914,683)	(80,198)	(147,591)	-	-	-	(1,148,510)	(1,358,959)
Transfers to (from)	-	-	191,079	-	-	-	-	-	-	(191,079)	-	-
Closing Balance as of August 31	1,301,401	1,821,575	83,762,566	405,965	10,796,504	1,204,417	2,308,594	2,472,315	103,055	8,205,195	112,381,588	109,063,862

Tangible Capital Assets - at Cost:

Tangible Capital Assets - Amortization:

Opening Balance as of September 1	-	1,135,420	40,568,692	369,569	5,817,533	851,207	958,858	845,058	11,785	-	50,558,120	48,606,099
Amortization of the Period	-	65,160	1,663,283	5,216	809,364	132,823	230,859	494,463	20,611	-	3,421,780	3,261,000
Disposals	-	-	-	-	(914,683)	(24,332)	(147,591)	-	-	-	(1,086,606)	(1,308,979)
Closing Balance as of August 31	N/A	1,200,580	42,231,975	374,785	5,712,214	959,698	1,042,126	1,339,521	32,396	N/A	52,893,293	50,558,120

Net Book Value:

Opening Balance as of September 1	1,307,440	593,941	42,866,668	36,396	5,022,952	340,210	1,005,473	1,246,754	47,138	6,038,770	58,505,744	53,403,465
Closing Balance as of August 31	1,301,401	620,996	41,530,591	31,180	5,084,290	244,720	1,266,468	1,132,794	70,660	8,205,195	59,488,296	58,505,744
Change in Net Book Value	(6,039)	27,054	(1,336,077)	(5,216)	61,338	(95,490)	260,995	(113,960)	23,521	2,166,425	982,552	5,102,280

Disposals:

Historical Cost	6,039	-	-	-	914,683	80,198	147,591	-	-	-	1,148,510	1,358,959
Accumulated Amortization	-	-	-	-	914,683	24,332	147,591	-	-	-	1,086,606	1,308,979
Net Cost	6,039	-	-	-	-	55,865	-	-	-	-	61,904	49,980
Price of Sale	1,760	-	-	-	21,425	57,068	665	-	-	-	80,918	83,141
Gain (Loss) on Disposal	(4,279)	-	-	-	21,425	1,203	665	-	-	-	19,014	33,161

Northwest School Division No. 203
Schedule D: Non-Cash Items Included in Surplus (Deficit)
for the year ended August 31, 2015

	2015	2014
Non-Cash Items Included in Surplus (Deficit):		
Amortization of Tangible Capital Assets (Schedule C)	3,421,780	3,261,000
Net Gain on Disposal of Tangible Capital Assets	(19,014)	(33,161)
Total Non-Cash Items Included in Surplus (Deficit)	3,402,766	3,227,838

Northwest School Division No. 203
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2015

	2015	2014
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	2,160,172	(1,171,151)
Increase (Decrease) In Accounts Payable and Accrued Liabilities	(2,816,282)	2,062,485
Increase in Liability for Employee Future Benefits	21,100	60,600
Increase in Deferred Revenue	152,488	32,356
Increase in Inventory of Supplies for Consumption	(27,321)	(548,494)
Increase in Prepaid Expenses	(182,313)	(161,703)
Total Net Change in Non-Cash Operating Activities	(692,156)	274,093

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1. AUTHORITY AND PURPOSE

The school division operates under the authority of *The Education Act, 1995* of Saskatchewan as a corporation under the name of "The Board of Education of the Northwest School Division No. 203" and operates as "the Northwest School Division No. 203". The school division provides education services to residents within its geographic region and is governed by an elected board of trustees.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Basis of Accounting

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

b) Reporting Entity

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

c) Measurement Uncertainty and the Use of Estimates

Canadian public sector accounting standards require 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 \$ 725,000 (2014 - \$ 703,900) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 26,291,596 (2014 - \$ 25,553,402) because final tax assessments may differ from initial estimates.
- uncollectible taxes of \$ 690,000 (2014 - \$ 690,000) because actual collectability may differ from initial estimates.

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- useful lives of capital assets and related amortization of \$3,421,780 (2014 - \$3,261,000) because the actual useful lives of the capital assets may differ from their estimated economic lives.

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

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

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

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.

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.

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

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

Portfolio Investments consist of GICs and Co-op equity accounts. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (d).

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 of the school division include land, land improvements, buildings, buildings – short-term, school buses, other vehicles, furniture and equipment, computer hardware and software, audio visual equipment, and assets under construction.

Tangible capital assets are recorded at cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation and betterment of the tangible capital asset. The school division does not capitalize interest incurred while a tangible capital asset is under construction.

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

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

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

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

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

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

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.

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

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

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

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

h) Employee Pension Plans

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

Multi-Employer Defined Benefit Plans

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

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

i) Revenue Recognition

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

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

i) Government Transfers (Grants)

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

ii) Property Taxation

Property tax is levied and collected on a calendar year basis. Uniform education property tax mill rates are set by the Government of Saskatchewan. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the school division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the school division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the school division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

iii) Fees and Services

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

iv) Interest Income

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

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v) Other (Non-Government Transfer) Contributions

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

j) Statement of Remeasurement Gains and Losses

The school division has not presented a statement of remeasurement gains and losses because it does not have financial instruments that give rise to material remeasurement gains or losses.

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 rate less 0.75% per annum. This line of credit is authorized by a borrowing resolution by the board of education and is unsecured. This line of credit was approved by the Minister of Education on February 5th, 2013. There was no balance outstanding on this credit facility as of August 31, 2015 (August 31, 2014 – no balance outstanding).

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2015	2014
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
GICs - A Craig - RBC 5 in 1 GIC - Investment Date Feb 5/13 - 5 Year Term - Non-Redeemable - Interest Rate is 2.2%	\$ 85,250	\$ 85,250
Co-op Equity	60,179	79,483
Total portfolio investments	\$ 145,429	\$ 164,733

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5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2015 Actual	2014 Actual
Governance	\$ 74,247	\$ 520,915	\$ -	\$ -	\$ 595,163	\$ 328,553
Administration	2,360,735	336,788	-	109,970	2,807,493	2,518,155
Instruction	35,164,340	2,970,527	-	684,340	38,819,207	38,531,911
Plant	2,381,810	3,690,769	-	1,790,131	7,862,710	7,824,045
Transportation	3,129,398	1,793,274	-	754,536	5,677,208	5,535,607
Tuition and Related Fees	-	462,462	-	-	462,462	366,057
School Generated Funds	-	2,305,274	-	-	2,305,274	2,453,218
Complementary Services	1,426,412	254,251	-	23,646	1,704,309	1,494,539
External Services	188,828	106,134	-	59,157	354,120	329,305
Other	-	-	121,019	-	121,019	85,675
TOTAL	\$ 44,725,770	\$12,440,396	\$ 121,019	\$ 3,421,780	\$60,708,965	\$ 59,467,065

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, severance benefits, and retirement 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 statement of financial position. Morneau Shepell Ltd, a firm of consulting actuaries, performed an actuarial valuation and estimated the Liability for Employee Future Benefits as at August 31, 2015.

Details of the employee future benefits are as follows:

	2015	2014
Actuarial valuation (extrapolation) date	Aug. 31, 2015	(Aug. 31, 2014)
Long-term assumptions used:		
Discount rate at end of period	2.50%	2.80%
Inflation and productivity rate (excluding merit and promotion)	3.20%	3.25%
Expected average remaining service life (years)	15	15

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Liability for Employee Future Benefits	2015	2014
Accrued Benefit Obligation - beginning of year	\$ 1,039,700	\$ 901,600
Current period service cost	83,200	72,900
Interest cost	30,700	33,500
Benefit payments	(118,900)	(65,400)
Actuarial losses	163,600	97,100
Accrued Benefit Obligation - end of year	1,198,300	1,039,700
Unamortized Net Actuarial Losses	(473,300)	(335,800)
Liability for Employee Future Benefits	\$ 725,000	\$ 703,900

Employee Future Benefits Expense	2015	2014
Current period service cost	\$ 83,200	\$ 72,900
Amortization of net actuarial loss	26,100	19,600
Benefit cost	109,300	92,500
Interest cost	30,700	33,500
Total Employee Future Benefits Expense	\$ 140,000	\$ 126,000

7. PENSION PLANS

Multi-Employer Defined Benefit Plans

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

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

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

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

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

	2015			2014
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	482	21	503	468
Member contribution rate (percentage of salary)	9.10% / 11.3%	6.05% / 10.0%	6.05-9.10% / 10.0-11.3%	6.05%/10.0%
Member contributions for the year	\$ 2,752,873	\$ 33,614	\$ 2,786,488	\$ 2,312,341

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:

	2015	2014
Number of active School Division members	372	396
Member contribution rate (percentage of salary)	8.15%	8.15%
School Division contribution rate (percentage of salary)	8.15%	8.15%
Member contributions for the year	\$ 913,252	\$ 888,724
School Division contributions for the year	\$ 913,252	\$ 888,724
Actuarial (extrapolation) valuation date	(Dec/31/2014)	Dec/31/2013
Plan Assets (in thousands)	\$ 2,006,587	\$ 1,685,167
Plan Liabilities (in thousands)	\$ 1,672,585	\$ 1,498,853
Plan Surplus (in thousands)	\$ 334,002	\$ 186,314

8. ACCOUNTS RECEIVABLE

All accounts receivable presented on the statement of financial position are net of any valuation allowances for doubtful accounts. Details of accounts receivable balances and allowances are as follows:

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	2015			2014		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 11,885,543	\$ 690,000	\$ 11,195,543	\$ 13,681,082	\$ 690,000	\$ 12,991,082
Provincial Grants Receivable	2,328,639	-	2,328,639	2,754,080	-	2,754,080
Other Receivables	2,950,555	-	2,950,555	2,889,747	-	2,889,747
Total Accounts Receivable	\$ 17,164,737	\$ 690,000	\$ 16,474,737	\$ 19,324,909	\$ 690,000	\$ 18,634,909

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2015	2014
Accrued Salaries and Benefits	\$ 159,675	\$ 539,945
Supplier Payments	1,046,348	3,473,091
Accrued Audit Fees	17,589	17,589
Accrued Capital Loan Interest	-	9,270
Total Accounts Payable and Accrued Liabilities	\$ 1,223,612	\$ 4,039,894

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10. LONG-TERM DEBT

Details of long-term debt are as follows:

	2015	2014
Capital Loan (1):		
<i>Royal Bank of Canada</i>		
<i>Date of Maturity: April 30, 2018</i>		
<i>Interest Rate: 2.82%</i>	\$ 618,789	\$ 856,596
<i>Term: 60 Months</i>		
<i>Repayable in Monthly Blended</i>		
<i>Payments of \$20,057</i>		
Capital Loan (2):	200,841	249,793
<i>Royal Bank of Canada</i>		
<i>Date of Maturity: June 26, 2019</i>		
<i>Interest Rate: 2.79%</i>		
<i>Term: 60 Months</i>		
<i>Repayable in Monthly Blended</i>		
<i>Payments of \$4,608</i>		
Capital Loan (3):	2,190,718	2,276,785
<i>Innovation Credit Union</i>		
<i>Date of Maturity: Jul 31, 2024</i>		
<i>Interest Rate: 3.63%</i>		
<i>Term: 120 Months</i>		
<i>Repayable in Monthly Blended</i>		
<i>Payments of \$13,398</i>		
Total Long-Term Debt	\$ 3,010,348	\$ 3,383,175

Future principal repayments over the next 5 years are estimated as follows:				
	Capital Loan (3)	Capital Loan (2)	Capital Loan (1)	Total
2015	\$ 82,555	\$ 50,311	\$ 225,954	\$ 358,820
2016	85,749	51,762	232,662	370,174
2017	88,842	53,225	160,173	302,240
2018	92,121	45,542	-	137,663
2019	95,458	-	-	95,458
Thereafter	1,745,992	-	-	1,745,992
Total	\$ 2,190,718	\$ 200,841	\$ 618,789	\$ 3,010,348

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Principal and interest payments on the long-term debt are as follows:			
	Capital Loans	2015	2014
Principal	\$ 372,827	\$ 372,827	\$ 210,809
Interest	108,124	108,124	32,516
Total	\$ 480,951	\$ 480,951	\$ 243,325

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2014	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2015
Capital projects:				
Federal capital tuition	\$ 289,825	\$ 78,819	\$ -	\$ 368,644
Hillmond Soil Remediation Capital Loan Revenue	4,609	-	-	4,609
Total capital projects deferred revenue	294,434	78,819	-	373,253
Other deferred revenue:				
Scholarships	137,410	3,720	-	141,130
Technology Consortium	29,070	-	-	29,070
Playground Fundraising	20,662	47,309	-	67,971
Tuition	-	22,640	-	22,640
Total other deferred revenue	187,142	73,669	-	260,811
Total Deferred Revenue	\$ 481,576	\$ 152,488	\$ -	\$ 634,064

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.

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Following is a summary of the revenues and expenses of the Complementary Services programs operated by the school division in 2015 and 2014:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Other Programs	2015	2014
Revenue:				
Operating Grants	\$ 908,860	\$ 197,299	\$1,106,159	\$1,162,238
Total Revenue	908,860	197,299	1,106,159	1,162,238
Expenses:				
Salaries & Benefits	973,565	452,848	1,426,412	1,324,417
Instructional Aids	32,283	79,243	111,526	88,287
Supplies and Services	11,296	64,098	75,394	23,935
Non-Capital Equipment	7,570	840	8,411	845
Building Operating Expenses	-	6,738	6,738	1,478
Communications	876	46	922	551
Travel	4,296	4,337	8,633	10,319
Professional Development (Non-Salary Costs)	4,003	159	4,162	5,718
Student Related Expenses	2,847	35,618	38,465	31,033
Amortization of Tangible Capital Assets	23,646	-	23,646	7,955
Total Expenses	1,060,382	643,927	1,704,309	1,494,539
Deficiency of Revenue over Expenses	\$ (151,522)	\$ (446,628)	\$ (598,151)	\$ (332,301)

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

Pre-K programs: Pre-K programming provides educational services to students aged 3 and 4.

Other Programs: Includes noon-hour and after-school activities, addiction awareness, alternative education, behavioural interventionists, wellness, nutrition, elders, mentorship, employment readiness, early reading initiatives, physical education, literacy, and music.

13. EXTERNAL SERVICES

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

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Following is a summary of the revenues and expenses of the External Services programs operated by the school division in 2015 and 2014:

Summary of External Services Revenues and Expenses, by Program	Other Programs	2015	2014
Revenues:			
Operating Grants	\$ 264,960	\$ 264,960	\$ 329,305
Total Revenues	264,960	264,960	329,305
Expenses:			
Salaries & Benefits	188,828	188,828	183,175
Supplies and Services	-	-	168
Communications	2,206	2,206	1,911
Travel	80	80	-
Professional Development	67	67	82
Contacted Transportation & Allowances	103,782	103,782	111,422
Amortization of Tangible Capital Assets	59,157	59,157	32,547
Total Expenses	354,120	354,120	329,305
Deficiency of Revenues over Expenses	\$ (89,160)	\$ (89,160)	\$ -

The purpose and nature of the External Services program is to provide transportation to schools within the City of Lloydminster for students who reside within the Northwest School Division boundary.

14. ACCUMULATED SURPLUS

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

Certain amounts of the accumulated surplus, as approved by the board of education, have been designated for specific future purposes such as school generated funds and Preventative Maintenance and Renewal (PMR). 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, with the exception of the Federal Capital Reserves.

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Details of accumulated surplus are as follows:

	August 31 2014	Additions during the year	Reductions during the year	August 31 2015
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 58,505,744	\$ 982,552	\$ -	\$ 59,488,296
Less: Debt owing on Tangible Capital Assets	3,383,175	-	(372,827)	3,010,348
	<u>55,122,569</u>	<u>982,552</u>	<u>(372,827)</u>	<u>56,477,948</u>
PMR maintenance project allocations (1)	<u>734,317</u>	<u>826,429</u>	<u>616,500</u>	<u>944,246</u>
Internally Restricted Surplus:				
Other:				
School generated funds (2)	1,196,145	-	48,770	1,147,375
Pre-K projects (3)	6,089	-	-	6,089
	<u>1,202,234</u>	<u>-</u>	<u>48,770</u>	<u>1,153,464</u>
Unrestricted Surplus	<u>15,744,890</u>	<u>-</u>	<u>1,525,481</u>	<u>14,219,409</u>
Total Accumulated Surplus	<u>\$ 72,804,010</u>	<u>\$ 1,808,981</u>	<u>\$ 1,817,924</u>	<u>\$ 72,795,067</u>

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

- (1) **PMR Maintenance Project Allocations** represent transfers received from the Ministry of Education as funding support for maintenance projects on the school division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.
- (2) **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 cash balances of all school generated funds are included in the statement of financial position.
- (3) **Pre-K** funding received within the year to be restricted for future pre-k projects.

15. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 18th, 2014 and the Minister of Education on August 12th, 2014.

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16. RELATED PARTIES

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

Related Party Transactions

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

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	2015	2014
Revenues:		
Ministry of Education	\$ 28,998,977	\$ 33,680,110
Ministry of Economy	196,093	206,826
Ministry of Health	-	500
SGI	141,947	160,308
Prairie North Reg Health	85,000	80,000
Councils of Ministers of Ed	16,483	21,634
	\$ 29,438,500	\$ 34,149,378
Expenses:		
Sask Power	\$ 768,680	\$ 734,467
Sask Tel	187,847	162,551
Sask Energy	391,448	393,451
North West Regional College	85,380	49,210
Sask Workers Compensation Board	132,600	119,539
Turtleford Agencies	145,364	117,453
Ministry of Finance	74,979	49,203
Multiworks Corporation	20,507	13,880
Sun West School Division	22,750	31,500
Good Spirit School Division	3,692	4,724
Lloydminster Public School Division	281	3,000
Lloydminster RCSSD #89	960	-
SGI	33,816	30,956
Saskatoon Public School Division	2,000	1,500
Living Sky School Division #202	250	800
Prairie South School Division #210	-	525
Saskatchewan Polytechnic	669	-
St. Paul's R.C.S.S.D. #20	1,000	-
STC Lines	1,523	-
Other	200	1,976
	\$ 1,873,945	\$ 1,714,734
Accounts Receivable:		
Ministry of Education	\$ 2,328,639	\$ 2,754,080
Chinook School Division	746	-
	\$ 2,329,385	\$ 2,754,080
Accounts Payable and Accrued Liabilities:		
Sask Tel	\$ -	\$ 50,236
	\$ -	\$ 50,236

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.

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

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

17. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Operating lease obligations of the school division are as follows:

	Operating Leases		
	Gymnasium Rental	Computer Lease	Total Operating
Future minimum lease payments:			
2016	\$ 15,877	\$ 543,212	\$ 559,089
2017	15,877	543,212	559,089
2018	15,877	543,212	559,089
2019	15,877	-	15,877
2020	15,877	-	15,877
Thereafter	15,877	-	15,877
Total Lease Obligations	\$ 95,259	\$ 1,629,637	\$ 1,724,896

18. RISK MANAGEMENT

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

i) Credit Risk

Credit risk is the risk to the school division from potential non-payment of accounts receivable. The credit risk related to the school division's receivables from the provincial government, federal government and their agencies are considered to be minimal. For other receivables, the school division has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits in order to reduce its credit risk, as well as close monitoring of overdue accounts.

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

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The aging of grants and other accounts receivable as at August 31, 2015 was:

	August 31, 2015					
	Total	Current	0-30 days	30-60 days	60-90 days	Over 90 days
Grants Receivable	\$ 2,328,639	\$ -	\$ -	\$ -	\$ -	\$ 2,328,639
Other Receivables	2,840,594	63,709	-	-	232,260	2,544,625
Net Receivables	\$ 5,169,233	\$ 63,709	\$ -	\$ -	\$ 232,260	\$ 4,873,264

ii) Liquidity Risk

Liquidity risk is the risk that the school division will not be able to meet its financial obligations as they come due. The school division manages liquidity risk by maintaining adequate cash balances, budget practices, monitoring, and forecasting.

The following table sets out the contractual maturities of the school division's financial liabilities:

	August 31, 2015			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 1,223,612	\$ -	\$ -	\$ -
Long-term debt	-	358,820	905,536	1,745,992
Total	\$ 1,223,612	\$ 358,820	\$ 905,536	\$ 1,745,992

iii) Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents, portfolio investments.

The school division also has an authorized bank line of credit of \$12,000,000 with interest payable monthly at a rate of prime less 0.75 %. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility as of August 31, 2015. (There was no balance outstanding on August 31, 2014).

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The school division minimizes these risks by:

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