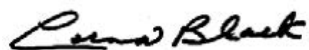


Audited Financial Statements

Of the Northern Lights School Division No. 113

School Division No. 6710000

For the Period Ending: August 31, 2016



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, MNP, 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.

November 29, 2016



Tom Harrington
Secretary Treasurer



Jagjit Chauhan
Finance Manager

Independent Auditors' Report

To the Board of Education of Northern Lights School Division #113:

We have audited the accompanying financial statements of Northern Lights School Division #113, which comprise the statement of financial position as at August 31, 2016, and the statements of operations and accumulated surplus from operations, changes in net financial assets, cash flows and supporting schedules 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Lights School Division #113 as at August 31, 2016, 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.

November 29, 2016

Prince Albert, Saskatchewan

MNP LLP

Chartered Professional Accountants

MNP

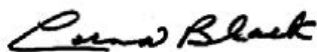
Northern Lights School Division No. 113
Statement of Financial Position
as at August 31, 2016

	2016	2015
Financial Assets		
Cash and Cash Equivalents	-	886,097
Accounts Receivable (Note 8)	12,013,021	11,182,207
Inventories for Sale	1,728	2,249
Portfolio Investments (Note 4)	4,433	1,250
Total Financial Assets	12,019,182	12,071,803
Liabilities		
Bank Indebtedness (Note 3)	970,170	-
Accounts Payable and Accrued Liabilities (Note 9)	6,125,806	6,028,302
Liability for Employee Future Benefits (Note 6)	1,225,800	1,140,100
Deferred Revenue (Note 10)	731,857	524,810
Total Liabilities	9,053,633	7,693,212
Net Financial Assets	2,965,549	4,378,591
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	91,289,314	91,068,984
Inventory of Supplies for Consumption	536,896	754,049
Prepaid Expenses	344,903	329,598
Total Non-Financial Assets	92,171,113	92,152,631
Accumulated Surplus (Note 13)	95,136,662	96,531,222

Contractual Obligations and Commitments (Note 16)

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

Approved by the Board:



Chairperson



Chief Financial Officer

Northern Lights School Division No. 113
Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
	(Note 14)		
REVENUES			
Property Taxation	6,768,240	9,544,573	8,027,390
Grants	51,890,745	49,893,941	50,348,527
Tuition and Related Fees	6,730,848	6,474,155	7,049,565
School Generated Funds	1,050,000	1,058,653	1,173,592
Complementary Services (Note 11)	3,347,639	3,934,046	3,738,073
External Services (Note 12)	1,064,451	1,359,946	1,170,190
Other	90,000	296,299	87,631
Total Revenues (Schedule A)	70,941,923	72,561,613	71,594,968
EXPENSES			
Governance	729,898	638,846	764,392
Administration	3,280,808	3,148,440	3,216,103
Instruction	44,457,144	43,567,074	42,023,581
Plant	12,221,463	12,092,745	11,607,622
Transportation	3,169,938	3,111,431	3,079,603
Tuition and Related Fees	3,177,456	3,521,171	3,235,675
School Generated Funds	1,050,000	1,007,151	1,034,132
Complementary Services (Note 11)	3,705,046	3,596,159	3,855,824
External Services (Note 12)	2,183,408	2,697,083	2,201,891
Other Expenses	35,000	576,073	2,158,260
Total Expenses (Schedule B)	74,010,161	73,956,173	73,177,083
Operating Deficit for the Year	(3,068,238)	(1,394,560)	(1,582,115)
Accumulated Surplus from Operations, Beginning of Year	96,531,222	96,531,222	98,113,337
Accumulated Surplus from Operations, End of Year	93,462,984	95,136,662	96,531,222

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

Northern Lights School Division No. 113
Statement of Changes in Net Financial Assets
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
	(Note 14)		
Net Financial Assets, Beginning of Year	4,378,591	4,378,591	4,733,835
Changes During the Year			
Operating Deficit for the Year	(3,068,238)	(1,394,560)	(1,582,115)
Acquisition of Tangible Capital Assets (Schedule C)	(1,291,503)	(5,139,482)	(3,385,204)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	48,440	54,000
Net Gain on Disposal of Capital Assets (Schedule C)	-	(24,977)	(12,613)
Write-Down of Tangible Capital Assets (Schedule C)	-	185,989	-
Amortization of Tangible Capital Assets (Schedule C)	4,590,000	4,709,700	4,601,849
Net Acquisition of Inventory of Supplies	-	217,153	30,206
Net Change in Other Non-Financial Assets	-	(15,305)	(61,367)
Change in Net Financial Assets	230,259	(1,413,042)	(355,244)
Net Financial Assets, End of Year	4,608,850	2,965,549	4,378,591

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

Northern Lights School Division No. 113
Statement of Cash Flows
for the year ended August 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Operating (Deficit) for the Year	(1,394,560)	(1,582,115)
Add Non-Cash Items Included in Deficit (Schedule D)	4,870,712	4,589,236
Net Change in Non-Cash Operating Activities (Schedule E)	(238,194)	325,521
Cash Provided by Operating Activities	3,237,958	3,332,642
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(5,139,482)	(3,385,204)
Proceeds on Disposal of Tangible Capital Assets	48,440	54,000
Cash Used by Capital Activities	(5,091,042)	(3,331,204)
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	(3,183)	-
Proceeds on Disposal of Portfolio Investments	-	7,496
Cash Provided (Used) by Investing Activities	(3,183)	7,496
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,856,267)	8,934
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	886,097	877,163
CASH AND CASH EQUIVALENTS, END OF YEAR	(970,170)	886,097
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash and Cash Equivalents	-	886,097
Bank Indebtedness	(970,170)	-
CASH AND CASH EQUIVALENTS, END OF YEAR	(970,170)	886,097

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

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Property Taxation Revenue			
Tax Levy Revenue			
Property Tax Levy Revenue	6,587,498	9,008,933	7,588,411
Total Property Tax Revenue	6,587,498	9,008,933	7,588,411
Grants in Lieu of Taxes			
Federal Government	60,000	42,667	46,997
Provincial Government	160,000	115,395	144,279
Other	5,000	-	-
Total Grants in Lieu of Taxes	225,000	158,062	191,276
Other Tax Revenues			
House Trailer Fees	-	4,089	4,380
Total Other Tax Revenues	-	4,089	4,380
Additions to Levy			
Penalties	200,000	389,979	339,838
Other	-	3,128	2,351
Total Additions to Levy	200,000	393,107	342,189
Deletions from Levy			
Cancellations	(244,258)	(18,591)	(42,611)
Other Deletions	-	(1,027)	(56,255)
Total Deletions from Levy	(244,258)	(19,618)	(98,866)
Total Property Taxation Revenue	6,768,240	9,544,573	8,027,390
Grants			
Operating Grants			
Ministry of Education Grants			
Operating Grant	49,967,997	47,508,894	48,536,720
Other Ministry Grants	1,044,948	890,948	866,102
Total Ministry Grants	51,012,945	48,399,842	49,402,822
Other Provincial Grants	-	62,000	45,000
Grants from Others	198,725	47,818	232,386
Total Operating Grants	51,211,670	48,509,660	49,680,208
Capital Grants			
Ministry of Education Capital Grants	679,075	1,384,281	668,319
Total Capital Grants	679,075	1,384,281	668,319
Total Grants	51,890,745	49,893,941	50,348,527

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Tuition and Related Fees Revenue			
Operating Fees			
Tuition Fees			
School Boards	-	10,000	23,089
Federal Government and First Nations	6,670,848	6,428,056	6,991,131
Total Tuition Fees	6,670,848	6,438,056	7,014,220
Capital Fees			
Federal/First Nations Capital Fees	60,000	36,099	35,345
Total Capital Tuition and Fees	60,000	36,099	35,345
Total Tuition and Related Fees Revenue	6,730,848	6,474,155	7,049,565
School Generated Funds Revenue			
Non-Curricular Fees			
Commercial Sales - Non-GST	100,000	79,252	88,377
Fundraising	800,000	866,038	830,613
Grants and Partnerships	150,000	112,362	251,866
Students Fees	-	-	740
Other	-	1,001	1,996
Total Non-Curricular Fees	1,050,000	1,058,653	1,173,592
Total School Generated Funds Revenue	1,050,000	1,058,653	1,173,592
Complementary Services			
Operating Grants			
Ministry of Education Grants			
Operating Grant	2,496,519	2,539,266	2,509,326
Other Ministry Grants	530,170	761,970	671,322
Other Provincial Grants	-	57,000	5,000
Other Grants	300,950	504,383	534,955
Total Operating Grants	3,327,639	3,862,619	3,720,603
Fees and Other Revenue			
Other Revenue	20,000	71,427	17,470
Total Fees and Other Revenue	20,000	71,427	17,470
Total Complementary Services Revenue	3,347,639	3,934,046	3,738,073

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenues
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
External Services			
Operating Grants			
Ministry of Education Grants		203,774	-
Other Provincial Grants	-	2,447	1,109
Other Grants	-	2,447	1,109
Total Operating Grants	-	206,221	1,109
Fees and Other Revenue			
Gain on Disposal of Capital Assets	-	6,415	-
Other Revenue	1,064,451	1,147,310	1,169,081
Total Fees and Other Revenue	1,064,451	1,153,725	1,169,081
Total External Services Revenue	1,064,451	1,359,946	1,170,190
Other Revenue			
Miscellaneous Revenue	80,000	206,425	46,962
Sales & Rentals	-	26,580	17,792
Investments	10,000	26,269	10,264
Gain on Disposal of Capital Assets	-	37,025	12,613
Total Other Revenue	90,000	296,299	87,631
TOTAL REVENUE FOR THE YEAR	70,941,923	72,561,613	71,594,968

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Governance Expense			
Board Members Expense	419,597	394,610	430,569
Professional Development- Board Members	112,801	45,988	69,110
Advisory Committees	48,000	36,096	50,749
Professional Development - Advisory Committees	-	756	65,566
Elections	2,500	3,602	-
Other Governance Expenses	147,000	157,794	148,398
Total Governance Expense	729,898	638,846	764,392
Administration Expense			
Salaries	2,163,919	2,064,569	2,053,803
Benefits	310,189	272,821	285,280
Supplies & Services	161,000	191,250	193,847
Non-Capital Furniture & Equipment	12,000	8,289	12,021
Building Operating Expenses	220,500	144,517	232,612
Communications	54,000	83,486	64,883
Travel	175,000	172,546	182,612
Professional Development	34,200	34,643	36,750
Amortization of Tangible Capital Assets	150,000	176,319	154,295
Total Administration Expense	3,280,808	3,148,440	3,216,103
Instruction Expense			
Instructional (Teacher Contract) Salaries	28,208,078	27,430,390	26,846,342
Instructional (Teacher Contract) Benefits	1,428,283	1,523,819	1,407,675
Program Support (Non-Teacher Contract) Salaries	7,559,180	7,106,254	6,962,132
Program Support (Non-Teacher Contract) Benefits	1,520,184	1,470,629	1,379,977
Instructional Aids	883,004	755,784	905,054
Supplies & Services	788,547	1,247,197	863,738
Non-Capital Furniture & Equipment	165,000	167,037	176,035
Communications	170,000	162,824	145,572
Travel	542,220	662,159	511,726
Professional Development	1,074,248	777,845	699,265
Student Related Expense	1,128,400	1,210,432	1,103,000
Amortization of Tangible Capital Assets	990,000	1,052,704	1,023,065
Total Instruction Expense	44,457,144	43,567,074	42,023,581

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Plant Operation & Maintenance Expense			
Salaries	3,879,791	3,449,758	3,455,570
Benefits	781,546	604,261	646,249
Supplies & Services	70,500	81,914	275,564
Non-Capital Furniture & Equipment	12,500	19,394	17,357
Building Operating Expenses	4,231,126	4,620,165	4,005,763
Communications	38,000	32,951	30,044
Travel	305,000	300,097	296,957
Professional Development	53,000	63,215	40,165
Amortization of Tangible Capital Assets	2,850,000	2,920,990	2,839,953
Total Plant Operation & Maintenance Expense	12,221,463	12,092,745	11,607,622
Student Transportation Expense			
Salaries	94,000	65,556	66,495
Benefits	12,755	8,681	8,816
Supplies & Services	130,000	122,106	88,533
Non-Capital Furniture & Equipment	85,000	54,658	97,849
Building Operating Expenses	-	3,295	10,658
Communications	-	401	1,847
Travel	4,000	1,827	1,237
Professional Development	-	-	6,037
Contracted Transportation	2,644,183	2,671,592	2,615,085
Amortization of Tangible Capital Assets	200,000	183,315	183,046
Total Student Transportation Expense	3,169,938	3,111,431	3,079,603
Tuition and Related Fees Expense			
Tuition Fees	3,057,456	3,517,589	3,233,605
Transportation Fees	30,000	-	-
Other Fees	90,000	3,582	2,070
Total Tuition and Related Fees Expense	3,177,456	3,521,171	3,235,675
School Generated Funds Expense			
Cost of Sales	100,000	81,835	76,627
Non-Capital Furniture & Equipment	-	16,360	-
School Fund Expenses	950,000	908,956	957,505
Total School Generated Funds Expense	1,050,000	1,007,151	1,034,132

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Complementary Services Expense			
Instructional (Teacher Contract) Salaries & Benefits	908,472	803,146	940,813
Program Support (Non-Teacher Contract) Salaries & Benefits	1,567,108	1,444,794	1,561,906
Instructional Aids	259,136	544,201	621,109
Supplies & Services	136,000	158,542	55,448
Non-Capital Furniture & Equipment	-	3,054	1,655
Communications	-	227	136
Travel	75,000	52,912	68,109
Professional Development (Non-Salary Costs)	120,000	44,394	55,023
Student Related Expenses	634,330	533,609	529,600
Contracted Transportation & Allowances	5,000	11,280	22,025
Total Complementary Services Expense	3,705,046	3,596,159	3,855,824
External Service Expense			
Administration Salaries & Benefits	144,557	145,144	130,206
Instructional (Teacher Contract) Salaries & Benefits	309,451	324,235	328,441
Program Support (Non-Teacher Contract) Salaries & Benefits	-	60,141	14,532
Plant Operation & Maintenance Salaries & Benefits	565,000	629,296	474,566
Supplies & Services	12,000	152,085	5,988
Non-Capital Furniture & Equipment	-	1,115	121
Building Operating Expenses	660,000	888,992	765,295
Travel	90,000	106,187	75,538
Professional Development (Non-Salary Costs)	2,400	4,866	335
Contracted Transportation & Allowances	-	8,650	5,379
Amortization of Tangible Capital Assets	400,000	376,372	401,490
Total External Services Expense	2,183,408	2,697,083	2,201,891
Other Expense			
Interest and Bank Charges			
Current Interest and Bank Charges	35,000	8,800	34,189
Total Interest and Bank Charges	35,000	8,800	34,189
Contaminated Sites	-	51,633	1,992,000
Loss on Disposal of Tangible Capital Assets	-	18,463	-
Provision for Uncollectable Accounts	-	497,177	132,071
Total Other Expense	35,000	576,073	2,158,260
TOTAL EXPENSES FOR THE YEAR	74,010,161	73,956,173	73,177,083

Northern Lights School Division No. 113

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2016**

	Land		Buildings		School	Other	Furniture and	Computer Hardware and	Computer	Assets		
	Land	Improvements	Buildings	Short-Term	Buses	Vehicles	Equipment	Audio Visual Equipment	Software	Under Construction	2016	2015
Tangible Capital Assets - at Cost												
Opening Balance as of September 1	585,476	1,320,757	120,547,658	12,398,023	218,379	1,711,795	10,017,189	5,946,836	639,375	447,226	153,832,714	150,534,131
Additions/Purchases	-	398,361	1,255,212	261,527	-	186,179	987,768	988,318	-	1,062,117	5,139,482	3,385,204
Disposals	-	-	-	(184,309)	-	(76,658)	(90,353)	-	-	-	(351,320)	(86,621)
Write-Downs	-	-	-	-	-	-	-	-	-	(185,989)	(185,989)	-
Transfers to (from)	-	-	125,770	135,467	-	-	-	-	-	(261,237)	-	-
Closing Balance as of August 31	585,476	1,719,118	121,928,640	12,610,708	218,379	1,821,316	10,914,604	6,935,154	639,375	1,062,117	158,434,887	153,832,714
Tangible Capital Assets - Amortization												
Opening Balance as of September 1	-	778,183	41,858,221	8,093,977	29,050	786,775	6,068,346	4,570,014	579,164	-	62,763,730	58,207,115
Amortization of the Period	-	54,972	2,418,079	363,866	18,198	185,106	782,335	843,278	43,866	-	4,709,700	4,601,849
Disposals	-	-	-	(184,309)	-	(53,195)	(90,353)	-	-	-	(327,857)	(45,234)
Closing Balance as of August 31	N/A	833,155	44,276,300	8,273,534	47,248	918,686	6,760,328	5,413,292	623,030	N/A	67,145,573	62,763,730
Net Book Value												
Opening Balance as of September 1	585,476	542,574	78,689,437	4,304,046	189,329	925,020	3,948,843	1,376,822	60,211	447,226	91,068,984	92,327,016
Closing Balance as of August 31	585,476	885,963	77,652,340	4,337,174	171,131	902,630	4,154,276	1,521,862	16,345	1,062,117	91,289,314	91,068,984
Change in Net Book Value	-	343,389	(1,037,097)	33,128	(18,198)	(22,390)	205,433	145,040	(43,866)	614,891	220,330	(1,258,032)
Disposals												
Historical Cost	-	-	-	184,309	-	76,658	90,353	-	-	-	351,320	86,621
Accumulated Amortization	-	-	-	184,309	-	53,195	90,353	-	-	-	327,857	45,234
Net Cost	-	-	-	-	-	23,463	-	-	-	-	23,463	41,387
Price of Sale	-	-	-	6,415	-	12,400	29,625	-	-	-	48,440	54,000
Gain (Loss) on Disposal	-	-	-	6,415	-	(11,063)	29,625	-	-	-	24,977	12,613

Northern Lights School Division No. 113
Schedule D: Non-Cash Items Included in Deficit
for the year ended August 31, 2016

	2016	2015
Non-Cash Items Included in Deficit		
Amortization of Tangible Capital Assets (Schedule C)	4,709,700	4,601,849
Net (Gain) on Disposal of Tangible Capital Assets (Schedule C)	(24,977)	(12,613)
Write-Down of Tangible Capital Assets (Schedule C)	185,989	-
Total Non-Cash Items Included in Deficit	4,870,712	4,589,236

Northern Lights School Division No. 113
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2016

	2016	2015
Net Change in Non-Cash Operating Activities		
(Increase) in Accounts Receivable	(830,814)	(1,334,590)
Decrease in Inventories for Sale	521	1,528
Increase in Accounts Payable and Accrued Liabilities	97,504	1,567,441
Increase in Liability for Employee Future Benefits	85,700	110,900
Increase in Deferred Revenue	207,047	11,403
Decrease in Inventory of Supplies for Consumption	217,153	30,206
(Increase) in Prepaid Expenses	(15,305)	(61,367)
Total Net Change in Non-Cash Operating Activities	(238,194)	325,521

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

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 Northern Lights School Division No.113” and operates as “the Northern Lights School Division No. 113”. 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 \$1,225,800 (2015 - \$1,140,100) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$9,544,573 (2015 - \$8,027,390) because final tax assessments may differ from initial estimates.
- uncollectible taxes of \$8,860,489 (2015 - \$8,363,312) because actual collectability may differ from initial estimates.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- useful lives of capital assets and related amortization of \$4,709,700 (2015 - \$4,601,849) because the actual useful lives of the capital assets may differ from their estimated economic lives.
- Accrued liabilities for contaminated sites of \$1,991,492 (2015 - \$1,991,492). The estimation falls within the range reported of \$941,672 and \$2,653,969. The actual remediation expense may differ from the valuation estimates.

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

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

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, bank indebtedness and accounts payable and accrued liabilities.

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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents consist of cash and bank deposits held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

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

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

Inventories for Sale consist of clothing items which are held for sale in the ordinary course of operations and are valued at the lower of cost and net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

Portfolio Investments consist of equity in the Innovation Credit Union and the North of 53 Co-op. 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 and land improvements, buildings, short-term buildings, 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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 including insurance, property taxes (School Division owned housing), Workers' Compensation premiums, room and board expenditures, and Saskatchewan School Boards Association fees 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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liability for Contaminated Sites arises when contamination is being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the School Division:
 - is directly responsible; or
 - accepts responsibility
- the school division expects that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the School Division is obligated or likely to be obligated to incur such costs. The liability estimate includes costs that are directly attributable to the remediation activities and reflects the costs required to bring the site up to the current environmental standard for its use prior to contamination. The liability is recorded net of any expected recoveries.

A detail of the accrued Liability for Contaminated Sites is included in Note 9 – Accounts Payable and Accrued Liabilities of the financial statements.

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

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

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 standards, 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.

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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Remeasurment 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 and losses.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

3. SHORT TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$5,000,000 that bears interest at bank prime minus 0.75%. This line of credit is authorized by a borrowing resolution by the board of education and the approval of the Minister of Education. This line of credit was approved by the Minister of Education on November 16, 2011. The balance drawn on the line of credit at August 31, 2016 was \$970,170 at an interest rate of 1.95% (2015 - \$NIL).

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	<u>2016</u>	<u>2015</u>
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
Co-op equity account	\$ 3,433	\$ 250
Credit Union equity account	1,000	1,000
Total portfolio investments	\$ 4,433	\$ 1,250

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Amortization of TCA	2016 Actual	2015 Actual
Governance	\$ 300,805	\$ 338,041	\$ -	\$ 638,846	\$ 764,392
Administration	2,337,390	634,731	176,319	3,148,440	3,216,103
Instruction	37,531,092	4,983,278	1,052,704	43,567,074	42,023,581
Plant	4,054,019	5,117,736	2,920,990	12,092,745	11,607,622
Transportation	74,237	2,853,879	183,315	3,111,431	3,079,603
Tuition and Related Fees	-	3,521,171	-	3,521,171	3,235,675
School Generated Funds	-	1,007,151	-	1,007,151	1,034,132
Complementary Services	2,247,940	1,348,219	-	3,596,159	3,855,824
External Services	1,158,816	1,161,895	376,372	2,697,083	2,201,891
Other	-	576,073	-	576,073	2,158,260
TOTAL	\$ 47,704,299	\$ 21,542,174	\$ 4,709,700	\$ 73,956,173	\$ 73,177,083

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

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 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 extrapolated results to estimate the Liability for Employee Future Benefits as at August 31, 2016.

Details of the employee future benefits are as follows:

	2016	2015
Actuarial extrapolation date	August 31, 2016	August 31, 2015
Long-term assumptions used:		
Discount rate	2.10% per annum	2.50% per annum
Inflation and productivity (excluding merit and promotion)	3.20% per annum	3.20% per annum
Expected average remaining service life (years)	14	14

Liability for Employee Future Benefits	2016	2015
Accrued Benefit Obligation - beginning of year	\$ 1,374,400	\$ 1,135,100
Current service cost	146,900	113,200
Interest cost	36,600	34,300
Benefit payments	(116,900)	(45,900)
Actuarial losses	68,500	137,700
Accrued Benefit Obligation - end of year	1,509,500	1,374,400
Unamortized Net Actuarial Losses	(283,700)	(234,300)
Liability for Employee Future Benefits	\$ 1,225,800	\$ 1,140,100

Employee Future Benefits Expense	2016	2015
Current period benefit cost	\$ 146,900	\$ 113,200
Amortization of net actuarial loss	19,100	9,300
Benefit cost	166,000	122,500
Interest cost	36,600	34,300
Total Employee Future Benefits Expense	\$ 202,600	\$ 156,800

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

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.

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

	2016			2015
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	351	4	355	338
Member contribution rate (percentage of salary)	10.20%	6.05%	6.05 – 10.20%	6.05-10.20%
Member contributions for the year	\$2,921,299	\$18,888	\$2,940,187	\$2,661,839

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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

7. PENSION PLANS (Continued)

The contributions to the MEPP by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. In accordance with Public Sector Accounting Board (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:

	2016	2015
Number of active School Division members	402	341
Member contribution rate (percentage of salary)	8.15%	8.15%
School Division contribution rate (percentage of salary)	8.15%	8.15%
Member contributions for the year	\$1,093,950	\$1,065,374
School Division contributions for the year	\$1,093,950	\$1,065,374
Total Contributions for the Year	\$2,187,900	\$2,130,748
Actuarial (extrapolation) valuation date	(December 31, 2015)	December 31, 2014
Plan Assets (in thousands)	\$2,148,676	\$ 2,006,587
Plan Liabilities (in thousands)	\$1,831,743	\$ 1,672,585
Plan Surplus (in thousands)	\$316,933	\$ 334,002

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:

	2016			2015		
	Total	Valuation	Net of	Total	Valuation	Net of
	Receivable	Allowance	Allowance	Receivable	Allowance	Allowance
Taxes Receivable	\$15,259,297	\$8,860,489	\$6,398,808	\$13,970,766	\$8,363,312	\$5,607,454
Provincial Grants Receivable	1,102,331	-	1,102,331	696,718	-	696,718
Other Receivables	4,511,882	-	4,511,882	4,878,035	-	4,878,035
Total Accounts Receivable	\$20,873,510	\$8,860,489	\$12,013,021	\$19,545,519	\$8,363,312	\$11,182,207

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2016	2015
Accrued Salaries and Benefits	\$ 35,488	\$ 62,740
Supplier Payments	1,916,274	1,998,290
Contaminated Sites	1,991,492	1,991,492
Other (Tuition to First Nations)	2,182,552	1,975,780
Total Accounts Payable and Accrued Liabilities	\$ 6,125,806	\$ 6,028,302

The School Division recognized an estimated liability of \$ 1,991,492 (2015 - \$1,991,492) for remediation of contaminated sites on School Division property in Pinehouse Lake and Wollaston Lake. The estimated liability was valued by an engineering firm using historical data of similar contaminated sites. The estimated liability is reported as other expenses on the statement of operations and accumulated surplus. The nature of the liability at both sites is contaminated soil due to fuel spills.

10. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2015	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2016
Capital projects:				
Federal capital tuition	\$ 474,959	\$ 75,462	\$ -	\$ 550,421
Total capital projects deferred revenue	474,959	75,462	-	550,421
Other deferred revenue:				
Northern Human Services Partnership	-	295,146	137,000	158,146
Third Party Grants	10,000	-	3,000	7,000
Churchill High School Cameco Grant	39,851	-	23,561	16,290
Total other deferred revenue	49,851	295,146	163,561	181,436
Total Deferred Revenue	\$ 524,810	\$ 370,608	\$ 163,561	\$ 731,857

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

11. COMPLEMENTARY SERVICES

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

Following is a summary of the revenues and expenses of the Complementary Services programs operated by the School Division in 2016 and 2015:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community Schools Program	Northern Recreation Program	Other Programs	2016	2015
Revenues:						
Operating Grants	\$ 918,228	\$ 1,621,038	\$ 357,752	\$ 965,601	\$ 3,862,619	\$ 3,720,603
Fees and Other Revenue	-	-	-	71,427	71,427	17,470
Total Revenues	918,228	1,621,038	357,752	1,037,028	3,934,046	3,738,073
Expenses:						
Salaries & Benefits	806,311	980,136	329,809	131,685	2,247,941	2,502,719
Instructional Aids	387	196,152	36,588	311,073	544,200	621,109
Supplies and Services	-	43,379	-	115,163	158,542	55,448
Non-Capital Equipment	-	-	-	3,054	3,054	1,655
Communications	-	161	-	66	227	136
Travel	-	5,712	-	47,200	52,912	68,109
Professional Development (Non-Salary Costs)	7,802	14,003	13,696	8,893	44,394	55,023
Student Related Expenses	-	311,039	11,211	211,359	533,609	529,600
Contracted Transportation & Allowances	-	11,280	-	-	11,280	22,025
Total Expenses	814,500	1,561,862	391,304	828,493	3,596,159	3,855,824
Excess (Deficiency) of Revenue over Expenses	\$ 103,728	\$ 59,176	\$ (33,552)	\$ 208,535	\$ 337,887	\$ (117,751)

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

Pre-K Program

The Pre-Kindergarten program is a developmentally appropriate early childhood education program for three and four-year-old children. All schools in the Northern Lights School Division have Pre-K programs. Nine of these sites are Ministry designated and funded while the rest are supported by the School Division. Seven of the designated programs are partnership agreements with the federally funded Aboriginal Head Start.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

11. COMPLEMENTARY SERVICES (Continued)

Community Schools Program

Community Schools Program is designed to engage the community in the education process for their students. The four pillars of the community schools program are Learning Support, Community Involvement, Community Partnerships and Integrated Services.

Northern Recreation Program

The purpose of the Northern Recreation Program is to enhance the quality of life for northerners through the provision of community based sport, culture and recreation programs after school, in the evenings, on weekends and at community and school special events.

Other Programs

Other programs included in the Complementary Services function include the Nutrition Program, Summer Literacy Camps and the Learning Opportunities Program. The Nutrition Program provides schools with funds to serve students a healthy snack. Summer Literacy Camps are run throughout the Division in July and expose students to various levels of reading and provide them with books at their reading level. The Learning Opportunities Program is a grant administered by the Ministry of Education and it provides funding for schools to expose students to innovative learning opportunities.

12. EXTERNAL SERVICES

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

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

12. EXTERNAL SERVICES (Continued)

Following is a summary of the revenues and expenses of the External Services programs operated by the School Division in 2016 and 2015:

Summary of External Services Revenues and Expenses, by Program	Residences	Other Programs	2016	2015
Revenues:				
Operating Grants	\$ -	\$ 206,221	\$ 206,221	\$ 1,109
Fees and Other Revenue	-	521,674	521,674	591,074
Sales and Rentals	632,051	-	632,051	578,007
Total Revenues	632,051	727,895	1,359,946	1,170,190
Expenses:				
Salaries & Benefits	774,440	384,376	1,158,816	947,745
Supplies and Services	7,128	144,957	152,085	5,988
Non-Capital Equipment	1,115	-	1,115	121
Building Operating Expenses	888,992	-	888,992	765,295
Travel	106,187	-	106,187	75,538
Professional Development	3,433	1,433	4,866	335
Amortization of Tangible Capital Assets	376,372	-	376,372	401,490
Contracted Transportation & Allowances	-	8,650	8,650	5,379
Total Expenses	2,157,667	539,416	2,697,083	2,201,891
Excess (Deficiency) of Revenue over Expenses	\$ (1,525,616)	\$ 188,479	\$ (1,337,137)	\$ (1,031,701)

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

Residences

Northern Lights School Division provides teachers with lodging in communities where no housing market exists. The rental rates charged to teachers are determined by the local collective bargaining agreement.

Other Programs

The majority of revenue and expenditures reflected in this category are directly related to salary and benefit costs administered by the School Division on behalf of the Northern Teacher Education Program post-secondary program. The remainder of other programs is comprised of third party grants related to work experience and mentoring programs

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

13. ACCUMULATED SURPLUS

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

Certain amounts of the accumulated surplus, 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 maintain separate bank accounts for the internally restricted amounts.

Details of accumulated surplus are as follows:

	August 31 2015	Additions during the year	Reductions during the year	August 31 2016
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 91,068,984	\$ 5,139,482	\$ (4,919,152)	\$ 91,289,314
	<u>91,068,984</u>	<u>5,139,482</u>	<u>(4,919,152)</u>	<u>91,289,314</u>
PMR Maintenance Project Allocations (1)	<u>882,080</u>	<u>843,806</u>	<u>(1,171,477)</u>	<u>554,409</u>
Internally Restricted Surplus:				
Learning opportunities grant	57,291	100,000	(115,671)	41,620
Summer Literacy Camps	186,602	315,000	(326,907)	174,695
Invitational Shared Service Initiatives	106,381	450,000	(472,330)	84,051
	<u>350,274</u>	<u>865,000</u>	<u>(914,908)</u>	<u>300,366</u>
Unrestricted Surplus	<u>4,229,884</u>	<u>-</u>	<u>(1,237,311)</u>	<u>2,992,573</u>
Total Accumulated Surplus	<u>\$ 96,531,222</u>	<u>\$ 6,848,288</u>	<u>\$ (8,242,848)</u>	<u>\$ 95,136,662</u>

- (1) **PMR Maintenance Project Allocations** represent transfers received from the Ministry of Education as funding support for maintenance projects on the School Division's approved 3 year capital maintenance plans. Unspent funds at the end of a fiscal year are designated for future approved capital plan maintenance project expenditures.

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

Learning Opportunities Grant

Restricted grant from Provincial Government to enhance opportunities for students. Unspent funds are internally restricted to be used for future initiatives that meet the requirements of the funding. These funds are jointly administered with the Ministry of Education.

Summer Literacy Camps

Funding received from the Provincial Government to run summer literacy camps throughout the School Division. Unspent funds are internally restricted for use at future camps.

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13. ACCUMULATED SURPLUS (Continued)

Invitational Shared Services Initiatives

Funding received from the Provincial Government for to provide shared initiatives with First Nations Schools to better serve all students.

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 23, 2015 and the Minister of Education on August 20, 2015.

15. RELATED PARTIES

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

Related Party Transactions

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

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15. RELATED PARTIES (Continued)

	2016	2015
Revenues:		
Ministry of Education	\$ 53,085,359	\$ 53,251,789
Northern Teachers Education Program (NORTEP)	324,016	326,585
Kids First North	190,644	170,372
Saskatchewan Workers Compensation Board	84,394	76,867
	\$ 53,684,413	\$ 53,825,613
Expenses:		
Northern Teachers Education Program (NORTEP)	\$ 324,016	\$ 326,585
Ministry of Central Services	205,255	216,930
Sask Power	1,022,754	1,007,089
Sask Tel	198,189	245,203
Saskatchewan Government Insurance (SGI)	36,092	31,045
Saskatchewan Workers Compensation Board	136,767	131,256
Northlands College	9,526	6,379
	\$ 1,932,599	\$ 1,964,487
Accounts Receivable:		
Kids First North	\$ 722,469	\$ 624,918
Ministry of Education	1,009,831	696,718
Northern Municipal Trust Account	3,765,809	3,215,920
Northern Teachers Education Program (NORTEP)	52,263	25,611
	\$ 5,550,372	\$ 4,563,167
Accounts Payable and Accrued Liabilities:		
Ministry of Central Services	\$ 16,628	\$ -
Sask Power	77,108	64,370
Sask Tel	567	12,234
Saskatchewan Workers Compensation Board	-	908
	\$ 94,303	\$ 77,512

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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16. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

Construction and renovation of the Churchill Community High School began in the 2010-2011 fiscal year, with the substantial completion of the construction phase of the project completed December 3, 2014. Costs for the completed project are estimated to total \$34,191,180 with the Ministry of Education funding anticipated at \$26,637,234 and the remaining \$7,553,946 to be covered by the School Division. The contractual obligation outstanding at August 31, 2016 is \$796,380.

Replacement of the Heating, Ventilation and Air Conditioning system at Twin Lakes Community School began in the summer of 2016. Costs for the completed project are estimated to total \$1,177,177. The contractual obligation at August 31, 2016 is \$400,990.

Operating lease obligations, as follows:

Future minimum contract payments:	Conveyance Contracts	Total Contracts
2017	\$ 2,208,408	\$ 2,208,408
2018	1,824,596	1,824,596
2019	473,385	473,385
2020	384,285	384,285
2021	88,825	88,825
Total	\$ 4,979,499	\$ 4,979,499

17. COMPARATIVE INFORMATION

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

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 close monitoring of overdue accounts. The School Division has significant exposure to one large customer, past events show these amounts to be collectible. Management reviews accounts receivable on a case by case basis to determine if a valuation allowance is necessary to reflect an impairment in collectability.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2016

18. RISK MANAGEMENT (Continued)

The aging of provincial grants and other accounts receivable at August 31, 2016 was:

		August 31, 2016					
		Total	Current	0-30 days	30-60 days	60-90 days	Over 90 days
Grants Receivable	\$	1,102,331	\$ 1,102,331	\$ -	\$ -	\$ -	\$ -
Other Receivables		4,372,721	958,117	-	339	2,139,202	1,275,063
Gross Receivables	\$	5,475,052	\$ 2,060,448	\$ -	\$ 339	\$ 2,139,202	\$ 1,275,063

ii) Liquidity Risk

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

		August 31, 2016			
		Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Bank indebtedness	\$	970,170	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities (excludes contaminated sites)		4,134,314	-	-	-
Total	\$	5,104,484	\$ -	\$ -	\$ -

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 and portfolio investments. The School Division also has an authorized bank line of credit of \$5,000,000 with interest payable monthly at a rate of prime minus 0.75%. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was a balance of \$970,170 on this credit facility as of August 31, 2016 at an interest rate of 1.95% (2015 - \$NIL).

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