
Auditor's Report and Financial Statement

Of the Northern Lights School Division No. 113

School Division No. 6710000

For the Period Ending: August 31, 2013

TILA

Chief Financial Officer

MNP LLP

Auditor

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

Management's Responsibility for the Financial Statements

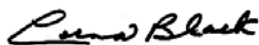
The school division's management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards and the format specified in the Financial Reporting Manual issued by the Ministry of Education. The preparation of financial statements necessarily 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, (Name of the audit firm), 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 Northern Lights School Division No. 113:



Board Chair



CEO/Director of Education



Chief Financial Officer

November 23, 2013

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, 2013, and the statements of operations (deficit) from operations and accumulated surplus, changes in net financial assets (net debt), 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, 2013, and the results of its operations (deficit) from operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

November 23, 2013

Prince Albert, Saskatchewan

MNP LLP

Chartered Accountants

MNP

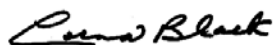
Northern Lights School Division No. 113
Statement of Financial Position
as at August 31, 2013

	2013	2012
Financial Assets		
Cash and Cash Equivalents	1,982,774	662,138
Accounts Receivable (Note 8)	14,753,405	12,525,034
Inventories for Sale	10,171	8,277
Portfolio Investments (Note 4)	4,067	5,001,250
Total Financial Assets	16,750,417	18,196,699
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	7,008,464	5,068,375
Liability for Employee Future Benefits (Note 6)	927,200	908,800
Deferred Revenue (Note 10)	400,305	743,921
Total Liabilities	8,335,969	6,721,096
Net Financial Assets	8,414,448	11,475,603
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	89,837,657	82,535,009
Inventory of Supplies for Consumption	732,359	731,165
Prepaid Expenses	270,591	282,349
Total Non-Financial Assets	90,840,607	83,548,523
Accumulated Surplus (Note 13)	99,255,055	95,024,126
Accumulated Surplus is comprised of:		
Accumulated surplus from operations	99,255,055	95,024,126
Accumulated rereasurement gains and losses (Note 2(k))	-	-
Total Accumulated Surplus (Note 13)	99,255,055	95,024,126

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, 2013

	2013 Budget	2013 Actual	2012 Actual
REVENUES	(Note 14)		
Property Taxation	7,482,335	6,626,544	7,379,003
Grants	52,029,128	55,044,898	58,456,926
Tuition and Related Fees	5,324,000	5,910,380	5,776,634
School Generated Funds	780,300	1,116,643	860,237
Complementary Services (Note 11)	2,715,000	3,764,779	3,616,231
External Services (Note 12)	1,125,328	1,361,570	1,322,309
Other	179,000	220,840	338,067
Total Revenues (Schedule A)	69,635,091	74,045,654	77,749,407
EXPENSES			
Governance	919,200	894,065	792,088
Administration	2,165,963	2,020,590	1,971,018
Instruction	41,848,154	43,514,634	41,079,604
Plant	9,689,569	10,138,104	9,363,756
Transportation	2,802,430	2,677,310	2,562,220
Tuition and Related Fees	2,630,000	3,240,802	2,934,287
School Generated Funds	780,300	911,551	855,602
Complementary Services (Note 11)	3,779,485	4,084,308	4,645,431
External Services (Note 12)	2,300,456	2,318,668	2,245,263
Other Expenses	5,700	14,693	116,556
Total Expenses (Schedule B)	66,921,257	69,814,725	66,565,825
Operating Surplus for the Year	2,713,834	4,230,929	11,183,582
Accumulated Surplus from Operations, Beginning of Year	95,024,126	95,024,126	83,840,544
Accumulated Surplus from Operations, End of Year	97,737,960	99,255,055	95,024,126

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, 2013

	2013 Budget	2013 Actual	2012 Actual
	(Note 14)		
Net Financial Assets, Beginning of Year	11,475,603	11,475,603	17,057,765
Changes During the Year:			
Operating Surplus for the Year	2,713,834	4,230,929	11,183,582
Acquisition of Tangible Capital Assets (Schedule C)	(15,363,743)	(11,271,522)	(20,366,148)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	3,532	19,954
Net Loss (Gain) on Disposal of Capital Assets (Schedule C)	-	(2,124)	293,020
Amortization of Tangible Capital Assets (Schedule C)	3,304,361	3,967,466	3,288,753
Net Acquisition of Inventory of Supplies	-	(1,194)	37,194
Net Change in Other Non-Financial Assets	-	11,758	(38,517)
Change in Net Financial Assets	(9,345,548)	(3,061,155)	(5,582,162)
Net Financial Assets, End of Year	2,130,055	8,414,448	11,475,603

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, 2013

	2013	2012
OPERATING ACTIVITIES		
Operating Surplus for the Year	4,230,929	11,183,582
Add Non-Cash Items Included in Surplus (Schedule D)	3,965,342	3,581,773
Net Change in Non-Cash Operating Activities (Schedule E)	(604,828)	(12,978,204)
Cash Provided by Operating Activities	7,591,443	1,787,151
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(11,271,522)	(20,366,148)
Proceeds on Disposal of Tangible Capital Assets	3,532	19,954
Cash Used by Capital Activities	(11,267,990)	(20,346,194)
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	-	(5,000,000)
Proceeds on Disposal of Portfolio Investments	4,997,183	10,285
Cash Provided (Used) by Investing Activities	4,997,183	(4,989,715)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,320,636	(23,548,758)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	662,138	24,210,896
CASH AND CASH EQUIVALENTS, END OF YEAR	1,982,774	662,138
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash and Cash Equivalents	1,982,774	662,138
CASH AND CASH EQUIVALENTS, END OF YEAR	1,982,774	662,138

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

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	7,406,435	6,609,886	7,364,960
Total Property Tax Revenue	7,406,435	6,609,886	7,364,960
Grants in Lieu of Taxes:			
Federal Government	44,000	46,255	44,828
Provincial Government	194,000	198,044	186,096
Other	-	5,362	-
Total Grants in Lieu of Taxes	238,000	249,661	230,924
Other Tax Revenues:			
Treaty Land Entitlement - Urban	-	-	13,313
House Trailer Fees	7,900	-	7,911
Total Other Tax Revenues	7,900	-	21,224
Additions to Levy:			
Penalties	325,000	333,940	347,805
Other	10,000	(329)	28,589
Total Additions to Levy	335,000	333,611	376,394
Deletions from Levy:			
Discounts	(320,000)	(325,736)	(329,073)
Cancellations	(185,000)	(212,282)	(271,962)
Other Deletions	-	(28,596)	(13,464)
Total Deletions from Levy	(505,000)	(566,614)	(614,499)
Total Property Taxation Revenue	7,482,335	6,626,544	7,379,003
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	42,967,021	43,625,131	44,099,611
Other Ministry Grants	-	1,284,041	544,141
Total Ministry Grants	42,967,021	44,909,172	44,643,752
Other Provincial Grants	-	83,150	62,000
Grants from Others	120,000	141,766	127,500
Total Operating Grants	43,087,021	45,134,088	44,833,252
Capital Grants			
Ministry of Education Capital Grants	8,942,107	9,832,453	13,548,674
Other Capital Grants	-	78,357	75,000
Total Capital Grants	8,942,107	9,910,810	13,623,674
Total Grants	52,029,128	55,044,898	58,456,926

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
School Boards	-	19,000	-
Federal Government and First Nations	5,324,000	5,829,794	5,710,507
Total Tuition Fees	5,324,000	5,848,794	5,710,507
Total Operating Tuition and Related Fees	5,324,000	5,848,794	5,710,507
Capital Fees:			
Federal/First Nations Capital Fees	-	61,586	66,127
Total Capital Tuition and Fees	-	61,586	66,127
Total Tuition and Related Fees Revenue	5,324,000	5,910,380	5,776,634
School Generated Funds Revenue			
Non-Curricular Fees:			
Commercial Sales - Non-GST	114,500	127,816	84,921
Fundraising	485,000	745,253	636,597
Grants and Partnerships	161,000	241,884	133,194
Students Fees	13,800	-	-
Other	6,000	1,690	5,525
Total Non-Curricular Fees	780,300	1,116,643	860,237
Total School Generated Funds Revenue	780,300	1,116,643	860,237
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	2,345,000	2,441,065	2,240,854
Ministry of Education Grants-Other	-	751,884	758,196
Other Provincial Grants	-	3,837	59,229
Other Grants	-	82,827	47,526
Total Operating Grants	2,345,000	3,279,613	3,105,805
Fees and Other Revenue			
Other Revenue	370,000	485,166	510,426
Total Fees and Other Revenue	370,000	485,166	510,426
Total Complementary Services Revenue	2,715,000	3,764,779	3,616,231

Northern Lights School Division No. 113
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
External Services			
Operating Grants:			
Other Grants	-	10,065	-
Total Operating Grants	-	10,065	-
Fees and Other Revenue			
Gain on Disposal of Capital Assets	-	-	19,954
Other Revenue	1,125,328	1,351,505	1,302,355
Total Fees and Other Revenue	1,125,328	1,351,505	1,322,309
Total External Services Revenue	1,125,328	1,361,570	1,322,309
Other Revenue			
Miscellaneous Revenue	65,000	130,822	126,983
Sales & Rentals	14,000	10,895	16,789
Investments	100,000	76,998	194,295
Gain on Disposal of Capital Assets	-	2,125	-
Total Other Revenue	179,000	220,840	338,067
TOTAL REVENUE FOR THE YEAR	69,635,091	74,045,654	77,749,407

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Governance Expense			
Board Members Expense	449,200	465,136	437,507
Professional Development- Board Members	108,000	124,141	129,180
Advisory Committees	57,000	50,574	42,723
Professional Development - Local Boards/Advisory Committees	85,000	59,409	60,470
Elections	65,000	62,409	2,150
Other Governance Expenses	155,000	132,396	120,058
Total Governance Expense	919,200	894,065	792,088
Administration Expense			
Salaries	1,372,000	1,181,899	1,165,805
Benefits	206,166	213,891	197,532
Supplies & Services	155,500	236,058	207,595
Non-Capital Furniture & Equipment	33,500	16,137	19,440
Building Operating Expenses	133,200	135,967	155,337
Communications	57,000	56,039	61,614
Travel	20,000	25,239	24,915
Professional Development	30,000	31,759	46,297
Amortization of Tangible Capital Assets	158,597	123,601	92,483
Total Administration Expense	2,165,963	2,020,590	1,971,018
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	26,489,113	27,825,711	26,381,817
Instructional (Teacher & LEADS Contract) Benefits	1,240,913	1,374,034	1,403,077
Program Support (Non-Teacher Contract) Salaries	6,493,830	6,601,390	6,309,786
Program Support (Non-Teacher Contract) Benefits	1,218,896	1,356,586	1,238,500
Instructional Aids	957,200	905,042	1,303,531
Supplies & Services	1,147,000	1,957,261	1,459,922
Non-Capital Furniture & Equipment	365,500	194,213	172,422
Communications	175,000	180,538	151,861
Travel	840,000	823,572	680,334
Professional Development	1,430,000	917,844	702,531
Student Related Expense	757,500	491,783	564,455
Amortization of Tangible Capital Assets	733,202	886,660	711,368
Total Instruction Expense	41,848,154	43,514,634	41,079,604

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Plant Operation & Maintenance Expense			
Salaries	3,218,616	3,334,718	2,901,906
Benefits	682,994	615,112	556,836
Supplies & Services	84,100	37,411	114,525
Non-Capital Furniture & Equipment	60,000	14,387	6,779
Building Operating Expenses	3,490,000	3,427,052	3,430,481
Communications	30,000	26,952	27,276
Travel	310,000	257,188	297,557
Professional Development	20,000	14,935	11,852
Amortization of Tangible Capital Assets	1,793,859	2,410,349	2,016,544
Total Plant Operation & Maintenance Expense	9,689,569	10,138,104	9,363,756
Student Transportation Expense			
Salaries	5,000	7,076	12,858
Benefits	430	335	426
Supplies & Services	244,000	108,455	97,192
Non-Capital Furniture & Equipment	20,000	48,272	47,779
Building Operating Expenses	5,000	507	-
Travel	-	5,060	1,175
Contracted Transportation	2,268,000	2,337,062	2,271,730
Amortization of Tangible Capital Assets	260,000	170,543	131,060
Total Student Transportation Expense	2,802,430	2,677,310	2,562,220
Tuition and Related Fees Expense			
Tuition Fees	2,630,000	3,209,136	2,916,336
Transportation Fees	-	29,748	17,951
Other Fees	-	1,918	-
Total Tuition and Related Fees Expense	2,630,000	3,240,802	2,934,287
School Generated Funds Expense			
Supplies & Services	26,000	-	-
Cost of Sales	83,000	100,919	87,108
Special Programs	671,300	810,632	768,494
Total School Generated Funds Expense	780,300	911,551	855,602

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Complementary Services Expense			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	682,745	832,323	828,095
Program Support (Non-Teacher Contract) Salaries & Benefits	1,730,740	1,860,077	1,918,187
Instructional Aids	522,000	653,366	676,472
Supplies & Services	127,000	132,233	426,417
Non-Capital Furniture & Equipment	70,000	6,130	-
Communications	2,000	-	2,095
Travel	25,000	62,858	75,937
Professional Development (Non-Salary Costs)	75,000	68,648	88,953
Student Related Expenses	520,000	450,281	597,111
Contracted Transportation & Allowances	25,000	18,392	32,164
Total Complementary Services Expense	3,779,485	4,084,308	4,645,431
External Service Expense			
Administration Salaries & Benefits	146,425	168,816	147,122
Instructional (Teacher & LEADS Contract) Salaries & Benefits	690,328	661,590	657,104
Program Support (Non-Teacher Contract) Salaries & Benefits	-	15,679	-
Plant Operation & Maintenance Salaries & Benefits	391,000	546,889	455,018
Instructional Aids	7,000	-	6,540
Supplies & Services	11,000	5,879	7,607
Non-Capital Furniture & Equipment	60,000	-	-
Building Operating Expenses	593,000	447,566	560,446
Travel	27,000	87,691	73,671
Professional Development (Non-Salary Costs)	8,000	3,834	456
Student Related Expenses	-	4,410	-
Contracted Transportation & Allowances	8,000	-	-
Amortization of Tangible Capital Assets	358,703	376,314	337,299
Total External Services Expense	2,300,456	2,318,668	2,245,263

Northern Lights School Division No. 113
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	5,700	14,693	9,217
Total Interest and Bank Charges	5,700	14,693	9,217
Loss on Disposal of Tangible Capital Assets	-	-	312,974
Provision for Uncollectable Taxes	-	-	(205,635)
Total Other Expense	5,700	14,693	116,556
TOTAL EXPENSES FOR THE YEAR	66,921,257	69,814,725	66,565,825

Northern Lights School Division No. 113

**Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2013**

	Land	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Work-in-Progress	2013	2012
<i>Tangible Capital Assets - at Cost:</i>												
Opening Balance as of September 1	585,476	817,416	84,678,103	11,156,786	-	1,415,746	6,885,427	4,003,396	588,806	22,547,823	132,678,979	112,783,699
Additions/Purchases	-	163,264	58,522	252,211	65,114	365,028	1,358,355	777,959	21,357	8,209,712	11,271,522	20,366,148
Disposals	-	-	-	-	-	-	(3,518)	-	-	-	(3,518)	(470,868)
Transfers to (from)	-	268,447	17,072,152	342,635	-	-	-	-	-	(17,683,234)	-	-
Closing Balance as of August 31	<u>585,476</u>	<u>1,249,127</u>	<u>101,808,777</u>	<u>11,751,632</u>	<u>65,114</u>	<u>1,780,774</u>	<u>8,240,264</u>	<u>4,781,355</u>	<u>610,163</u>	<u>13,074,301</u>	<u>143,946,983</u>	<u>132,678,979</u>
<i>Tangible Capital Assets - Amortization:</i>												
Opening Balance as of September 1	-	675,225	35,396,930	6,978,440	-	287,034	4,131,414	2,438,858	236,069	-	50,143,970	47,013,111
Amortization of the Period	-	30,727	2,028,838	371,224	5,426	178,077	613,138	618,003	122,033	-	3,967,466	3,288,753
Disposals	-	-	-	-	-	-	(2,110)	-	-	-	(2,110)	(157,894)
Closing Balance as of August 31	<u>N/A</u>	<u>705,952</u>	<u>37,425,768</u>	<u>7,349,664</u>	<u>5,426</u>	<u>465,111</u>	<u>4,742,442</u>	<u>3,056,861</u>	<u>358,102</u>	<u>N/A</u>	<u>54,109,326</u>	<u>50,143,970</u>
Net Book Value:												
Opening Balance as of September 1	585,476	142,191	49,281,173	4,178,346	-	1,128,712	2,754,013	1,564,538	352,737	22,547,823	82,535,009	65,770,588
Closing Balance as of August 31	<u>585,476</u>	<u>543,175</u>	<u>64,383,009</u>	<u>4,401,968</u>	<u>59,688</u>	<u>1,315,663</u>	<u>3,497,822</u>	<u>1,724,494</u>	<u>252,061</u>	<u>13,074,301</u>	<u>89,837,657</u>	<u>82,535,009</u>
Change in Net Book Value	<u>-</u>	<u>400,984</u>	<u>15,101,836</u>	<u>223,622</u>	<u>59,688</u>	<u>186,951</u>	<u>743,809</u>	<u>159,956</u>	<u>(100,676)</u>	<u>(9,473,522)</u>	<u>7,302,648</u>	<u>16,764,421</u>
Disposals:												
Historical Cost	-	-	-	-	-	-	3,518	-	-	-	3,518	470,868
Accumulated Amortization	-	-	-	-	-	-	2,110	-	-	-	2,110	157,894
Net Cost	-	-	-	-	-	-	1,408	-	-	-	1,408	312,974
Price of Sale	-	-	-	-	-	-	3,532	-	-	-	3,532	19,954
Gain/loss on Disposal	-	-	-	-	-	-	2,124	-	-	-	2,124	(293,020)

Northern Lights School Division No. 113
Schedule D: Non-Cash Items Included in Surplus
for the year ended August 31, 2013

	2013	2012
Non-Cash Items Included in Surplus:		
Amortization of Tangible Capital Assets (Schedule C)	3,967,466	3,288,753
Net (Gain) Loss on Disposal of Tangible Capital Assets	(2,124)	293,020
Total Non-Cash Items Included in Surplus	3,965,342	3,581,773

Northern Lights School Division No. 113
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2013

	2013	2012
Net Change in Non-Cash Operating Activities:		
Increase in Accounts Receivable	(2,228,371)	(4,861,672)
Decrease (Increase) in Inventories for Sale	(1,894)	4,085
Increase In Accounts Payable and Accrued Liabilities	1,940,089	1,183,170
Increase in Liability for Employee Future Benefits	18,400	73,400
Decrease in Deferred Revenue	(343,616)	(9,375,864)
Decrease (Increase) in Inventory of Supplies for Consumption	(1,194)	37,195
Decrease (Increase) in Prepaid Expenses	11,758	(38,518)
Total Net Change in Non-Cash Operating Activities	(604,828)	(12,978,204)

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

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 Canadian Institute of Chartered Accountants (CICA).

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

a) Adoption of New Public Sector Accounting (PSA) Standards

In 2013, the school division adopted the new PSA standards PS1201 Financial Statement Presentation, PS2601 Foreign Currency Translation, PS3041 Portfolio Investments, PS3410 Government Transfers and PS3450 Financial Instruments.

Detailed information on the impact of the adoption of these new PSA standards is provided in Note 17 Accounting Changes.

b) Reporting Entity

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

c) Basis of Accounting

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

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

d) Measurement Uncertainty and the Use of Estimates

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

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

- the liability for employee future benefits of \$ 927,200 (2012 - \$ 908,800) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 6,626,544 (2012 - \$ 7,379,003) because final tax assessments may differ from initial estimates,
- Uncollectible taxes of \$7,826,127 (2012 - \$ 7,826,126) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related amortization for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful lives.
- prior years tangible capital asset historical costs and related amortization for buildings, vehicles and equipment because these assets may become obsolete prior to the end of their estimated useful 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 a material change in the amounts recognized or disclosed.

e) Financial Instruments

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

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

i) Fair Value

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies, are translated into Canadian dollars at the exchange rate prevailing at the financial statement date.

ii) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Impairment losses such as write-downs or write-offs are reported in the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

f) Financial Assets

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

Cash and Cash Equivalents consist of cash 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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

Portfolio Investments consist of the Northwest Credit Union and equity at 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 (e).

g) Non Financial Assets

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

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

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

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

Assets 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 (Division owned housing), room and board expenditures, and SSBA fees which will provide economic benefits in one or more future periods.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

h) Liabilities

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

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

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

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

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

Deferred revenue:

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.

i) 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:

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

i) Employee Pension Plans (continued)

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

j) Revenue Recognition

Revenues are 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.

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

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

i) Government Transfers (Grants):

Grants from governments are considered to be government transfers. In accordance with the new 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. Eligibility criteria are criteria that the school division has to meet in order to receive the transfer. Stipulations describe how the school division must use the transfer or the actions it must perform in order to keep the transfer.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the stipulations give rise to a liability. Restricted transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations, revenue is recognized in the statement of operations as the stipulation liabilities are settled.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

j) Revenue Recognition (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.

k) Statement of Remeasurement Gain and Losses

The school division has not presented a Statement of Remeasurement Gains or Losses because it does not have financial instruments that give rise to remeasurement gains or losses.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

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 February 16, 2011. The balance drawn on the line of credit at August 31, 2013 was \$NIL (2012 \$NIL).

4. PORTFOLIO INVESTMENTS

Portfolio Investments are comprised of the following:

	2013	2012
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
Term deposits	\$ -	\$ 5,000,000
Co-op equity account	3,067	250
Credit Union equity account	1,000	1,000
Total portfolio investments reported at cost and amortized cost	4,067	5,001,250
Total portfolio investments	\$ 4,067	\$ 5,001,250

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Amortization of TCA	2013 Budget	2013 Actual	2012 Actual
Governance	\$ 317,631	\$ 576,434	\$ -	\$ 919,200	\$ 894,065	\$ 792,088
Administration	1,395,788	501,201	123,601	2,165,963	2,020,590	1,971,018
Instruction	37,157,720	5,470,254	886,660	41,848,154	43,514,634	41,079,604
Plant	3,949,831	3,777,924	2,410,349	9,689,569	10,138,104	9,363,756
Transportation	7,412	2,499,355	170,543	2,802,430	2,677,310	2,562,220
Tuition and Related Fees	-	3,240,802	-	2,630,000	3,240,802	2,934,287
School Generated Funds	-	911,551	-	780,300	911,551	855,602
Complementary Services	2,692,400	1,391,908	-	3,779,485	4,084,308	4,645,431
External Services	1,392,976	549,379	376,313	2,300,456	2,318,668	2,245,263
Other	-	14,693	-	5,700	14,693	116,556
TOTAL	\$ 46,913,758	\$ 18,933,501	\$ 3,967,466	\$ 66,921,257	\$ 69,814,725	\$ 66,565,825

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

6. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include accumulating non-vested sick leave and retirement allowance/gratuity. These benefits generally accumulate with employee service and benefit amounts are determined with reference to an employees' final earnings at the time they are paid out. Significant assumptions include discount rate, inflation and salary scale. 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.

Details of the employee future benefits are as follows:

Actuarial valuation date	August 31, 2013	August 31, 2012
Long-term assumptions used:		
Discount rate (percentage)	3.5% per annum	2.7% per annum
Inflation and productivity	3.25% per annum	3.25% per annum
Expected average remaining service life (years)	14	14

Liability for Employee Future Benefits	2013	2012
Accrued Benefit Obligation - beginning of year	\$ 1,033,200	\$ 902,200
Current service cost	108,000	85,500
Interest cost	29,100	32,700
Benefit payments	(128,400)	(50,000)
Actuarial gains / losses	(89,300)	62,800
Accrued Benefit Obligation - end of year	952,600	1,033,200
Unamortized Net Actuarial Gains / Losses	(25,400)	(124,400)
Liability for Employee Future Benefits	\$ 927,200	\$ 908,800

Employee Future Benefits Expense	2013	2012
Current period benefit cost	\$ 108,000	\$ 85,500
Amortization of net actuarial gain / loss	9,700	5,200
Benefit cost	117,700	90,700
Interest cost on unfunded employee future benefits obligation	29,100	32,700
Total Employee Future Benefits Expense	\$ 146,800	\$ 123,400

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

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:

	2013			2012
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	338	11	349	364
Member contribution rate (percentage of salary)	7.8%	6.05%	6.05 – 7.8%	7%-7.2%
Member contributions for the year	\$2,291,161	\$67,660	\$2,358,821	\$2,268,144

- 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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

7. PENSION PLANS (continued)

Details of the MEPP are as follows:

	2013	2012
Number of active School Division members	340	320
Member contribution rate (percentage of salary)	8.15%	7.4%
School Division contribution rate (percentage of salary)	8.15%	7.4%
Member contributions for the year	\$1,021,894	\$899,082
School Division contributions for the year	\$1,021,894	\$899,082
Total Contributions for the Year	\$2,043,788	\$1,798,164
Actuarial valuation date	December 31, 2012	February 19, 2012
Plan Assets (in thousands)	\$1,458,227	\$ 1,395,109
Plan Liabilities (in thousands)	\$1,420,319	\$ 1,627,865
Plan Surplus (Deficit)	\$158,217	\$ (232,756)

8. ACCOUNTS RECEIVABLE

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

	2013			2012		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	\$11,979,202	\$7,826,127	\$4,153,075	\$12,341,809	\$7,826,126	\$4,515,683
Provincial Grants Receivable	7,241,218	-	7,241,218	5,139,562	-	5,139,562
Other Receivables	3,359,112	-	3,359,112	2,869,789	-	2,869,789
Total Accounts Receivable	\$22,579,532	\$7,826,127	\$14,753,405	\$20,351,160	\$7,826,126	\$12,525,034

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2013	2012
Accrued Salaries and Benefits	\$ 54,367	\$ 58,832
Supplier Payments	6,181,211	4,393,115
<i>Other (Tuition to First Nations)</i>	772,886	616,428
Total Accounts Payable and Accrued Liabilities	\$ 7,008,464	\$ 5,068,375

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

10. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2012	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2013
Capital projects:				
Federal capital tuition	\$ 159,307	\$ 127,498	\$ -	\$ 286,805
Ministry of Education capital transfers	125,190	94,656	219,846	-
Total capital projects deferred revenue	284,497	222,154	219,846	286,805
Other deferred revenue:				
Assessment for Learning	178,108	555,200	733,308	-
Learning Opportunities Grant	71,177	100,000	171,177	-
Public Libraries	9,904	31,169	41,073	-
Third Party Grants	100,235	457,362	544,097	13,500
Churchill High School Cameco Grant	100,000	-	-	100,000
Total other deferred revenue	459,424	1,143,731	1,489,655	113,500
Total Deferred Revenue	\$ 743,921	\$ 1,365,885	\$ 1,709,501	\$ 400,305

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 revenue and expenses of the Complementary Services programs operated by the school division in 2013:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community Schools Program	Northern Recreation Program	Other Programs	2013	2012
Revenue:						
Operating Grants	\$ 820,027	\$ 1,621,038	\$ 458,850	\$ 379,698	\$ 3,279,613	\$ 3,105,805
Fees and Other Revenue	-	-	-	485,166	485,166	510,426
Total Revenue	820,027	1,621,038	458,850	864,864	3,764,779	3,616,231
Expenses:						
Salaries & Benefits	876,313	843,663	484,746	487,678	2,692,400	2,746,282
Instructional Aids	2,118	328,164	44,133	278,951	653,366	676,472
Supplies and Services	-	8,854	-	123,379	132,233	426,417
Non-Capital Equipment	-	6,130	-	-	6,130	-
Communications	-	-	-	-	-	2,095
Travel	4,866	19,969	-	38,023	62,858	75,937
Professional Development (Non-Salary Costs)	-	21,635	19,894	27,119	68,648	88,953
Student Related Expenses	-	175,626	5,022	269,633	450,281	597,111
Contracted Transportation & Allowances	-	18,392	-	-	18,392	32,164
Total Expenses	883,297	1,422,433	553,795	1,224,783	4,084,308	4,645,431
Excess (Deficiency) of Revenue over Expenses	\$ (63,270)	\$ 198,605	\$ (94,945)	\$ (359,919)	\$ (319,529)	\$ (1,029,200)

NORTHERN LIGHTS SCHOOL DIVISION NO. 113
NOTES TO THE FINANCIAL STATEMENTS
As at August 31, 2013

11. COMPLEMENTARY SERVICES (continued)

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.

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, 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.

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, 2013

12. EXTERNAL SERVICES (continued)

Following is a summary of the revenue and expenses of the External Services programs operated by the school division in 2013:

Summary of External Services Revenues and Expenses, by Program	Residences	Other Programs	2013	2012
Revenue:				
Operating Grants	\$ -	\$ 10,065	\$ 10,065	\$ -
Fees and Other Revenue	-	772,726	772,726	778,474
Sales and Rentals	578,779	-	578,779	543,835
Total Revenue	578,779	782,791	1,361,570	1,322,309
Expenses:				
Salaries & Benefits	715,705	677,269	1,392,974	1,259,244
Instructional Aids	-	-	-	6,540
Supplies and Services	-	5,879	5,879	7,607
Building Operating Expenses	429,266	18,300	447,566	560,446
Travel	80,975	6,716	87,691	73,671
Professional Development	3,834	-	3,834	456
Student Related Expenses	-	4,410	4,410	-
Amortization of Tangible Capital Assets	376,314	-	376,314	337,299
Contracted Transportation & Allowances	-	-	-	-
Total Expenses	1,606,094	712,574	2,318,668	2,245,263
Excess (Deficiency) of Revenue over Expenses	\$ (1,027,315)	\$ 70,217	\$ (957,098)	\$ (922,954)

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 NORTEP post-secondary program. The remainder of other programs is comprised of third party grants related to work experience and mentoring programs

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, and accumulated net remeasurement gains and losses.

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13. ACCUMULATED SURPLUS (continued)

Accumulated surplus is comprised of the following two amounts:

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

Certain amounts of the accumulated surplus from operations, as approved by the board of education, have been designated for specific future purposes. These internally restricted amounts are included in the accumulated surplus from operations 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 2012	Additions during the year	Reductions during the year	August 31 2013
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 82,535,009	\$ 7,302,648	\$ -	\$ 89,837,657
	82,535,009	7,302,648	-	89,837,657
S.286 pre-April 2009 capital reserves from prior years' operating surpluses (1)	742,918		(742,918)	-
PMR Maintenance Project Allocations (2)	-	383,551	-	383,551
Internally Restricted Surplus:				
Capital projects:				
Designated for tangible capital asset expenditures	7,403,527	-	(3,729,771)	3,673,756
Other:				
Learning opportunities grant	-	87,514	-	87,514
Third party grants	-	133,354	-	133,354
Educational Initiatives	1,160,862	-	(1,160,862)	-
School budget carryovers	300,000	-	(300,000)	-
Other	250,000	-	(250,000)	-
	9,114,389	220,868	(5,440,633)	3,894,624
Unrestricted Surplus	2,631,810	2,507,413	-	5,139,223
Total Accumulated Surplus	\$ 95,024,126	\$ 10,414,480	\$ (6,183,551)	\$ 99,255,055

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13. ACCUMULATED SURPLUS (continued)

- (1) **S.286 pre-April 2009 Capital Reserves** represent capital reserves that were created by pre-April 2009 board of education motions that designated certain prior years' operating surpluses to be set aside for the purpose of future capital expenditures. Pursuant to S.286 of *The Education Act, 1995*, the school division is required to hold these reserves as a special fund for the purpose of constructing or acquiring any capital works that may be approved by the minister.
- (2) **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:

Designated for tangible capital asset expenditures

Funds in this reserve will be used to cover the Division's cost of future capital projects

Educational Initiatives

Funds in this reserve are set aside for future targeted educational initiatives

Learning Opportunities Grant

Restricted grant from Provincial Government to enhance opportunities for students

School Budget Carryovers

Funds in this reserve will be used to fund school based decentralized budgets

Third party Grants

Various restricted grants from third parties

Other

Funds in this reserve will be used to fund other initiatives as they arise

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the board of education on June 23, 2012 and the Minister of Education on August 10, 2012.

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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.

	2013	2012
Revenues:		
Ministry of Education	\$ 57,934,574	\$ 61,191,476
Northern Teachers Education Program (NORTEP)	565,893	569,158
Kids First North	185,306	167,382
	\$ 58,685,773	\$ 61,928,016
Expenses:		
Northern Teachers Education Program (NORTEP)	\$ 565,893	\$ 569,158
Saskatchewan Property Management Corporation (SPMC)	292,995	283,015
Sask Power	847,748	807,613
Sask Tel	171,338	417,460
Saskatchewan Government Insurance (SGI)	36,061	27,019
Northlands College	3,024	2,183
	\$ 1,917,059	\$ 2,106,448
Accounts Receivable:		
Kids First North	\$ 357,129	\$ 277,326
Ministry of Education	\$ 7,241,218	\$ 5,139,562
Northern Teachers Education Program (NORTEP)	37,344	78,277
	\$ 7,635,691	\$ 5,495,165
Accounts Payable and Accrued Liabilities:		
Saskatchewan Property Management Corporation (SPMC)	\$ 17,218	\$ 71,758
Sask Power	79,675	70,574
Sask Tel	-	1,440
	\$ 96,893	\$ 143,772

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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 construction phase of the project expected to be completed in the 2013-2014 fiscal year. Costs for the completed project are estimated to total \$34,191,180 with Ministry funding anticipated at \$26,637,234 and the
- Operating lease obligations, as follows:

Operating Leases:		
	Copier Leases	Total Operating
Future minimum lease payments:		
2014	183,500	183,500
2015	183,500	183,500
Total	367,000	367,000
Contractual Obligations:		
	Conveyance Contracts	Total Contracts
Future minimum contract payments:		
2014	2,206,671	2,206,671
2015	2,172,077	2,172,077
2016	2,011,445	2,011,445
2017	1,774,990	1,774,990
2018	1,498,242	1,498,242
Total	9,663,425	9,663,425

17. ACCOUNTING CHANGES

The school division adopted the following new/revised Public Sector Accounting (PSA) Standards in 2013:

PS1201 Financial Statement Presentation

The school division adopted the new PS1201 Financial Statement Presentation standard in 2013. PS1201 establishes general reporting principles and standards for the disclosure of information in financial statements, and introduces a new Statement of Remeasurement Gains and Losses which reports unrealized gains and losses associated with foreign exchange and changes in value for financial instruments recorded at fair value, and accounts for amounts reclassified to the statement of operations upon derecognition or settlement. This standard is applicable to the fiscal year in which the new PS2601 Foreign Currency Translation and PS3450 Financial Instruments standards are adopted.

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17. ACCOUNTING CHANGES (continued)

These standards are adopted on a prospective basis, without restatement of prior period comparative amounts and accordingly, no 2012 comparatives have been provided in the new Statement of Remeasurement Gains and Losses. Implementation of PS1201, PS2601 and PS3450 required the school division to remeasure its financial instruments at September 1, 2012 and to recognize the accumulated remeasurement gains and losses in the opening balance in the Statement of Remeasurement Gains and Losses.

The adoption of the new PS1201 standard has not impacted the school division's financial statements as the school division had no remeasurement gains or losses to report in 2013.

PS2601 Foreign Currency Translation

The school division adopted the revised PS2601 Foreign Currency Translation standard in 2013. This revised standard establishes standards on how to account for and report transactions that are denominated in a foreign currency, and replaces the previous PS2600 Foreign Currency Translation. The revised PS2601 standard must be implemented in the same fiscal year as the new PS3450 Financial Instruments standard is adopted, and is adopted on a prospective basis, without restatement of prior period comparative amounts.

Accordingly, the 2012 comparative amounts were not restated and have been presented in these financial statements in accordance with the accounting policies applied by the school division immediately preceding its adoption of the revised standard.

The adoption of the revised PS2601 standard has not resulted in any changes to the measurement and recognition of foreign currency transactions or balances by the school division.

PS3041 Portfolio Investments

The school division adopted the new PS3041 Portfolio Investments standard in 2013. This new standard establishes standards on how to account for and report portfolio investment, and replaces the previous PS3030 Temporary Investments and PS3040 Portfolio Investments standards and is applicable to the fiscal year in which the PS2601 Foreign Currency Translation and PS3450 Financial Instruments standards are adopted. The PS3041 standard refers to PS3450 for recognition and measurement of investments and is adopted on a prospective basis, without restatement of prior period comparative amounts. Accordingly, the 2012 comparative amounts were not restated and have been presented in these financial statements in accordance with the accounting policies applied by the school division immediately preceding its adoption of the revised standard.

Previously, the school division classified investments as either Short-Term Investments or Long-Term Investments, depending on the purpose and maturity of the investment. Short-Term Investments were recorded at the lower of cost or market; Long-Term Investments were carried at amortized cost, with write-downs to reflect any permanent impairment in value. The adoption of the new PS3041 standard has not resulted in any changes to the measurement and recognition of portfolio investments by the school division.

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NOTES TO THE FINANCIAL STATEMENTS
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17. ACCOUNTING CHANGES (continued)

PS3450 Financial Instruments

The school division adopted the new PS3450 Financial Instruments standard in 2013. This new standard provides guidance for the recognition, measurement and disclosure of financial instruments. The new PS3450 Financial Instruments standard is adopted on a prospective basis, without restatement of prior period comparative amounts. In accordance with the transition provisions provided in PS3450:

- (a) the recognition, derecognition and measurement policies for financial instruments followed by the school division in financial statements for periods prior to the 2013 are not reversed and, therefore, the financial statements of prior periods, including 2012 comparative amounts, have not been restated.
- (b) at the beginning of the 2012-13 fiscal year, the school division:
 - (i) recognized all financial assets and financial liabilities on its statement of financial position and classified items in accordance with PS3450 standards;
 - (ii) applied the criteria in PS3450 in identifying those financial assets and financial liabilities to be measured at fair value; and
 - (iii) remeasured assets and liabilities as appropriate, and recognized the adjustment to September 1, 2012 amounts as an adjustment to the accumulated remeasurement gains and losses at the beginning of the 2012-13 fiscal year.
- (c) no adjustments to carrying values were made to retroactively expense transaction costs applicable to items in the fair value category.
- (d) the school division established an accounting policy for the identification of embedded derivatives in contracts entered into by it. The school division's policy, and its application, recognizes as separate assets and liabilities those embedded derivatives required to be reported in accordance with provisions of PS3450 on either a retroactive or prospective basis. The adoption of this policy has not impacted the school division's 2013 financial statements as the school division did not have any derivative contracts.

The adoption of the new PS3450 standard has not resulted in any changes to the measurement and recognition of the school division's financial instruments other than additional disclosures which include the school division's risk management practices.

PS3410 Government Transfers

The school division adopted the revised PS3410 Government Transfers standard in 2013. This revised standard establishes standards on how to account for and report government transfers (grants), with the most significant impact to the school division pertaining to the criteria for recognition of revenue for the government transfers it receives. The revised standard allows for either prospective or retroactive implementation. The school division has elected to apply the requirements of the revised standard on a prospective basis. Accordingly, the adoption of this revised standard did not have an impact on the school division's comparative figures but did require additional disclosures in the notes.

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17. ACCOUNTING CHANGES (continued)

Previously, government transfers (grants) that restricted how those resources were to be used were deferred and recognized in revenue as the related expenses or expenditures were incurred. The adoption of the new PS3410 required that the school division assess government transfers (grants) received to determine if they meet the requirement for deferral as a liability, in accordance with the new standard. The impact to the school division resulting from the adoption of the new PS3410 standard is as follows:

Previously, Ministry of Education grants were deferred until spent for the purpose designated in the funding agreement. However under the revised PS3410 standard, these grants do not meet the criteria for deferral as liabilities, and therefore have been recognized as grant revenue in 2013 in the amount of \$ 196,367.

18. COMPARATIVE INFORMATION

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

19. RISK MANAGEMENT

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

i) Credit Risk

Credit risk is the risk to the school division from potential non-payment of accounts receivable. The credit risk related to the school division's receivables from the provincial government, federal government and their agencies are considered to be minimal. 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.

The aging of accounts receivable at August 31, 2013 and August 31, 2012 was:

	August 31, 2013		August 31, 2012	
	Accounts Receivable	Allowance of Doubtful Accounts	Accounts Receivable	Allowance of Doubtful Accounts
Current	\$ 1,099,051	\$ -	\$ 965,288	\$ -
30-60 days	1,484	-	-	-
60-90 days	1,017,210	-	-	-
Over 90 days	1,241,367	-	1,904,501	-
Total	\$ 3,359,112	\$ -	\$ 2,869,789	\$ -
Net		\$ 3,359,112		\$ 2,869,789

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19. RISK MANAGEMENT (Continued)

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, 2013			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	7,008,464	-	-	-
Total	\$ 7,008,464	\$ -	\$ -	\$ -

iii) Market Risk

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

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The school division's interest rate exposure relates to cash and cash equivalents and portfolio investments. The school division also has an authorized bank line of credit of \$ 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 not outstanding balance on this credit facility as of August 31, 2013 (2012 - \$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

Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The school division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the school division does not make a significant amount of purchases denominated on a foreign currency. The school division did not have any financial instruments denominated in foreign currency outstanding at August 31, 2013 or August 31, 2012.