Ministry of Education

Auditor's Report and Financial Statement

Of the Holy Family RCSSD No. 140

School Division No. 1406000

For the Period Ending: August 31, 2012

Calvin G. Martin
Chief Financial Officer

Dillon Hillstead Melanson CGA Prof.Corp
Auditor

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

Management's Responsibility for Financial Reporting

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, Dillon Hillstead Melanson C.G.A. Prof. Corp. conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the 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.

Bruno Tuchscherer

Bruno Tuchscherer, Board Chair

Shelley Rowein

Shelley Rowein, CEO/Director of Education

Cal Martin, Chief Financial Officer

Weyburn, SK
December 21, 2012

Cogent
BUSINESS CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the Members of Holy Family Roman Catholic Separate School Division #140:

We have audited the accompanying financial statements of Holy Family Roman Catholic Separate School Division #140, which comprise the statement of financial position as at August 31, 2012 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Holy Family Roman Catholic Separate School Division #140 as at August 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

DILLON HILLSTEAD MELANSON CGA PROF. CORP.

Weyburn, SK
December 21, 2012

CERTIFIED GENERAL ACCOUNTANTS

CERTIFIED GENERAL ACCOUNTANTS
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Holy Family RCSSD No. 140
Statement of Financial Position
as at August 31, 2012

	2012	2011
Financial Assets		
Cash and Cash Equivalents	65,982	59,515
Accounts Receivable (Note 8)	1,963,839	1,836,461
Long Term Investments (Note 4)	115,922	120,042
Total Financial Assets	**2,145,743**	**2,016,018**
Liabilities		
Bank Indebtedness (Note 3)	1,426,009	959,548
Accounts Payable and Accrued Liabilities (Note 9)	947,454	1,482,489
Long Term Debt (Note 10)	652,626	789,882
Liability for Employee Future Benefits (Note 6)	182,500	169,400
Deferred Revenue (Note 11)	172,561	216,228
Total Liabilities	**3,381,150**	**3,617,547**
Net Financial Assets (Net Debt)	**(1,235,407)**	**(1,601,529)**
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	10,949,583	8,472,549
Prepaid Expenses	137,871	84,875
Total Non-Financial Assets	**11,087,454**	**8,557,424**
Accumulated Surplus (Deficit) (Note 13)	**9,852,047**	**6,955,895**

Contingent Liabilities (Note 16)
Contractual Obligations and Commitments (Note 17)

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

Approved by the Board:

Bruno Luchscheren _______________ Chairperson

_______________ Chief Financial Officer

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BUSINESS CONSULTING

Holy Family RCSSD No. 140

Statement of Operations and Accumulated Surplus (Deficit)
for the year ended August 31, 2012

	2012 Budget (Note 17)	2012 Actual	2011 Actual
REVENUES			
Property Taxation	5,173,212	5,059,276	5,045,842
Grants	5,457,727	8,392,998	6,643,903
Tuition and Related Fees	281,319	277,554	274,806
School Generated Funds	220,000	349,717	258,969
Complementary Services (Note 12)	-	195,000	130,000
Other	43,504	62,981	11,562
Total Revenues (Schedule A)	**11,175,762**	**14,337,526**	**12,365,082**
EXPENSES			
Governance	163,375	144,639	128,087
Administration	572,178	550,165	539,591
Instruction	8,196,338	8,453,772	8,000,062
Plant	884,225	882,270	836,880
Transportation	188,819	228,042	205,500
Tuition and Related Fees	578,295	573,912	563,926
School Generated Funds	220,000	351,116	234,471
Complementary Services (Note 12)	-	202,845	136,589
Other Expenses	59,746	54,613	52,219
Total Expenses (Schedule B)	**10,862,976**	**11,441,374**	**10,697,325**
Surplus (Deficit) for the Year	**312,786**	**2,896,152**	**1,667,757**
Accumulated Surplus (Deficit), Beginning of Year	**6,955,895**	**6,955,895**	**5,288,138**
Accumulated Surplus (Deficit), End of Year	**7,268,681**	**9,852,047**	**6,955,895**

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

Holy Family RCSSD No. 140

Statement of Changes in Net Financial Assets (Net Debt)
for the year ended August 31, 2012

	2012 Budget (Note 17)	2012 Actual	2011 Actual
Net Financial Assets (Net Debt), Beginning of Year	**(1,601,529)**	**(1,601,529)**	**(566,099)**
Changes During the Year:			
Surplus (Deficit) for the Year	128,386	2,896,152	1,667,757
Acquisition of Tangible Capital Assets (Schedule C)	135,600	(2,845,986)	(2,968,107)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	48,800	-	-
Amortization of Tangible Capital Assets (Schedule C)		368,952	313,923
Net Acquisition of Prepaid Expenses		(52,996)	(49,003)
Change in Net Financial Assets / Net Debt	**312,786**	**366,122**	**(1,035,430)**
Net Financial Assets (Net Debt), End of Year	**(1,288,743)**	**(1,235,407)**	**(1,601,529)**

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

Holy Family RCSSD No. 140
Statement of Cash Flows
for the year ended August 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Surplus (Deficit) for the Year	2,896,152	1,667,757
Add (Deduct) Non-Cash Items Included in Surplus / Deficit (Schedule D)	368,952	313,923
Net Change in Non-Cash Operating Activities (Schedule E)	(745,976)	1,841,731
Cash Provided (Used) by Operating Activities	**2,519,128**	**3,823,411**
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(2,845,986)	(2,968,107)
Proceeds on Disposal of Tangible Capital Assets	-	-
Cash Provided (Used) by Capital Activities	**(2,845,986)**	**(2,968,107)**
INVESTING ACTIVITIES		
Cash Used to Acquire Investments	4,120	3,798
Cash Provided (Used) by Investing Activities	**4,120**	**3,798**
FINANCING ACTIVITIES		
Proceeds from Issuance of Long Term Debt		
Repayment of Long Term Debt	(137,256)	(130,444)
Cash Provided (Used) by Financing Activities	**(137,256)**	**(130,444)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(459,994)**	**728,658**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**(900,033)**	**(1,628,691)**
CASH AND CASH EQUIVALENTS, END OF YEAR	**(1,360,027)**	**(900,033)**

REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash and Cash Equivalents	65,982	59,515
Bank Indebtedness	(1,426,009)	(959,548)
CASH AND CASH EQUIVALENTS, END OF YEAR	**(1,360,027)**	**(900,033)**

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

Holy Family RCSSD No. 140
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	5,115,501	5,138,923	5,160,565
Revenue from Supplemental Levies	-	-	-
Total Property Tax Revenue	**5,115,501**	**5,138,923**	**5,160,565**
Grants in Lieu of Taxes:			
Federal Government	-	-	-
Provincial Government	57,711	62,450	88,363
Total Grants in Lieu of Taxes	**57,711**	**62,450**	**88,363**
Additions to Levy:			
Penalties	-	26,982	36,301
Total Additions to Levy	**-**	**26,982**	**36,301**
Deletions from Levy:			
Discounts	-	(169,079)	(239,387)
Total Deletions from Levy	**-**	**(169,079)**	**(239,387)**
Total Property Taxation Revenue	**5,173,212**	**5,059,276**	**5,045,842**
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	5,457,727	6,556,166	4,935,466
Other Ministry Grants	-	-	16,764
Total Ministry Grants	**5,457,727**	**6,556,166**	**4,952,230**
Total Operating Grants	**5,457,727**	**6,556,166**	**4,952,230**
Capital Grants			
Ministry of Education Capital Grants	-	-	1,661,192
Other Provincial Capital Grants	-	-	30,481
Other Capital Grants	-	1,836,832	-
Total Capital Grants	**-**	**1,836,832**	**1,691,673**
Total Grants	**5,457,727**	**8,392,998**	**6,643,903**

Holy Family RCSSD No. 140
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
School Boards	281,319	277,554	274,806
Total Tuition Fees	**281,319**	**277,554**	**274,806**
Total Operating Tuition and Related Fees	**281,319**	**277,554**	**274,806**
Total Tuition and Related Fees Revenue	**281,319**	**277,554**	**274,806**
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	-	1,677	12,721
Other	25,000	-	-
Total Curricular Fees	**25,000**	**1,677**	**12,721**
Non-Curricular Fees:			
Commercial Sales - GST	-	-	-
Commercial Sales - Non-GST	75,000	76,495	69,984
Fundraising	-	132,468	36,140
Grants and Partnerships	-	2,444	44,871
Students Fees	-	24,253	25,444
Other	120,000	112,380	69,809
Total Non-Curricular Fees	**195,000**	**348,040**	**246,248**
Total School Generated Funds Revenue	**220,000**	**349,717**	**258,969**
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education Grants-Other	-	195,000	130,000
Total Operating Grants	**-**	**195,000**	**130,000**
Total Complementary Services Revenue	**-**	**195,000**	**130,000**

Holy Family RCSSD No. 140
Schedule A: Supplementary Details of Revenue
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Other Revenue			
Miscellaneous Revenue	41,004	51,506	2,869
Sales & Rentals	2,500	4,575	3,355
Investments	-	6,900	5,338
Total Other Revenue	**43,504**	**62,981**	**11,562**
TOTAL REVENUE FOR THE YEAR	**11,175,762**	**14,337,526**	**12,365,082**

Holy Family RCSSD No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Governance Expense			
Board Members Expense	31,950	42,201	31,702
Conventions - Board Members	56,025	34,847	38,371
Elections	1,000	-	1,160
Other Governance Expenses	74,400	67,591	56,428
Amortization of Tangible Capital Assets	-	-	426
Total Governance Expense	**163,375**	**144,639**	**128,087**
Administration Expense			
Salaries	350,800	330,772	307,932
Benefits	51,748	48,577	44,727
Supplies & Services	60,285	57,922	72,682
Non-Capital Furniture & Equipment	2,200	8,159	13,847
Building Operating Expenses	58,045	57,749	49,816
Communications	35,200	32,592	36,737
Travel	11,400	10,997	9,929
Professional Development	2,500	2,971	3,921
Amortization of Tangible Capital Assets	-	426	-
Total Administration Expense	**572,178**	**550,165**	**539,591**
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	6,018,153	6,124,057	5,754,386
Instructional (Teacher & LEADS Contract) Benefits	298,948	350,051	306,682
Program Support (Non-Teacher Contract) Salaries	879,862	752,679	787,111
Program Support (Non-Teacher Contract) Benefits	172,753	151,012	152,624
Instructional Aids	297,958	252,490	212,626
Supplies & Services	122,598	219,584	181,040
Non-Capital Furniture & Equipment	20,666	31,458	88,755
Communications	33,450	31,864	32,473
Travel	82,700	59,359	55,026
Professional Development	209,700	133,390	140,045
Student Related Expense	31,950	23,813	17,927
Amortization of Tangible Capital Assets	27,600	324,015	271,367
Total Instruction Expense	**8,196,338**	**8,453,772**	**8,000,062**

Holy Family RCSSD No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Plant Operation & Maintenance Expense			
Salaries	391,785	397,990	379,800
Benefits	68,202	76,278	71,867
Supplies & Services	-	476	164
Non-Capital Furniture & Equipment	12,100	11,402	4,240
Building Operating Expenses	389,338	375,327	364,926
Communications	1,200	1,073	1,129
Travel	15,000	14,160	11,495
Professional Development	2,200	1,612	-
Amortization of Tangible Capital Assets	4,400	3,952	3,259
Total Plant Operation & Maintenance Expense	**884,225**	**882,270**	**836,880**
Student Transportation Expense			
Salaries	76,000	83,047	73,142
Benefits	11,350	12,055	18,056
Supplies & Services	36,800	38,208	36,768
Non-Capital Furniture & Equipment	30,350	42,169	23,674
Building Operating Expenses	-	-	354
Communications	1,000	1,250	-
Contracted Transportation	16,519	10,753	14,634
Amortization of Tangible Capital Assets	16,800	40,560	38,872
Total Student Transportation Expense	**188,819**	**228,042**	**205,500**
Tuition and Related Fees Expense			
Tuition Fees	578,295	573,912	563,926
Total Tuition and Related Fees Expense	**578,295**	**573,912**	**563,926**
School Generated Funds Expense			
Supplies & Services	25,000	12,091	13,097
Cost of Sales	75,000	78,144	66,702
Non-Capital Furniture & Equipment	-	927	712
Special Programs	-	765	135
School Fund Expenses	120,000	259,189	153,825
Total School Generated Funds Expense	**220,000**	**351,116**	**234,471**

Holy Family RCSSD No. 140
Schedule B: Supplementary Details of Expenses
for the year ended August 31, 2012

	2012 Budget	2012 Actual	2011 Actual
Complementary Services Expense			
Instructional (Teacher & LEADS Contract) Salaries & Benefits	-	102,358	67,088
Program Support (Non-Teacher Contract) Salaries & Benefits	-	70,522	59,819
Instructional Aids	-	12,489	-
Supplies & Services	-	11,094	7,315
Communications	-	327	-
Travel	-	5,495	2,367
Professional Development (Non-Salary Costs)	-	560	-
Total Complementary Services Expense	**-**	**202,845**	**136,589**

Holy Family RCSSD No. 140
Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2012

	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	2012	2011
Tangible Capital Assets - at Cost:									
Opening Balance as of September 1	17,641	11,211,241	33,752	574,767	40,513	92,323	250,463	**12,220,700**	**9,252,593**
Additions/Purchases		2,776,804		20,254		30,494	18,434	**2,845,986**	**2,968,107**
Closing Balance as of August 31	**17,641**	**13,988,045**	**33,752**	**595,021**	**40,513**	**122,817**	**268,897**	**15,066,686**	**12,220,700**
Tangible Capital Assets - Amortization:									
Opening Balance as of September 1	4,159	3,109,294	5,907	376,250	22,927	68,199	161,415	**3,748,151**	**3,434,228**
Amortization of the Period	882	279,761	1,687	36,163	4,397	7,989	38,073	**368,952**	**313,923**
Closing Balance as of August 31	**5,041**	**3,389,055**	**7,594**	**412,413**	**27,324**	**76,188**	**199,488**	**4,117,103**	**3,748,151**
Net Book Value:									
Opening Balance as of September 1	13,482	8,101,947	27,845	198,517	17,586	24,124	89,048	**8,472,549**	**5,818,365**
Closing Balance as of August 31	12,600	10,598,990	26,158	182,608	13,189	46,629	69,409	**10,949,583**	**8,472,549**
Change in Net Book Value	**(882)**	**2,497,043**	**(1,687)**	**(15,909)**	**(4,397)**	**22,505**	**(19,639)**	**2,477,034**	**2,654,184**

Holy Family RCSSD No. 140
Schedule D: Non-Cash Items Included in Surplus / Deficit
for the year ended August 31, 2012

	2012	2011
Non-Cash Items Included in Surplus / Deficit:		
Amortization of Tangible Capital Assets (Schedule C)	368,952	313,923
Total Non-Cash Items Included in Surplus / Deficit	**368,952**	**313,923**

Holy Family RCSSD No. 140
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2012

	2012	2011
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	(127,378)	1,047,778
Increase (Decrease) in Provincial Grant Overpayment	-	(119,450)
Increase (Decrease) In Accounts Payable and Accrued Liabilities	(535,035)	920,893
Increase (Decrease) in Liability for Employee Future Benefits	13,100	12,200
Increase (Decrease) in Deferred Revenue	(43,667)	29,313
Decrease (Increase) in Prepaid Expenses	(52,996)	(49,003)
Total Net Change in Non-Cash Operating Activities	**(745,976)**	**1,841,731**

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 *Holy Family Roman Catholic Separate* School Division No. *140*" and operates as "the *Holy Family Roman Catholic Separate* School Division No. *140*". 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 and agreed to by the Board of Education, although separate school divisions continue to have a legislative right to set their own mill rates. The school division is exempt from income tax and is a registered charity under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Reporting Entity

The financial statements include all of the assets, liabilities, revenues and expenses of the school division reporting entity. The school division reporting entity is comprised of all the organizations which are controlled by the school division.

b) Basis of Accounting

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

c) Measurement Uncertainty and the Use of Estimates

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

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

- the liability for employee future benefits of \$ 182,500 (2011 - \$ 169,400) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$ 5,059,276 (2011 - \$ 5,045,842) because final tax assessments may differ from initial estimates.
- useful lives of capital assets and related amortization for as described in Note 2 (f) may vary due to reasons like technological change or unforeseen future events.
- prior years tangible capital asset historical costs and related amortization for Note 2 (f) and Schedule C of the Financial Statements may vary for unforeseen future events.

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 changes in the amounts recognized or disclosed.

d) Financial Instruments

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

e) Financial Assets

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

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

Accounts Receivable include 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.

Long -Term Investments consist of term deposits and equity in co-operative associations and are carried at amortized cost. Where there has been a permanent impairment in value of a long-term investment, the investment is written down to reflect the loss in value.

f) Non-Financial Assets

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

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

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

Prepaid Expenses

Are prepaid amounts for goods or services (which include Saskatchewan School Board Association membership fees, Tuition Fees, Workers' Compensation premiums, Insurance premiums) which will provide economic benefits in one or more future periods.

g) Liabilities

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

Short-Term Borrowings are comprised of bank indebtedness and short-term loans with initial maturities of one year or less and are incurred for the purpose of financing current expenses in accordance with the provisions of *The Education Act, 1995.*

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

Long-Term Debt is comprised of capital loans and other long-term debt with initial maturities of more than one year and are incurred for the purpose of financing capital expenses in accordance with the provisions of *The Education Act, 1995.* Long-term debt also includes capital lease obligations where substantially all of the benefits and risks incident to ownership are transferred to the school division without necessarily transferring legal ownership. The amount of the lease liability recorded at the beginning of the lease term is the present value of the minimum lease payments, excluding the portion thereof relating to executory costs.

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

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

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

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 retirement plan of the Saskatchewan Teachers' Retirement Plan (STRP) or Saskatchewan Teachers' Superannuation Plan (STSP). The school division's obligation for these plans is limited to collecting and remitting contributions of the employees at rates determined by the plans.

ii) Other employees participate in the Municipal Employees' Pension Plan (MEPP). In accordance with PSAB, the plan is accounted for as a defined contribution plan whereby the school division's contributions are expensed when due.

i) Revenue Recognition

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

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

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

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

ii) Property taxation:
Property tax is levied and collected on a calendar year basis. Effective the 2009 calendar year, uniform education property tax mill rates are set by the Government of Saskatchewan and agreed to by the Board of Education, although separate school divisions continue to have a legislative right to set their own mill rates. Prior to 2009, each school division set the education property tax mill rate for properties in its jurisdiction. Tax revenues are recognized on the basis of time with $1/12^{th}$ of estimated total tax revenue recorded in each month of the school division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the school division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the school division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the school division's estimates is recorded as an adjustment to revenue in the next fiscal year.

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

3. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of $3,000,000 that bears interest at *Weyburn* Credit Union prime rate minus .5% per annum. This line of credit is authorized by a borrowing resolution by the board of education and is secured by property taxes and ministry grants. This line of credit was approved by the Minister of Education on December 10, 2010. The balance drawn on the line of credit at August 31, 2012 was $ 1,426,009 at an interest rate of 2.5% (August 31, 2011 - $ 959,548 at an interest rate of 2.5%).

4. LONG-TERM INVESTMENTS

Long-Term Investments are comprised of the following:

	Cost / Book Value		Market Value	
	2012	2011	2012	2011
Term deposits with terms of 1 - 5 years with interest from 1.35% to 3.55%	$ 111,806	$ 116,645	$ 111,576	$ 120,881
Investement in Co-operative Corporations	4,116	3,397	4,116	3,397
Total Long Term Investments	$ 115,922	$ 120,042	$ 115,692	$ 124,278

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2012 Budget	2012 Actual	2011 Actual
Governance	$ 42,201	$ 102,438	$ -	$ -	$ 163,375	$ 144,639	$ 128,087
Administration	$ 379,349	$ 170,390		$ 426	$ 572,178	$ 550,165	539,591
Instruction	$ 7,377,799	$ 751,958		$ 324,015	$ 8,196,388	$ 8,453,772	8,000,062
Plant	$ 474,268	$ 404,050		$ 3,952	$ 884,225	$ 882,270	836,880
Transportation	$ 95,102	$ 92,380		$ 40,560	$ 188,819	$ 228,042	205,500
Tuition and Related Fees		$ 573,912			$ 578,295	$ 573,912	563,926
School Generated Funds		$ 351,116			$ 220,000	$ 351,116	234,471
Complementary Services	$ 172,880	$ 29,965				$ 202,845	136,589
Other			$ 54,613		$ 59,746	$ 54,613	52,219
TOTAL	$ 8,541,599	$ 2,476,209	$ 54,613	$ 368,953	$ 10,863,026	$ 11,441,374	$ 10,697,325

6. EMPLOYEE FUTURE BENEFITS

The school division provides certain post-employment, compensated absence and termination benefits to its employees. These benefits include: accumulating non-vested sick leave, severance, vested sick leave severance, retirement gratuity, etc. 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:

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

Liability for Employee Future Benefits	2012	2011
Accrued Benefit Obligation - beginning of year	$ 186,200	$ 172,500
Current period benefit cost	11,800	11,400
Interest cost	6,600	6,500
Benefit payments	(6,400)	(6,600)
Actuarial gains / losses	(37,000)	2,400
Plan amendments	2,300	-
Accrued Benefit Obligation - end of year	163,500	186,200
Unamortized Net Actuarial Gains / Losses	19,000	(16,800)
Liability for Employee Future Benefits	$ 182,500	$ 169,400

Employee Future Benefits Expense	2012	2011
Current period benefit cost	$ 11,800	$ 11,400
Amortization of net actuarial gain / loss	1,100	900
Plan amendments	-	-
Benefit cost	12,900	12,300
Interest cost on unfunded employee future benefits obligation	6,600	6,500
Total Employee Future Benefits Expense	$ 19,500	$ 18,800

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:

	2012			2011
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	78	1	79	78
Member contribution rate (percentage of salary)	7.80%	6.05%		7%
Member contributions for the year	$ 496,922	$ 2,893	$ 499,815	$ 410,852

ii) Municipal Employees' Pension Plan (MEPP)

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

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

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

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

Details of the MEPP are as follows:

	2012	2011
Number of active School Division members	55	66
Member contribution rate (percentage of salary)	7.40%	7.40%
School Division contribution rate (percentage of salary)	7.40%	7.40%
Member contributions for the year	$ 127,045	$ 120,411
School Division contributions for the year	$ 127,045	$ 120,411
Actuarial valuation date	31-Dec-11	31-Dec-10
Plan Assets	$ 1,395,109	$ 1,399,241
Plan Liabilities	$ 1,627,865	$ 1,381,094
Plan Surplus (Deficit)	$ (232,756)	$ 18,147

8. ACCOUNTS RECEIVABLE

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

	2012			2011		
	Total Receivable	Valuation Allowance	Net of Allowance	Total Receivable	Valuation Allowance	Net of Allowance
Taxes Receivable	$ 1,502,431	$ -	$ 1,502,431	$ 1,456,612	$ -	$ 1,456,612
Provincial Grantsd Receivable	$ 126,282		$ 126,282	$ -		$ -
Other Receivables	335,126		335,126	379,849		379,849
Total Accounts Receivable	**$ 1,963,839**	**$ -**	**$ 1,963,839**	**$ 1,836,461**	**$ -**	**$ 1,836,461**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2012	2011
Accrued Salaries and Benefits	$ 24,936	$ 145,176
Supplier Payments	922,518	1,337,313
Total Accounts Payable and Accrued Liabilities	$ 947,454	$ 1,482,489

10. LONG-TERM DEBT

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

		2012	2011
Capital Loans:	*CIBC Loan bearing interest of 5.22% per annum, repayable in monthly blended payment of $2,640. The loan is secured by a specific security agreement covering property taxes and ministry grants.*	64,799	92,352
	WCU Loan bearing interest of 4.84% per annum, repayable in monthly blended payment of $10,108. The loan is secured by a specific security agreement covering property taxes and ministry grants.	519,709	613,344
	WCU Loan bearing interest of 2.54% per annum, repayable in monthly blended payment of $1,495.00. The loan is secured by a specific security agreement covering property taxes and ministry grants.	68,118	84,186
		652,626	**789,882**

Principal repayments over the next 5 years are estimated as follows:

	Capital Loans	Total
2013	$ 143,903	$ 143,903
2014	150,702	150,702
2015	130,957	130,957
2016	131,309	131,309
2017	95,755	95,755
Thereafter	-	-
Total	**$ 652,626**	**$ 652,626**

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

	Capital Loans	2012	2011
Principal	$ 137,256	**$ 137,256**	**$ 207,790**
Interest	33,656	**33,656**	**38,934**
Total	**$ 170,912**	**170,912**	**$ 246,724**

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2011	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2012
Capital projects:				
Other deferred revenue:				
Property Taxation	216,228		(43,667)	172,561
Total other deferred revenue	216,228	-	(43,667)	172,561
Total Deferred Revenue	$ 216,228	$ -	$ (43,667)	$ 172,561

12. COMPLEMENTARY SERVICES

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

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

Summary of Complementary Services Revenues and Expenses, by Program	**Pre-K Programs**	**2012**	**2011**
Revenue:			
Operating Grants	$ 195,000	$ **195,000**	$ **130,000**
Total Revenue	**195,000**	**195,000**	**130,000**
Expenses:			
Salaries & Benefits	172,878	**172,878**	**126,907**
Instructional Aids	12,489	**12,489**	**7,315**
Supplies and Services	11,094	**11,094**	-
Communications	327	**327**	-
Travel	5,495	**5,495**	-
Professional Development (Non-Salary Costs)	560	**560**	**2,367**
Total Expenses	**202,843**	**202,843**	**136,589**
Excess (Deficiency) of Revenue over Expenses	**$ (7,843)**	**$ (7,843)**	**$ (6,589)**

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

PreKindergarten programs at St. Michael, St. Mary's and Sacred Heart Schools

13. ACCUMULATED SURPLUS

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

Details of accumulated surplus are as follows:

	2012	**2011**
Invested in Tangible Capital Assets:		
Net Book Value of Tangible Capital Assets	$ 10,949,583	$ 8,472,549
Less: Debt owing on Tangible Capital Assets	652,626	789,882
	10,296,957	7,682,667
Unrestricted Surplus	(571,282)	(726,772)
Total Accumulated Surplus	$ 9,725,675	$ 6,955,895

14. BUDGET FIGURES

Budget figures included in the financial statements were approved by the Board of Education on June 20, 2011 and the Minister of Education on August 31, 2011.

15. RELATED PARTIES

These financial statements include transactions with related parties. The school division is related to all Province 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.

(a) Related Party Transactions:

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

	2012	2011
Revenues:		
Ministry of Education	$ 6,634,011	$ 6,773,903
South East Cornerstone School Division	277,554	274,806
	$ 6,911,565	**$ 7,048,709**
Expenses:		
Sask Energy	$ 42,660	$ 52,665
Sask Power	127,889	124,952
SaskTel	28,543	30,192
SaskTel Mobility	6,254	6,839
Saskatchewan Workers Compensation Board	16,169	-
SGI	4,987	3,712
South East Cornerstone School Division	543,564	545,174
	$ 770,066	**$ 763,534**
Accounts Receivable:		
Ministry of Education- Property Tax Reconciliation	$ 126,282	$ -

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.

(b) Ministry of Education Capital Transfers:

The Ministry of Education has approved $0.674 million in capital transfers to the school division for projects in which construction has not yet started and/or been completed. Approved capital transfers that have not yet been reflected in the financial statements of the school division are as follows:

Total Ministry obligation at August 31, 2012	$	**673,859**
Less: Revenue reported in financial statements		-
Unrecorded balance of approved capital transfers	**$**	**673,859**

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

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

16. CONTINGENT LIABILITIES

Litigation:

The school division has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability that may result. The school division's share of settlement, if any, will be charged to expenses in the year in which the related litigation is settled.

17. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Significant contractual obligations and commitments of the school division are as follows:

- construction contract for Sacred Heart School Relocatable Classroom in the amount of $400,600 over 2012-2013 years
- operating and capital lease obligations, as follows:

	Operating Leases		
	Office Rental	Copier Leases	Total Operating
Future minimum lease payments:			
2013	$ 54,702	$ 25,349	$ 80,051
2014	54,702	25,349	80,051
2015		25,349	25,349
	$ 109,404	$ 76,047	$ 185,451
Total Lease Obligations	$ 109,404	$ 76,047	$ 185,451