

**PRAIRIE SPIRIT SCHOOL
DIVISION NO.206**

***CONSOLIDATED FINANCIAL
STATEMENTS***

August 31, 2015

Management's Responsibility for the Consolidated Financial Statements

The school division's management is responsible for the preparation of the consolidated 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.

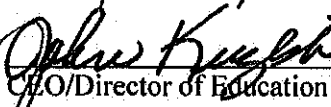
The school division's management maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained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

The Board of Education is comprised 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 consolidated financial statements. The Board is also responsible for the appointment of the school division's external auditors.

The external auditors, Deloitte LLP, conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the consolidated financial statements. The Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the school division's consolidated 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 Prairie Spirit School Division No. 206:


Board Chair


C/O/Director of Education


Chief Financial Officer

December 7, 2015



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INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE BOARD OF EDUCATION OF PRAIRIE SPIRIT SCHOOL DIVISION NO. 206

We have audited the accompanying consolidated financial statements of Prairie Spirit School Division No. 206, which comprise the consolidated statement of financial position as at August 31, 2015 and the consolidated statements of operations and accumulated surplus from operations, remeasurement losses, changes in net debt 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Prairie Spirit School Division No. 206 as at August 31, 2015, and the results of its operations, its remeasurement losses, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants
Saskatoon, Saskatchewan
December 7, 2015

Prairie Spirit School Division No. 206
Consolidated Statement of Financial Position
as at August 31, 2015

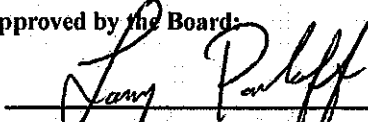
	2015	2014
Financial Assets		
Cash and Cash Equivalents	5,979,136	8,954,247
Accounts Receivable (Note 8)	23,315,294	21,065,426
Portfolio Investments (Note 4)	9,038	9,899
Total Financial Assets	29,303,468	30,029,572
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	6,425,629	7,419,323
Long-Term Debt and Associated Derivatives (Note 10)	30,914,442	21,650,891
Liability for Employee Future Benefits (Note 6)	1,049,200	927,900
Deferred Revenue (Note 11)	725,533	1,210,178
Total Liabilities	39,114,804	31,208,292
Net Debt	(9,811,336)	(1,178,720)
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	145,227,694	129,949,650
Inventory of Supplies for Consumption	752,913	708,485
Prepaid Expenses	457,773	452,244
Total Non-Financial Assets	146,438,380	131,110,379
Accumulated Surplus (Note 14)	136,627,044	129,931,659
Accumulated Surplus is comprised of:		
Accumulated Surplus from Operations	138,060,117	130,568,214
Accumulated Remeasurement Losses	(1,433,073)	(636,555)
Total Accumulated Surplus (Note 14)	136,627,044	129,931,659

Contingent Liabilities (Note 17)

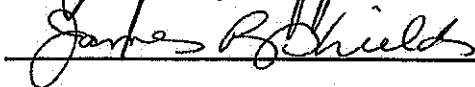
Contractual Obligations and Commitments (Note 18)

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

Approved by the Board:



Chairperson



Chief Financial Officer

Prairie Spirit School Division No. 206
Consolidated Statement of Operations and Accumulated Surplus from Operations
for the year ended August 31, 2015

	2015 Budget (Note 15)	2015 Actual	2014 Actual
REVENUES			
Property Taxation	32,835,798	36,620,514	33,512,996
Grants	76,270,864	80,476,309	78,305,128
Tuition and Related Fees	2,308,510	2,892,084	2,914,967
School Generated Funds	1,759,692	2,814,021	3,093,043
Complementary Services (Note 12)	825,474	1,274,056	1,267,927
External Services (Note 13)	-	14,550	2,280
Other	96,370	216,714	218,780
Total Revenues (Schedule A)	114,096,708	124,308,248	119,315,121
EXPENSES			
Governance	574,000	645,863	505,757
Administration	4,065,452	3,809,524	3,606,421
Instruction	79,940,226	80,685,854	78,194,356
Plant	14,144,016	17,735,850	16,538,939
Transportation	8,778,161	8,700,933	8,695,020
Tuition and Related Fees	386,958	651,437	640,651
School Generated Funds	1,759,692	2,814,364	2,656,447
Complementary Services (Note 12)	786,579	857,144	651,588
External Services (Note 13)	-	6,093	-
Other Expenses	968,088	909,283	1,020,071
Total Expenses (Schedule B)	111,403,172	116,816,345	112,509,250
Operating Surplus for the Year	2,693,536	7,491,903	6,805,871
Accumulated Surplus from Operations, Beginning of Year	130,568,214	130,568,214	123,762,343
Accumulated Surplus from Operations, End of Year	133,261,750	138,060,117	130,568,214

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

Prairie Spirit School Division No. 206
Consolidated Statement of Remeasurement Losses
as at August 31, 2015

	2015	2014
Accumulated Remeasurement Losses, Beginning of Year	(636,555)	-
Unrealized losses attributable to:		
Derivatives (Note 10)	(796,518)	(636,555)
Accumulated Remeasurement Losses, End of Year	(1,433,073)	(636,555)

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

Prairie Spirit School Division No. 206
Consolidated Statement of Changes in Net Debt
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
	(Note 15)		
(Net Debt) / Financial Assets, Beginning of Year	(1,178,720)	(1,178,720)	4,477,879
Changes During the Year:			
Operating Surplus for the Year	2,693,536	7,491,903	6,805,871
Acquisition of Tangible Capital Assets (Schedule C)	(15,026,886)	(21,986,654)	(18,159,164)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	64,508	18,010
Gain on Disposal of Capital Assets (Schedule C)	-	(29,543)	(2,669)
Amortization of Tangible Capital Assets (Schedule C)	5,828,131	6,673,645	6,655,117
Net Acquisition of Inventory of Supplies	-	(44,428)	(279,690)
Net Change in Prepaid Expenses	-	(5,529)	(57,519)
	(6,505,219)	(7,836,098)	(5,020,044)
Net Remeasurement Losses	-	(796,518)	(636,555)
Change in Net Debt	(6,505,219)	(8,632,616)	(5,656,599)
Net Debt, End of Year	(7,683,939)	(9,811,336)	(1,178,720)

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

Prairie Spirit School Division No. 206
Consolidated Statement of Cash Flows
for the year ended August 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Operating Surplus for the Year	7,491,903	6,805,871
Add Non-Cash Items Included in Surplus (Schedule D)	4,276,109	6,652,448
Net Change in Non-Cash Operating Activities (Schedule E)	(3,628,087)	1,506,259
Cash Provided by Operating Activities	8,139,925	14,964,578
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(17,816,494)	(15,650,327)
Proceeds on Disposal of Tangible Capital Assets	64,508	18,010
Cash Used by Capital Activities	(17,751,986)	(15,632,317)
INVESTING ACTIVITIES		
Proceeds on Disposal of Portfolio Investments	862	910
Cash Provided by Investing Activities	862	910
FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	9,507,724	-
Repayment of Long-Term Debt	(2,871,636)	(2,966,174)
Cash Provided (Used) by Financing Activities	6,636,088	(2,966,174)
DECREASE IN CASH AND CASH EQUIVALENTS	(2,975,111)	(3,633,003)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,954,247	12,587,250
CASH AND CASH EQUIVALENTS, END OF YEAR	5,979,136	8,954,247

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

Prairie Spirit School Division No. 206
Schedule A: Consolidated Supplementary Details of Revenues
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Property Taxation Revenue			
Tax Levy Revenue:			
Property Tax Levy Revenue	32,538,667	36,020,018	32,055,012
Total Property Tax Revenue	32,538,667	36,020,018	32,055,012
Grants in Lieu of Taxes:			
Federal Government	185,000	152,858	154,547
Provincial Government	60,000	41,812	127,924
Other	20,000	77,973	(24,884)
Total Grants in Lieu of Taxes	265,000	272,643	257,587
Other Tax Revenues:			
House Trailer Fees	65,000	93,552	70,407
Total Other Tax Revenues	65,000	93,552	70,407
Additions to Levy:			
Penalties	164,262	343,295	293,533
Other	-	-	307,134
Total Additions to Levy	164,262	343,295	600,667
Deletions from Levy:			
Cancellations	(172,929)	(81,878)	558,141
Other Deletions	(24,202)	(27,116)	(28,818)
Total Deletions from Levy	(197,131)	(108,994)	529,323
Total Property Taxation Revenue	32,835,798	36,620,514	33,512,996
Grants:			
Operating Grants			
Ministry of Education Grants:			
Operating Grant	66,909,482	65,787,158	67,199,751
Other Ministry Grants	-	101,336	31,152
Total Ministry Grants	66,909,482	65,888,494	67,230,903
Grants from Others	423,838	680,436	-
Total Operating Grants	67,333,320	66,568,930	67,230,903
Capital Grants			
Ministry of Education Capital Grants	8,937,544	13,907,379	10,918,093
Other Provincial Capital Grants	-	-	156,132
Total Capital Grants	8,937,544	13,907,379	11,074,225
Total Grants	76,270,864	80,476,309	78,305,128

Prairie Spirit School Division No. 206
Schedule A: Consolidated Supplementary Details of Revenues
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Tuition and Related Fees Revenue			
Operating Fees:			
Tuition Fees:			
Federal Government and First Nations	2,308,510	2,871,319	2,910,372
Individuals and Other	-	20,765	4,595
Total Tuition Fees	2,308,510	2,892,084	2,914,967
Total Operating Tuition and Related Fees	2,308,510	2,892,084	2,914,967
Total Tuition and Related Fees Revenue	2,308,510	2,892,084	2,914,967
School Generated Funds Revenue			
Curricular:			
Student Fees	156,762	162,544	179,630
Total Curricular Fees	156,762	162,544	179,630
Non-Curricular Fees:			
Commercial Sales - GST	144,130	151,301	173,017
Commercial Sales - Non-GST	286,000	225,929	246,313
Fundraising	573,000	856,337	900,921
Grants and Partnerships	181,866	214,362	296,172
Students Fees	417,934	1,203,508	1,296,990
Other	-	40	-
Total Non-Curricular Fees	1,602,930	2,651,477	2,913,413
Total School Generated Funds Revenue	1,759,692	2,814,021	3,093,043
Complementary Services			
Operating Grants:			
Ministry of Education Grants:			
Operating Grant	825,474	827,095	788,217
Other Ministry Grants	-	396,551	-
Other Provincial Grants	-	-	71,364
Other Grants	-	-	32,004
Total Operating Grants	825,474	1,223,646	891,585
Capital Grants			
Ministry of Education Capital Grants	-	50,410	376,342
Total Capital Grants	-	50,410	376,342
Total Complementary Services Revenue	825,474	1,274,056	1,267,927

Prairie Spirit School Division No. 206
Schedule A: Consolidated Supplementary Details of Revenues
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
External Services			
Fees and Other Revenue			
Other Revenue	-	14,550	2,280
Total Fees and Other Revenue	-	14,550	2,280
Total External Services Revenue	-	14,550	2,280
Other Revenue			
Miscellaneous Revenue	-	112,739	479
Sales & Rentals	-	5,470	43,440
Investments	96,370	68,962	172,192
Gain on Disposal of Tangible Capital Assets	-	29,543	2,669
Total Other Revenue	96,370	216,714	218,780
TOTAL REVENUE FOR THE YEAR	114,096,708	124,308,248	119,315,121

Prairie Spirit School Division No. 206
Schedule B: Consolidated Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Governance Expense			
Board Members Expense	277,000	236,925	212,278
Professional Development- Board Members	51,000	51,584	53,316
Advisory Committees	72,000	79,358	68,325
Elections	5,000	2,860	-
Other Governance Expenses	169,000	275,136	171,838
Total Governance Expense	574,000	645,863	505,757
Administration Expense			
Salaries	2,884,177	2,936,227	2,736,915
Benefits	374,117	299,587	308,825
Supplies & Services	276,155	141,154	124,120
Non-Capital Furniture & Equipment	31,002	23,531	26,370
Building Operating Expenses	100,598	92,626	95,476
Communications	76,080	81,387	84,830
Travel	55,952	26,659	18,861
Professional Development	84,250	63,599	64,653
Amortization of Tangible Capital Assets	183,121	144,754	146,371
Total Administration Expense	4,065,452	3,809,524	3,606,421
Instruction Expense			
Instructional (Teacher Contract) Salaries	53,737,735	56,357,264	54,444,241
Instructional (Teacher Contract) Benefits	3,191,108	3,330,551	3,159,789
Program Support (Non-Teacher Contract) Salaries	12,340,783	12,088,584	11,941,690
Program Support (Non-Teacher Contract) Benefits	2,738,966	2,282,904	2,214,284
Instructional Aids	4,325,730	2,054,470	2,064,619
Supplies & Services	577,416	814,652	743,277
Non-Capital Furniture & Equipment	619,953	476,159	683,206
Communications	258,643	310,608	139,145
Travel	444,170	516,693	520,470
Professional Development	463,405	521,934	392,359
Student Related Expense	172,326	312,785	321,417
Amortization of Tangible Capital Assets	1,069,991	1,619,250	1,569,859
Total Instruction Expense	79,940,226	80,685,854	78,194,356

Prairie Spirit School Division No. 206
Schedule B: Consolidated Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Plant Operation & Maintenance Expense			
Salaries	4,315,916	4,051,994	4,069,970
Benefits	896,342	841,074	787,772
Supplies & Services	8,500	59,136	4,202
Non-Capital Furniture & Equipment	88,933	62,223	47,743
Building Operating Expenses	5,222,855	8,747,932	7,773,955
Communications	18,000	10,828	10,428
Travel	70,000	64,612	52,806
Professional Development	22,791	17,934	10,197
Amortization of Tangible Capital Assets	3,500,679	3,880,117	3,781,866
Total Plant Operation & Maintenance Expense	14,144,016	17,735,850	16,538,939
Student Transportation Expense			
Salaries	3,387,065	3,420,815	3,271,477
Benefits	701,023	629,612	626,233
Supplies & Services	1,993,117	1,464,052	1,797,288
Non-Capital Furniture & Equipment	999,438	1,401,721	1,230,303
Building Operating Expenses	65,000	42,242	22,702
Communications	149,000	95,775	40,575
Travel	40,000	43,803	51,391
Professional Development	24,775	5,306	9,720
Contracted Transportation	349,279	572,959	493,186
Amortization of Tangible Capital Assets	1,069,464	1,024,648	1,152,145
Total Student Transportation Expense	8,778,161	8,700,933	8,695,020
Tuition and Related Fees Expense			
Tuition Fees	358,458	651,437	609,451
Other Fees	28,500	-	31,200
Total Tuition and Related Fees Expense	386,958	651,437	640,651
School Generated Funds Expense			
Supplies & Services	196,502	193,487	160,887
Cost of Sales	297,830	350,146	405,749
Non-Capital Furniture & Equipment	104,540	26,304	63,886
School Fund Expenses	1,160,820	2,244,427	2,025,925
Total School Generated Funds Expense	1,759,692	2,814,364	2,656,447

Prairie Spirit School Division No. 206
Schedule B: Consolidated Supplementary Details of Expenses
for the year ended August 31, 2015

	2015 Budget	2015 Actual	2014 Actual
Complementary Services Expense			
Instructional (Teacher Contract) Salaries & Benefits	527,713	526,796	437,124
Program Support (Non-Teacher Contract) Salaries & Benefits	179,052	182,640	146,545
Instructional Aids	57,938	96,126	59,009
Non-Capital Furniture & Equipment	-	330	-
Building Operating Expenses	-	46,376	4,034
Contracted Transportation & Allowances	17,000	-	-
Amortization of Tangible Capital Assets	4,876	4,876	4,876
Total Complementary Services Expense	786,579	857,144	651,588
External Service Expense			
Supplies & Services	-	6,093	-
Total External Services Expense	-	6,093	-
Other Expense			
Interest and Bank Charges:			
Current Interest and Bank Charges	60,199	43,353	37,116
Interest on Debentures			
School Facilities	-	-	53,454
Other	-	-	914,160
Interest on Other Capital Loans and Long-Term Debt			
School Facilities	668,615	758,798	-
Other	239,274	107,132	-
Total Interest and Bank Charges	968,088	909,283	1,004,730
Write-Down of Tangible Capital Assets	-	-	15,341
Total Other Expense	968,088	909,283	1,020,071
TOTAL EXPENSES FOR THE YEAR	111,403,172	116,816,345	112,509,250

Prairie Spirit School Division No. 206
 Schedule C - Consolidated Supplementary Details of Tangible Capital Assets
 for the year ended August 31, 2015

	Land		Buildings		School Buses		Other Vehicles		Furniture and Equipment		Computer Hardware and Audio Visual Equipment		Computer Software		Assets Under Construction		2014
	Land	Improvements	Buildings	Short-Term	Buses	Vehicles	Equipment	Equipment	Equipment	Software	Construction	2015					
Opening Balance as of September 1	5,979,163	4,118,192	150,909,873	11,970,846	16,575,762	889,565	14,117,833	9,986,284	498,057	6,920,243	221,965,818	204,296,275					
Additions/Purchases	-	-	-	-	1,835,807	17,800	297,209	1,030,819	120,045	18,684,974	21,986,654	18,159,164					
Disposals	-	-	-	-	(1,862,201)	(167,317)	-	-	-	-	(2,029,518)	(489,621)					
Transfers to (from)	-	-	315,656	1,731,889	-	-	-	-	-	-	(2,047,545)	-					
Closing Balance as of August 31	5,979,163	4,118,192	151,225,529	13,702,735	16,549,368	740,048	14,415,042	11,017,103	618,102	23,557,672	241,922,954	221,965,818					

Tangible Capital Assets - Amortization:

Opening Balance as of September 1	N/A	3,064,026	54,691,901	2,832,160	11,805,988	584,727	10,794,359	8,024,683	218,324	-	92,016,168	85,835,331
Amortization of the Period	-	111,136	3,012,472	664,339	984,699	87,085	641,716	1,057,809	114,389	-	6,673,645	6,655,117
Disposals	-	-	-	-	(1,827,236)	(167,317)	-	-	-	-	(1,994,553)	(474,280)
Closing Balance as of August 31	N/A	3,175,162	57,704,373	3,496,499	10,963,451	504,495	11,436,075	9,082,492	332,713	N/A	96,695,260	92,016,168

Net Book Value:

Opening Balance as of September 1	5,979,163	1,054,166	96,217,972	9,138,686	4,769,774	304,838	3,323,474	1,961,601	279,733	6,920,243	129,949,650	118,460,944
Closing Balance as of August 31	5,979,163	943,030	93,521,156	10,206,236	5,585,917	235,553	2,978,967	1,934,611	285,389	23,557,672	145,227,694	129,949,650
Change in Net Book Value	-	(111,136)	(2,696,816)	1,067,550	816,143	(69,285)	(344,507)	(26,990)	5,656	16,637,429	15,278,044	11,488,706

Disposals:

Historical Cost	-	-	-	-	1,862,201	167,317	-	-	-	-	2,029,518	489,621
Accumulated Amortization	-	-	-	-	1,827,236	167,317	-	-	-	-	1,994,553	474,280
Net Cost	-	-	-	-	34,965	-	-	-	-	-	34,965	15,341
Proceeds on Disposal	-	-	-	-	43,722	20,786	-	-	-	-	64,508	18,010
Gain on Disposal	-	-	-	-	8,757	20,786	-	-	-	-	29,543	2,669

Prairie Spirit School Division No. 206
Schedule D: Consolidated Non-Cash Items Included in Surplus
for the year ended August 31, 2015

	2015	2014
Non-Cash Items Included in Surplus:		
Amortization of Tangible Capital Assets (Schedule C)	6,673,645	6,655,117
Non-Cash Portion of Capital Grants	(2,367,993)	-
Gain on Disposal of Tangible Capital Assets (Schedule C)	(29,543)	(2,669)
Total Non-Cash Items Included in Surplus	4,276,109	6,652,448

Prairie Spirit School Division No. 206
Schedule E: Consolidated Net Change in Non-Cash Operating Activities
for the year ended August 31, 2015

	2015	2014
Net Change in Non-Cash Operating Activities:		
(Increase) Decrease in Accounts Receivable	(2,249,868)	280,787
(Decrease) Increase In Accounts Payable and Accrued Liabilities	(964,917)	2,415,244
Increase in Liability for Employee Future Benefits	121,300	105,100
Decrease in Deferred Revenue	(484,645)	(957,663)
Increase in Inventory of Supplies for Consumption	(44,428)	(279,690)
Increase in Prepaid Expenses	(5,529)	(57,519)
Total Net Change in Non-Cash Operating Activities	(3,628,087)	1,506,259

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1. AUTHORITY AND PURPOSE

The school division operates under the authority of *The Education Act, 1995* of Saskatchewan as a corporation under the name of "The Board of Education of the Prairie Spirit School Division No. 206" and operates as "the Prairie Spirit School Division No. 206". 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 consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations as established by the Public Sector Accounting Board (PSAB) and as published by the Chartered Professional Accountants of Canada (CPA Canada).

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

a) Basis of Accounting

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

b) Reporting Entity and Consolidation

The consolidated 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.

All of the assets, liabilities, revenues and expenses of controlled organizations are consolidated line-by-line after adjusting the accounting policies to a basis consistent with the accounting policies of the school division. Inter-organizational transactions and balances have been eliminated.

Control is defined as the power to govern the financial and operating policies of another organization with the expected benefits or risk of loss to the school division. Control exists so long as the school division has the power to govern, regardless of whether the school division chooses to exercise this power.

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Controlled Entities

Prairie Spirit School Division Foundation Corp. (the "Foundation") is incorporated under the Saskatchewan Non-Profit Corporations Act, 1995 and was established to carry on activities which are for the charitable purpose of the advancement of education and enhancement of the quality of education offered by the school division. The Foundation has applied for a registered charity status.

c) Measurement Uncertainty and the Use of Estimates

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

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

- the liability for employee future benefits of \$1,049,200 (2014 - \$927,900) because actual experience may differ significantly from actuarial estimations.
- property taxation revenue of \$36,620,514 (2014 - \$33,512,996) because final tax assessments may differ from initial estimates.
- taxes receivable of \$16,771,741 (2014 - \$14,925,873) because actual collectability may differ from initial estimates.
- useful lives of capital assets and related amortization of \$6,673,645 (2014 - \$6,655,117) because the actual useful lives of the capital assets may differ from their estimated economic lives.

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

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

d) Financial Instruments

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

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investments, accounts payable and accrued liabilities, and long-term debt and associated derivatives.

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

i) Fair Value

Fair value measurement applies to financial derivatives held by the school division. Any associated transaction costs are expensed upon initial recognition. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, at which time they are transferred to the consolidated statement of operations and accumulated surplus from operations.

Fair value is determined by:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices that are observable for the asset or liability either directly, (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The school division's derivatives are considered Level 2 measurement.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from any accumulated remeasurement gains and reported in the consolidated statement of operations and accumulated surplus from operations.

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 consolidated financial statement date. The school division believes that it is not subject to significant unrealized foreign exchange translation gains and losses arising from its financial instruments.

ii) Cost or Amortized Cost

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

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the consolidated statement of operations and accumulated surplus from operations.

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

e) Financial Assets

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

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

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

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

Portfolio Investments consist of guaranteed investment certificates (GIC's) held for scholarship purposes. The school division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (d).

f) Non-Financial Assets

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

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the school division to provide services to the public and are not intended

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for sale in the ordinary course of operations. Tangible capital assets of the school division include land, land improvements, buildings, buildings – short term, school buses, other vehicles, furniture and equipment, computer hardware and software, audio visual equipment, and assets under construction.

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

Tangible capital asset costs that are directly paid for by the Government of Saskatchewan on behalf of the school division, under the joint-use schools project (JUSP) agreement, are valued at the total progress payments made during construction and the present value of the future capital payments discounted to the date the asset is available for use using the Government of Saskatchewan's borrowing rate for long-term debt in effect at the time of signing the JUSP agreement. During construction, the costs of the assets are recognized using the percentage of completion method based on construction progress and are classified as assets 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
Leased capital assets	Lease term

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

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

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

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

g) Liabilities

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

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

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

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. Actuarial valuations are performed periodically using assumptions including discount rate, inflation, salary escalation, termination and retirement rates and mortality. An actuary extrapolates these valuations when a valuation is not done in the current fiscal year. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups.

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

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h) Employee Pension Plans

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

Multi-Employer Defined Benefit Plans

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

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

i) Revenue Recognition

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

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

i) Government Transfers (Grants)

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

ii) Property Taxation

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

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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.

3. SHORT-TERM BORROWINGS

Bank indebtedness consists of a demand operating line of credit with a maximum borrowing limit of \$21,000,000 that bears interest at Royal Bank prime rate minus 1% per annum. This line of credit is authorized by a borrowing resolution by the board of education and is secured by operating grants and tax levy. This line of credit was approved by the Minister of Education on February 10, 2011. The balance drawn on the line of credit at August 31, 2015 was \$NIL (August 31, 2014 – \$NIL).

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4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2015	2014
Portfolio investments in the cost and amortized cost category:	<u>Cost</u>	<u>Cost</u>
GIC with RBC, Monthly Interest at 1.3%, maturing Nov 24/15	\$ 9,038	\$ 9,899
Total portfolio investments reported at cost and amortized cost	\$ 9,038	\$ 9,899

5. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2015 Actual	2014 Actual
Governance	\$ 236,925	\$ 408,938	\$ -	\$ -	\$ 645,863	\$ 505,757
Administration	3,235,814	428,956	-	144,754	3,809,524	3,606,421
Instruction	74,059,303	5,007,301	-	1,619,250	80,685,854	78,194,356
Plant	4,893,068	8,962,665	-	3,880,117	17,735,850	16,538,939
Transportation	4,050,427	3,625,858	-	1,024,648	8,700,933	8,695,020
Tuition and Related Fees	-	651,437	-	-	651,437	640,651
School Generated Funds	-	2,814,364	-	-	2,814,364	2,656,447
Complementary Services	709,436	142,832	-	4,876	857,144	651,588
External Services	-	6,093	-	-	6,093	-
Other	-	-	909,283	-	909,283	1,020,071
TOTAL	\$87,184,973	\$22,048,444	\$ 909,283	\$ 6,673,645	\$116,816,345	\$112,509,250

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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 vacation banks. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service and is recorded as Liability for Employee Future Benefits in the consolidated statement of financial position. Morneau Shepell Ltd, a firm of consulting actuaries, performed an actuarial valuation as of March 31, 2015 and estimated the Liability for Employee Future Benefits as at August 31, 2015.

Details of the employee future benefits are as follows:

	2015	2014
	Aug/31/2015	Aug/31/2014
Actuarial extrapolation date		
Long-term assumptions used:		
Discount rate at end of period	2.50%	2.80%
Inflation and productivity rate (excluding merit and promotion)	3.20%	3.25%
Expected average remaining service life (years)	14	14

Liability for Employee Future Benefits	2015	2014
Accrued Benefit Obligation - beginning of year	\$ 1,160,600	\$ 979,600
Current period service cost	107,800	93,700
Interest cost	34,900	36,900
Benefit payments	(40,600)	(38,400)
Actuarial losses	398,500	88,800
Accrued Benefit Obligation - end of year	1,661,200	1,160,600
Unamortized Net Actuarial Losses	(612,000)	(232,700)
Liability for Employee Future Benefits	\$ 1,049,200	\$ 927,900

Expense for Employee Future Benefits	2015	2014
Current period service cost	\$ 107,800	\$ 93,700
Amortization of net actuarial loss	19,200	12,900
Benefit cost	127,000	106,600
Interest cost	34,900	36,900
Total Employee Future Benefits Expense	\$ 161,900	\$ 143,500

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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 consolidated 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 consolidated 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:

	2015			2014
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	1,032	32	1,064	1,016
Member contribution rate (percentage of salary)	9.1%/11.3%	7.85%/6.05%	6.05%/11.3%	6.05%/10%
Member contributions for the year	\$ 5,494,448	\$ 110,390	\$ 5,604,838	\$ 4,604,764

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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 consolidated financial statements. In accordance with PSAB requirements, the plan is accounted for as a defined contribution plan whereby the school division's contributions are expensed when due.

Details of the MEPP are as follows:

	2015	2014
Number of active School Division members	790	801
Member contribution rate (percentage of salary)	8.15%	8.15%
School Division contribution rate (percentage of salary)	8.15%	8.15%
Member contributions for the year	\$ 1,651,539	\$ 1,629,858
School Division contributions for the year	\$ 1,651,539	\$ 1,629,858
Actuarial (extrapolation) valuation date	(Dec/31/14)	Dec/31/13
Plan Assets (in thousands)	\$ 2,006,587	\$ 1,685,167
Plan Liabilities (in thousands)	\$ 1,672,585	\$ 1,498,853
Plan Surplus (in thousands)	\$ 334,002	\$ 186,314

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8. ACCOUNTS RECEIVABLE

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

	2015		2014	
	Total Receivable	Net of Allowance	Total Receivable	Net of Allowance
Taxes Receivable	\$ 16,771,741	\$ 16,771,741	\$ 14,925,873	\$ 14,925,873
Provincial Grants Receivable	4,503,554	4,503,554	3,913,678	3,913,678
Other Receivables	2,039,999	2,039,999	2,225,875	2,225,875
Total Accounts Receivable	\$ 23,315,294	\$ 23,315,294	\$ 21,065,426	\$ 21,065,426

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2015	2014
Accrued Salaries and Benefits	\$ 1,808,362	\$ 2,384,552
Supplier Payments	1,670,700	1,979,637
Other accrued liabilities	2,946,567	3,055,134
Total Accounts Payable and Accrued Liabilities	\$ 6,425,629	\$ 7,419,323

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10. LONG-TERM DEBT

Details of long-term debt and associated derivatives are as follows:

	2015	2014
Capital Loans		
Energy loan payable to RBC, monthly P&I bearing interest at 6.55% expiring Oct/16	\$ 222,895	\$ 412,664
Warman High loan payable to RBC, monthly P&I bearing interest at 4.77%, expiring Nov 10/15	134,000	651,000
Division office loan payable to RBC, monthly P&I bearing interest at 4.78%, expiring Mar 7/18	912,000	1,226,000
Block Projects loan payable to RBC, monthly P&I bearing interest at 1.95%, expiring May 9/18	829,000	1,118,000
Stobart loan payable to RBC, monthly P&I bearing interest at 2.97%, expiring May 9/33	6,691,000	6,960,000
Warman Middle loan payable to RBC, monthly P&I interest at 2.97%, expiring May 9/33	9,270,000	9,643,000
Martensville High loan payable to RBC, monthly P&I interest at 3.79%, expiring Feb/35	9,347,223	-
	27,406,118	20,010,664
Derivatives consist of long-term financial instruments created by:		
Interest rate swap agreement - 4.22%, terminates November 10/15	809	11,840
Interest rate swap agreement - 2.97%, terminates May 9/33	795,931	321,666
Interest rate swap agreement - 1.95%, terminates May 9/18	15,100	9,441
Interest rate swap agreement - 2.97%, terminates May 9/33	574,493	232,174
Interest rate swap agreement - 4.33%, terminates April 7/18	46,740	61,434
	1,433,073	636,555
	28,839,191	20,647,219
Capital Leases		
Honeywell Lease, monthly P&I payable to RBC with interest at 4.205%, expiring Sept 15/16	110,370	204,973
Bus Lease, monthly P&I payable to RBC with interest at 3.1%, expired Jan 10/15	-	19,260
Bus Lease, monthly P&I payable to RBC with interest at 4.99%, expired Apr 22/15	-	29,981
Bus Lease, monthly P&I payable to RBC with interest at 5.71%, expired July 15/15	-	111,375
Bus Lease, monthly P&I payable to RBC with interest at 2.47%, expiring Sept 2/16	82,182	164,363
Bus Lease, monthly P&I payable to RBC with interest at 2.47%, expiring Aug 5/20	272,890	329,350
Bus Lease, monthly P&I payable to RBC with interest at 2.47%, expiring Aug 5/18	106,709	144,370
Bus Lease, monthly P&I payable to RBC with interest at 2.85%, expiring Oct 20/19	1,503,100	-
	2,075,251	1,003,672
Total Long-Term Debt and Associated Derivatives	\$ 30,914,442	\$ 21,650,891

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Future principal repayments over the next 5 years are estimated as follows:			
	Capital Loans	Capital Leases	Total
2016	\$ 1,976,152	\$ 673,435	\$ 2,649,587
2017	1,678,994	505,417	2,184,411
2018	1,540,222	445,859	1,986,081
2019	1,105,959	427,250	1,533,209
2020	1,147,227	23,290	1,170,517
Thereafter	19,957,564	-	19,957,564
Total	\$ 27,406,118	\$ 2,075,251	\$ 29,481,369

Principal and interest payments on the long-term debt are as follows:				
	Capital			
	Capital Loans	Leases	2015	2014
Principal	\$ 2,112,270	\$ 759,366	\$ 2,871,636	\$ 2,966,174
Interest	809,702	56,228	865,930	1,059,866
Total	\$ 2,921,972	\$ 815,594	\$ 3,737,566	\$ 4,026,040

11. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at August 31, 2014	Additions during the Year	Revenue recognized in the Year	Balance as at August 31, 2015
Capital projects:				
Federal capital tuition	\$ 196,193	\$ 31,433	\$ -	\$ 227,626
Total capital projects deferred revenue	196,193	31,433	-	227,626
Other deferred revenue:				
Property taxes	1,013,985	-	(516,078)	497,907
Total other deferred revenue	1,013,985	-	(516,078)	497,907
Total Deferred Revenue	\$ 1,210,178	\$ 31,433	\$ (516,078)	\$ 725,533

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

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Other Programs	2015	2014
Revenues:				
Operating Grants	\$ 827,095	\$ 396,551	\$ 1,223,646	\$ 891,585
Capital Grants	50,410	-	50,410	376,342
Total Revenues	877,505	396,551	1,274,056	1,267,927
Expenses:				
Salaries & Benefits	621,442	87,994	709,436	583,669
Instructional Aids	35,302	-	35,302	59,009
Non-Capital Equipment	330	-	330	-
Building Operating Expenses	46,376	-	46,376	4,034
Student Related Expenses	-	60,824	60,824	-
Amortization of Tangible Capital Assets	4,876	-	4,876	4,876
Total Expenses	708,326	148,818	857,144	651,588
Excess of Revenues over Expenses	\$ 169,179	\$ 247,733	\$ 416,912	\$ 616,339

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

Pre-K programs represent the revenue and expenses for operating pre-K programs that have been approved by the Ministry.

Other programs relate to the revenue and expenses for nutrition programs, special projects with the Province and First Nations and Metis Education (FNME). There were two special projects related to FNME.

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13. EXTERNAL SERVICES

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

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

Summary of External Services Revenues and Expenses, by Program	2015	2014
Revenues:		
Fees and Other Revenues	\$ 14,550	\$ 2,280
Total Revenues	14,550	2,280
Expenses:		
Supplies and Services	6,093	-
Total Expenses	6,093	-
Excess of Revenues over Expenses	\$ 8,457	\$ 2,280

Revenue and expenditures represent the operations of the Prairie Spirit School Division Foundation Corp.

14. ACCUMULATED SURPLUS

Accumulated surplus represents the financial assets and non-financial assets of the school division less liabilities. Accumulated surplus is comprised of the following two amounts:

- i) Accumulated surplus 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 losses which represent the unrealized gains and losses associated with changes in the value of financial instruments recorded at fair value as detailed in the consolidated statement of remeasurement losses.

Certain amounts of the accumulated surplus from operations, as approved by the board of education, have been designated for specific future purposes such as unspent school operating budget and future replacement of capital assets. These internally restricted amounts are included in the accumulated surplus from operations presented in the consolidated statement of financial position. The school division does not maintain separate bank accounts for the internally restricted amounts.

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Details of accumulated surplus are as follows:

	August 31 2014	Additions during the year	Reductions during the year	August 31 2015
Invested in Tangible Capital Assets:				
Net book value of tangible capital assets	\$ 129,949,650	\$ 15,278,044	\$ -	\$ 145,227,694
Less: debt owing on tangible capital assets	(21,014,336)	(11,338,669)	(2,871,636)	(29,481,369)
	<u>108,935,314</u>	<u>3,939,375</u>	<u>(2,871,636)</u>	<u>115,746,325</u>
PMR maintenance project allocations (1)	<u>1,110,744</u>	<u>1,374,056</u>	<u>777,446</u>	<u>1,707,354</u>
Internally Restricted Surplus:				
Capital projects:				
School bus replacement program	1,950,000	-	-	1,950,000
Learning technology initiatives	1,596,410	107,684	-	1,704,094
Future capital projects	1,322,784	-	1,322,784	-
Van replacement	245,000	-	14,752	230,248
Completion of Martensville High School project	-	3,071,713	-	3,071,713
Completion of outstanding capital projects	801,149	224,287	-	1,025,436
PAA project	909,492	-	909,492	-
	<u>6,824,835</u>	<u>3,403,684</u>	<u>2,247,028</u>	<u>7,981,490</u>
Other:				
School decentralized budgets	1,098,269	73,533	-	1,171,802
School community councils	71,945	-	6,714	65,231
School generated funds	1,428,459	-	79,296	1,349,163
Central Valley Athletic Committee	2,726	-	71	2,655
Program equity/ enhancement initiatives	1,096,942	2,659,273	-	3,756,215
Facilities department	1,715,468	-	70,942	1,644,526
P3 Operational costs reserve	-	43,691	-	43,691
Admin council reserve	485,580	243,588	99,952	629,216
Division office PD	91,385	-	2,208	89,177
Finance and transportation PD	38,848	110	-	38,958
Program and staffing review	1,177,000	-	1,177,000	-
Integrated Shared Services Initiative	-	271,500	-	271,500
Prairie Spirit School Division Foundation Corp.	-	8,457	-	8,457
	<u>7,206,622</u>	<u>3,300,152</u>	<u>1,436,184</u>	<u>9,070,590</u>
Unrestricted Surplus	<u>6,490,699</u>	<u>-</u>	<u>2,936,342</u>	<u>3,554,357</u>
Accumulated Surplus from Operations	<u>130,568,214</u>	<u>12,017,267</u>	<u>4,525,364</u>	<u>138,060,117</u>
Accumulated Remeasurement Losses	<u>(636,555)</u>	<u>-</u>	<u>796,518</u>	<u>(1,433,073)</u>
Total Accumulated Surplus	<u>\$ 129,931,659</u>	<u>\$ 12,017,267</u>	<u>\$ 5,321,882</u>	<u>\$ 136,627,044</u>

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

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

Capital Projects:

School Bus Replacement Program – replacement of school buses
Learning Technology Initiatives – replacement of technology
Future Capital Projects – replacement of capital assets
Van Replacement – replacement of maintenance vans
Completion of outstanding capital projects – capital grants recorded as receivable for capital projects in Martensville, Hanley, Delisle, Hague & other structural projects
Practical and Applied Arts (PAA) Project – completion of renovations and equipment replacement for PAA labs

Other:

School Decentralized Budgets – carry forward of unspent budget allocated
School Community Councils – SCC carry forward of unspent budget allocated
School Generated Funds – carry forward of unspent funds collected
Central Valley Athletic Committee – carry forward of unspent budget allocated
Program Equity/Program Enhancement Initiatives – allow for one-time expenditures to bring equity to program offerings in the division
Facilities Department – carry forward of unspent budget allocated
P3 Operational Costs – carry forward of unspent operational funds for P3 initiative
Admin Council – carry forward of unspent budget allocated
Division Office PD – carry forward of unspent budget allocated
Finance and Transportation PD – carry forward of unspent budget allocated
Program and Staffing Review – for future adjustments in staffing
Integrated Shared Services Initiative – carry forward of unspent funds on partnership program with the province and First Nation partnership
Prairie Spirit School Division Foundation Corp. – carry forward from the foundation operations

15. BUDGET FIGURES

Budget figures included in the consolidated financial statements were approved by the board of education on June 16, 2014 and the Minister of Education on August 12, 2014.

16. RELATED PARTIES

These consolidated 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.

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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 consolidated 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.

	2015	2014
Revenues:		
Ministry of Education	\$ 81,069,929	\$ 79,313,555
Great Plains College	25,329	25,329
SGI	680,436	-
	\$ 81,775,694	\$ 79,338,884
Expenses:		
Saskatoon Public S.D.	\$ 27,358	\$ 29,556
Greater Saskatoon Catholic Schools	16,000	24,789
North West College	50,000	60,360
Saskatoon Health Region	81,000	81,150
SaskTel	412,972	246,987
SaskPower	1,389,928	1,203,920
SaskEnergy	606,793	639,707
SGI	150,395	133,718
Sask Workers' Compensation Board	304,848	236,478
	\$ 3,039,294	\$ 2,656,665
Accounts Receivable:		
Ministry of Education	\$ 4,503,554	\$ 3,913,678
	\$ 4,503,554	\$ 3,913,678
Prepaid Expenses:		
Sask Workers' Compensation Board	\$ 143,400	\$ 122,877
	\$ 143,400	\$ 122,877

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.

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

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

17. 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 consolidated

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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 amount is determinable.

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

- construction contract awarded to Quorex Construction for Martensville High School in the amount of \$27,164,927 over 2 years. This project was 79% complete as of August 31, 2015.
- 3 relocatable classrooms at Valley Manor School and 1 relocatable for Venture Heights School of \$1,482,400 over 1 year. This project was 90% complete as of August 31, 2015.

Capital lease obligations of the school division are as follows:

	Capital Leases		
	Buses	Honeywell Performance Contract	Total Capital
Future minimum lease payments:			
2016	\$ 578,832	\$ 94,603	\$ 673,435
2017	489,650	15,767	505,417
2018	445,859	-	445,859
2019	427,250	-	427,250
2020	23,290	-	23,290
	\$ 1,964,881	\$ 110,370	\$ 2,075,251
Interest and executory costs	122,609	6,887	129,496
Total Lease Obligations	\$ 2,087,490	\$ 117,257	\$ 2,204,747

19. JOINT-USE SCHOOLS PROJECT AGREEMENT

In August 2015, the Government of Saskatchewan entered into a 32 year public-private partnership with Joint-Use Mutual Partnership (JUMP) to design, finance, build and maintain Warman Elementary and Martensville Elementary in City of Warman and City of Martensville on behalf of the school division. The Government of Saskatchewan will be responsible for all capital, maintenance and operating payments over the term of the public-private partnership agreement with ownership of the schools vesting with the school division. The school division is the beneficiary of the schools, therefore, during period of construction the school division will record capital grant revenue from the Ministry of Education and tangible capital assets on the percentage of completion basis.

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20. 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 close monitoring of overdue accounts and report monthly to the Board of Education any receivable exceeding \$100,000.

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

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

		August 31, 2015				
		Total	0-30 days	30-60 days	60-90 days	Over 90 days
Grants Receivable	\$	4,503,554	\$ 4,503,554	\$ -	\$ -	\$ -
Other Receivables		810,650	118,931	72,590	587,744	31,385
Gross Receivables		5,314,204	4,622,485	72,590	587,744	31,385
Allowance for Doubtful Accounts		-	-	-	-	-
Net Receivables	\$	5,314,204	\$ 4,622,485	\$ 72,590	\$ 587,744	\$ 31,385

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 ensuring budgets are followed and reviewed monthly and all capital purchases are funded on a cash basis.

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

	August 31, 2015			
	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 6,425,629	\$ -	\$ -	\$ -
Long-term debt (includes interest)	1,471,107	1,471,107	8,791,279	25,723,689
Total	\$ 7,896,736	\$ 1,471,107	\$ 8,791,279	\$ 25,723,689

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 long-term debt.

The school division also has an authorized bank line of credit of \$21,000,000 with interest payable monthly at a rate of prime minus 1%. Changes in the bank's prime rate can cause fluctuation in interest payments and cash flows. There was no balance outstanding on this credit facility at August 31, 2015 (2014 -\$NIL).

The school division minimizes these risks by:

- holding cash in an account at a Canadian bank, denominated in Canadian currency,
- managing cash flows to minimize utilization of its bank line of credit,
- managing its interest rate risk on long-term debt through the use of fixed rate terms and derivatives consisting of a long-term financial instrument created by interest rate swap agreements on variable interest debt.

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, the school division believes that it is not subject to significant foreign exchange risk from its financial instruments.