



Ministry of
Education

Auditor's Report and Financial Statement

Of the Living Sky School Division No. 202
School Division No. 2020500

For the Period Ending: August 31, 2010

Raymond Kopera
Secretary Treasurer

Helen Muecke Krich, Chartered Accountants
Auditor

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

Management's Responsibility

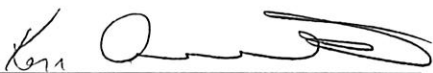
To the ratepayers of Living Sky School Division No. 202:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls 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 is composed of directors who are not employees of the school division. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Board is also responsible for recommending the appointment of the school division's external auditors.

Holm Svenkeson Raiche, an independent firm of chartered accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and administration to discuss their audit findings.


Chairperson


Chief Financial Officer

Holm Svenkeson Raiche,
Chartered Accountants, P.C. Ltd.

G.K. Holm, CA*
B.W. Svenkeson, CA*
L.A. Raiche, CA, CFP*

1321 – 101st Street
North Battleford, Saskatchewan
S9A 0Z9
Telephone (306) 445-6291
Facsimile (306) 445-3882
info@jhsca.ca
grahamh@jhsca.ca
barrys@jhsca.ca
loralier@jhsca.ca

AUDITORS' REPORT

To the Chairman and Board Members of
Living Sky School Division No. 202

We have audited the consolidated statement of financial position of the Living Sky School Division No. 202 as at August 31, 2010 and the consolidated statements of operations and accumulated surplus (deficit), changes in net financial assets (net debt) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the Living Sky School Division No. 202 as at August 31, 2010 and the results of its operations, changes in net financial assets (net debt) and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Holm Svenkeson Raiche

North Battleford, Saskatchewan
November 4, 2010

Chartered Accountants



Living Sky School Division No. 202
Consolidated Statement of Financial Position
as at August 31, 2010

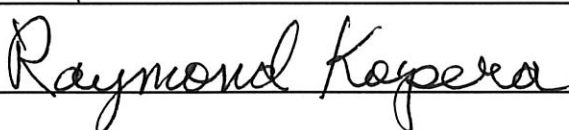
	2010	2009
		(Restated)
Financial Assets		
Cash	9,918,570	8,728,908
Short Term Investments (Note 3)	88,600	88,600
Accounts Receivable (Note 4)	17,304,224	13,313,491
Long Term Investments (Note 5)	187,795	201,689
Total Financial Assets	27,499,189	22,332,688
Liabilities		
Provincial Grant Overpayment	-	327,139
Accounts Payable and Accrued Liabilities (Note 7)	4,056,285	2,869,530
Long Term Debt (Note 8)	800,000	900,000
Liability for Employee Future Benefits (Note 9)	593,400	553,200
Deferred Revenue (Note 10)	500,155	1,655,677
Other Liabilities (Note 11)	67,000	67,000
Total Liabilities	6,016,840	6,372,546
Net Financial Assets (Net Debt)	21,482,349	15,960,142
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	30,570,237	30,496,509
Inventory of Supplies for Consumption	-	-
Prepaid Expenses	42,535	27,665
Total Non-Financial Assets	30,612,772	30,524,174
Accumulated Surplus (Deficit) (Note 12)	52,095,121	46,484,316

The accompanying notes are an integral part of these statements

Approved by the Board:



Chairperson



Secretary-Treasurer

Living Sky School Division No. 202
Consolidated Statement of Operations and Accumulated Surplus (Deficit)
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
	(Note 16)		(Restated)
REVENUES			
Property Taxation	22,978,776	21,247,897	25,574,492
Grants	42,659,961	43,400,027	31,352,437
Tuition and Related Fees	3,896,000	5,258,066	4,534,842
School Generated Funds	-	1,974,894	2,158,745
Complementary Services (Note 13)	1,050,747	1,092,012	1,200,492
External Services (Note 14)	101,000	532,620	137,066
Other	370,000	478,248	802,705
Total Revenues (Schedule A)	71,056,484	73,983,764	65,760,779
EXPENSES			
Governance	481,198	433,338	421,415
Administration	1,458,545	1,397,569	1,290,284
Instruction	48,741,501	46,844,405	45,382,293
Plant	12,456,314	10,228,676	6,952,343
Transportation	6,199,022	5,539,916	5,489,798
Tuition and Related Fees	185,000	374,781	249,179
School Generated Funds	-	1,803,358	2,158,745
Complementary Services (Note 13)	1,253,825	1,219,595	1,304,445
External Services (Note 14)	439,752	471,409	365,818
Other Expenses	65,000	59,912	55,925
Total Expenses (Schedule B)	71,280,157	68,372,959	63,670,245
Surplus (Deficit) for the Year	(223,673)	5,610,805	2,090,534
Accumulated Surplus (Deficit), Beginning of Year	-	46,484,316	44,393,782
Accumulated Surplus (Deficit), End of Year	(223,673)	52,095,121	46,484,316

The accompanying notes are an integral part of these statements

Living Sky School Division No. 202
Consolidated Statement of Changes in Net Financial Assets (Net Debt)
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
	(Note 16)		(Restated)
Net Financial Assets (Net Debt), Beginning of Year	15,960,142	15,960,142	12,697,579
Changes During the Year:			
Surplus (Deficit) for the Year	(223,673)	5,610,805	2,090,534
Acquisition of Tangible Capital Assets (Schedule C)	(4,570,000)	(2,216,749)	(925,287)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)		79,611	-
Net Loss (Gain) on Disposal of Capital Assets (Schedule C)		(9,660)	-
Write-Down of Tangible Capital Assets (Schedule C)		-	-
Amortization of Tangible Capital Assets (Schedule C)	2,073,070	2,073,070	2,092,455
Net Acquisition of Inventory of Supplies		-	
Net Acquisition of Prepaid Expenses		(14,870)	4,861
Change in Net Financial Assets / Net Debt	(2,720,603)	5,522,207	3,262,563
Net Financial Assets (Net Debt), End of Year	13,239,540	21,482,349	15,960,142

The accompanying notes are an integral part of these statements

Living Sky School Division No. 202
Consolidated Statement of Cash Flows
for the year ended August 31, 2010

	2010	2009
OPERATING ACTIVITIES		(Restated)
Surplus (Deficit) for the Year	5,610,805	2,090,534
Add (Deduct) Non-Cash Items Included in Surplus / Deficit (Schedule D)	2,063,410	2,092,455
Net Change in Non-Cash Operating Activities (Schedule E)	(4,261,308)	4,787,271
Cash Provided (Used) by Operating Activities	3,412,907	8,970,260
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(2,216,749)	(925,287)
Proceeds on Disposal of Tangible Capital Assets	79,611	-
Cash Provided (Used) by Capital Activities	(2,137,138)	(925,287)
INVESTING ACTIVITIES		
Cash Used to Acquire Long Term Investments	-	(23,375)
Proceeds on Disposal of Long Term Investments	13,894	-
Cash Provided (Used) by Investing Activities	13,894	(23,375)
FINANCING ACTIVITIES		
Proceeds from Issuance of Long Term Debt	-	-
Repayment of Long Term Debt	(100,000)	(100,000)
Cash Provided (Used) by Financing Activities	(100,000)	(100,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,189,662	7,921,598
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,817,508	895,910
CASH AND CASH EQUIVALENTS, END OF YEAR	10,007,170	8,817,508
REPRESENTED ON THE FINANCIAL STATEMENTS BY:		
Cash	9,918,570	8,728,908
Short Term Investments	88,600	88,600
CASH AND CASH EQUIVALENTS, END OF YEAR	10,007,170	8,817,508

The accompanying notes are an integral part of these statements

Living Sky School Division No. 202
Schedule A: Supplementary Details of Consolidated Revenue
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Property Taxation Revenue			(Restated)
Tax Levy Revenue:			
Property Tax Levy Revenue (<i>net Education Tax Credit</i>)	23,529,570	21,196,146	26,020,550
Revenue from Supplemental Levies	-	-	-
Total Property Tax Revenue	23,529,570	21,196,146	26,020,550
Grants in Lieu of Taxes:			
Federal Government	144,988	129,293	149,437
Provincial Government	263,715	243,159	347,826
Railways	85	85	86
Other	111,289	109,853	215,860
Total Grants in Lieu of Taxes	520,077	482,390	713,209
Other Tax Revenues:			
Treaty Land Entitlement - Urban	-	-	-
Treaty Land Entitlement - Rural	125,646	693,738	226,073
House Trailer Fees	14,325	12,896	16,717
Total Other Tax Revenues	139,971	706,634	242,790
Additions to Levy:			
Penalties	235,136	216,720	270,208
Other	-	-	-
Total Additions to Levy	235,136	216,720	270,208
Deletions from Levy:			
Discounts	(1,223,358)	(1,163,657)	(1,382,055)
Cancellations	(222,620)	(190,336)	(236,491)
Other Deletions	-	-	(53,719)
Total Deletions from Levy	(1,445,978)	(1,353,993)	(1,672,265)
Total Property Taxation Revenue	22,978,776	21,247,897	25,574,492
Grants:			
Operating Grants			
Ministry of Education Grants:			
K-12 Operating Grant	39,614,481	41,806,525	25,679,452
Education Property Tax Credit	-	-	5,571,258
Other Ministry Grants	-	-	84,808
Total Ministry Grants	39,614,481	41,806,525	31,335,518
Other Provincial Grants	3,045,480	1,593,502	-
Federal Grants	-	-	-
Grants from Others	-	-	16,919
Total Operating Grants	42,659,961	43,400,027	31,352,437
Capital Grants			
Ministry of Education Capital Grants	-	-	-
Other Capital Grants	-	-	-
Total Capital Grants	-	-	-
Total Grants	42,659,961	43,400,027	31,352,437

Living Sky School Division No. 202
Schedule A: Supplementary Details of Consolidated Revenue
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Tuition and Related Fees Revenue			(Restated)
Operating Fees:			
Tuition Fees:			
School Boards	-	-	-
Federal Government and First Nations	3,896,000	5,258,066	4,521,898
Individuals and Other	-	-	4,272
Total Tuition Fees	3,896,000	5,258,066	4,526,170
Transportation Fees	-	-	8,672
Other Related Fees	-	-	-
Total Operating Tuition and Related Fees	3,896,000	5,258,066	4,534,842
Capital Fees:			
Federal/First Nations Capital Fees	-	-	-
Total Capital Tuition and Fees	-	-	-
Total Tuition and Related Fees Revenue	3,896,000	5,258,066	4,534,842
School Generated Funds Revenue			
Curricular Fees:			
Student Fees	-	207,266	166,036
Other	-	-	-
Total Curricular Fees	-	207,266	166,036
Non-Curricular Fees:			
Commercial Sales - GST	-	-	-
Commercial Sales - Non-GST	-	281,822	249,015
Fundraising	-	721,990	788,132
Grants and Partnerships	-	44,154	65,781
Students Fees	-	382,694	413,914
Other	-	336,968	475,867
Total Non-Curricular Fees	-	1,767,628	1,992,709
Total School Generated Funds Revenue	-	1,974,894	2,158,745
Complementary Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	960,247	960,247	923,314
Ministry of Education Grants-Other	10,000	7,000	25,000
Other Provincial Grants	-	3,652	40,707
Federal Grants	-	-	-
Other Grants	25,000	30,000	35,704
Total Operating Grants	995,247	1,000,899	1,024,725
Capital Grants			
Ministry of Education Capital Grant	-	-	-
Other Capital Grants	-	-	-
Total Capital Grants	-	-	-
Fees and Other Revenue			
Tuition and Related Fees	5,500	10,185	8,836
Gain on Disposal of Capital Assets	-	-	-
Other Revenue	50,000	80,928	166,931
Total Fees and Other Revenue	55,500	91,113	175,767
Total Complementary Services Revenue	1,050,747	1,092,012	1,200,492

Living Sky School Division No. 202
Schedule A: Supplementary Details of Consolidated Revenue
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
			(Restated)
External Services			
Operating Grants:			
Ministry of Education Operating Grants:			
Ministry of Education-Foundation Operating Grant	-	-	-
Ministry of Education Grants-Other	-	-	9,500
Other Provincial Grants	-	-	-
Federal Grants	-	-	-
Other Grants	-	-	-
Total Operating Grants	-	-	9,500
Capital Grants			
Ministry of Education Capital Grant	-	376,122	-
Other Capital Grants	-	-	-
Total Capital Grants	-	376,122	-
Fees and Other Revenue			
Tuition and Related Fees	-	-	-
Gain on Disposal of Capital Assets	-	12,769	-
Other Revenue	101,000	143,729	127,566
Total Fees and Other Revenue	101,000	156,498	127,566
Total External Services Revenue	101,000	532,620	137,066
Other Revenue			
Miscellaneous Revenue	15,000	74,129	313,194
Sales & Rentals	255,000	329,928	392,751
Investments	100,000	74,191	96,760
Gain on Disposal of Capital Assets	-	-	-
Total Other Revenue	370,000	478,248	802,705
TOTAL REVENUE FOR THE YEAR	71,056,484	73,983,764	65,760,779

Living Sky School Division No. 202
Schedule B: Supplementary Details of Consolidated Expenses
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
			(Restated)
Governance Expense			
Board Members Expense	161,198	159,878	152,714
Conventions - Board Members	31,000	42,819	26,630
School Community Councils	51,000	42,065	45,916
Conventions - School Community Councils	6,000	-	-
Elections	20,000	12,556	579
Other Governance Expenses	212,000	176,020	195,576
Amortization of Tangible Capital Assets	-	-	-
Total Governance Expense	481,198	433,338	421,415
Administration Expense			
Salaries	895,038	906,621	859,897
Benefits	108,548	122,637	107,664
Supplies & Services	115,300	40,022	97,956
Non-Capital Furniture & Equipment	45,500	42,336	41,191
Building Operating Expenses	87,804	51,865	53,111
Communications	129,000	181,224	74,874
Travel	25,000	12,513	15,266
Professional Development	33,000	20,996	24,530
Amortization of Tangible Capital Assets	19,355	19,355	15,795
Total Administration Expense	1,458,545	1,397,569	1,290,284
Instruction Expense			
Instructional (Teacher & LEADS Contract) Salaries	31,737,281	30,771,724	29,861,056
Instructional (Teacher & LEADS Contract) Benefits	1,505,135	1,517,236	1,451,484
Program Support (Non-Teacher Contract) Salaries	7,199,979	7,057,633	6,489,465
Program Support (Non-Teacher Contract) Benefits	1,038,854	1,074,310	932,740
Instructional Aids	2,429,331	2,285,644	2,479,534
Supplies & Services	698,749	589,163	613,154
Non-Capital Furniture & Equipment	901,697	600,174	697,045
Communications	337,185	247,069	295,248
Travel	307,864	327,879	299,606
Professional Development	721,196	543,751	404,725
Student Related Expense	312,674	278,266	250,621
Amortization of Tangible Capital Assets	1,551,556	1,551,556	1,607,615
Total Instruction Expense	48,741,501	46,844,405	45,382,293

Living Sky School Division No. 202
Schedule B: Supplementary Details of Consolidated Expenses
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Plant Operation & Maintenance Expense			(Restated)
Salaries	2,589,436	2,532,255	2,421,901
Benefits	512,983	506,191	474,212
Supplies & Services	10,000	41,222	149,355
Non-Capital Furniture & Equipment	87,000	32,264	51,709
Building Operating Expenses	9,158,924	7,020,708	3,776,456
Communications	7,000	7,375	6,707
Travel	45,000	51,943	39,736
Professional Development	15,000	5,747	6,661
Amortization of Tangible Capital Assets	30,971	30,971	25,606
Total Plant Operation & Maintenance Expense	12,456,314	10,228,676	6,952,343
Student Transportation Expense			
Salaries	1,357,156	1,360,348	1,278,822
Benefits	222,775	214,864	195,376
Supplies & Services	802,000	593,687	643,566
Non-Capital Furniture & Equipment	720,000	595,846	651,270
Building Operating Expenses	1,500	-	-
Communications	18,000	17,279	2,148
Travel	2,000	1,253	1,781
Professional Development	30,000	8,733	8,497
Contracted Transportation	2,574,403	2,276,718	2,264,899
Amortization of Tangible Capital Assets	471,188	471,188	443,439
Total Student Transportation Expense	6,199,022	5,539,916	5,489,798
Tuition and Related Fees Expense			
Tuition Fees	125,000	188,114	179,179
Transportation Fees	-	-	-
Other Fees	60,000	186,667	70,000
Total Tuition and Related Fees Expense	185,000	374,781	249,179
School Generated Funds Expense			
Supplies & Services	-	94,118	135,207
Cost of Sales	-	384,370	425,388
Non-Capital Furniture & Equipment	-	80,508	85,771
Special Programs	-	-	-
School Fund Expenses	-	1,244,362	1,512,379
Amortization of Tangible Capital Assets	-	-	-
Total School Generated Funds Expense	-	1,803,358	2,158,745

Living Sky School Division No. 202
Schedule B: Supplementary Details of Consolidated Expenses
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Complementary Services Expense			(Restated)
Tuition Fees	-	-	-
Transportation Fees	-	-	-
Other Fees	-	-	-
Administration Salaries & Benefits	84,369	77,584	57,776
Instructional (Teacher & LEADS Contract) Salaries & Benefits	357,181	357,181	350,158
Program Support (Non-Teacher Contract) Salaries & Benefits	624,927	624,927	651,925
Plant Operation & Maintenance Salaries & Benefits	-	-	-
Transportation Salaries & Benefits	-	-	-
Instructional Aids	-	1,082	5,461
Supplies & Services	181,500	136,063	165,984
Non-Capital Furniture & Equipment	-	368	48,507
Building Operating Expenses	-	15,000	16,067
Communications	1,000	888	804
Travel	1,848	1,848	2,533
Professional Development (Non-Salary Costs)	3,000	134	1,618
Student Related Expenses	-	4,520	2,456
Contracted Transportation & Allowances	-	-	1,156
Amortization of Tangible Capital Assets	-	-	-
Loss on Disposal of Tangible Capital Assets	-	-	-
Write-Down of Tangible Capital Assets	-	-	-
Total Complementary Services Expense	1,253,825	1,219,595	1,304,445
External Service Expense			
Tuition Fees	-	-	-
Transportation Fees	-	-	-
Other Fees	-	-	-
Administration Salaries & Benefits	10,000	-	38,000
Instructional (Teacher & LEADS Contract) Salaries & Benefits	-	-	-
Program Support (Non-Teacher Contract) Salaries & Benefits	76,252	79,411	87,318
Plant Operation & Maintenance Salaries & Benefits	-	-	-
Transportation Salaries & Benefits	-	-	-
Instructional Aids	-	-	-
Supplies & Services	140,000	154,665	146,695
Non-Capital Furniture & Equipment	-	-	-
Building Operating Expenses	11,500	10,106	4,244
Communications	-	-	-
Travel	2,000	172	-
Professional Development (Non-Salary Costs)	-	43	-
Student Related Expenses	-	3,877	-
Contracted Transportation & Allowances	200,000	221,102	89,561
Amortization of Tangible Capital Assets	-	-	-
Loss on Disposal of Tangible Capital Assets	-	2,033	-
Write-Down of Tangible Capital Assets	-	-	-
Total External Services Expense	439,752	471,409	365,818

Living Sky School Division No. 202
Schedule B: Supplementary Details of Consolidated Expenses
for the year ended August 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Other Expense			(Restated)
Interest and Bank Charges:			
Current Interest and Bank Charges	-	9,791	(46)
Interest on Debentures			
School Facilities	-	-	-
Other	-	-	-
Interest on Other Capital Loans and Long Term Debt			
School Facilities	-	-	-
Other	65,000	50,121	55,971
Total Interest and Bank Charges	65,000	59,912	55,925
Loss on Disposal of Tangible Capital Assets	-	-	-
Write-Down of Tangible Capital Assets	-	-	-
Provision for Uncollectable Taxes	-	-	-
Total Other Expense	65,000	59,912	55,925
TOTAL EXPENSES FOR THE YEAR	71,280,157	68,372,959	63,670,245

Living Sky School Division No. 202
Schedule C - Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2010

	Land	Land Improvements	Buildings	Buildings Short term	School Buses	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Equipment	Computer Software	Work-in-Progress	2010	2009
Tangible Capital Assets - at Cost:												
Opening Balance as of September 1, 2009	1,004,246		73,682,418	1,553,351	6,766,658	194,891	7,790,779	918,346			91,910,689	90,985,402
Additions/Purchases												
Disposals			376,122		1,066,501	51,637	119,583	189,075	117,198	296,633	2,216,749	925,287
Write-Downs					(827,615)						(827,615)	
Transfers to (from)											-	-
Closing Balance as of August 31, 2010	1,004,246	-	74,058,540	1,553,351	7,005,544	246,528	7,910,362	1,107,421	117,198	296,633	93,299,823	91,910,689
Tangible Capital Assets - Amortization:												
Opening Balance as of September 1, 2009			47,694,680	757,877	4,401,351	119,628	7,522,298	918,346			61,414,180	59,321,725
Amortization of the Period			1,354,349	62,909	459,528	39,594	95,437	37,813	23,440		2,073,070	2,092,455
Disposals					(757,664)						(757,664)	
Write-Downs											-	-
Transfers to (from)											-	-
Closing Balance as of August 31, 2010	N/A	-	49,049,029	820,786	4,103,215	159,222	7,617,735	956,159	23,440	N/A	62,729,586	61,414,180
Net Book Value:												
Opening Balance as of September 1, 2009	1,004,246	-	25,987,738	795,474	2,365,307	75,263	268,481	-	-	-	30,496,509	31,663,677
Closing Balance as of August 31, 2010	1,004,246	-	25,009,511	732,565	2,902,328	87,307	292,627	151,262	93,758	296,633	30,570,237	30,496,509
Change in Net Book Value	-	-	(978,227)	(62,909)	537,021	12,044	24,146	151,262	93,758	296,633	73,728	(1,167,168)
Disposals:												
Historical Cost					827,615						827,615	
Accumulated Amortization					757,664						757,664	
Net Cost	-	-	-	-	69,951	-	-	-	-	-	69,951	-
Price of Sale					79,611						79,611	
Gain/loss on Disposal	-	-	-	-	9,660	-	-	-	-	-	9,660	-
Net Book Value (NBV) of Assets												
Pledged as Security for Debt											-	

Living Sky School Division No. 202
Schedule D: Non-Cash Items Included in Surplus / Deficit
for the year ended August 31, 2010

	2010	2009
		(Restated)
Non-Cash Items Included in Surplus / Deficit:		
Amortization of Tangible Capital Assets (Schedule C)	2,073,070	2,092,455
Net (Gain) Loss on Disposal of Tangible Capital Assets	(9,660)	-
Write-Down of Tangible Capital Assets (Schedule C)	-	-
Total Non-Cash Items Included in Surplus / Deficit	2,063,410	2,092,455

Living Sky School Division No. 202
Schedule E: Net Change in Non-Cash Operating Activities
for the year ended August 31, 2010

	2010	2009
		(Restated)
Net Change in Non-Cash Operating Activities:		
Decrease (Increase) in Accounts Receivable	(3,990,733)	3,680,832
Increase (Decrease) in Provincial Grant Overpayment	(327,139)	241,803
Increase (Decrease) In Accounts Payable and Accrued Liabilities	1,186,755	(475,539)
Increase (Decrease) in Liability for Employee Future Benefits	40,200	553,200
Increase (Decrease) in Deferred Revenue	(1,155,522)	782,114
Increase (Decrease) in Other Liabilities	-	-
Decrease (Increase) in Inventory of Supplies for Consumption	-	-
Decrease (Increase) in Prepaid Expenses	(14,870)	4,861
Total Net Change in Non-Cash Operating Activities	(4,261,308)	4,787,271

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
As at August 31, 2010

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 Living Sky School Division No. 202" and operates as "the Living Sky School Division No. 202". 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 Province of Saskatchewan and a levy on the property assessment included in the School Division's boundaries at mill rates determined by the provincial government. The School Division is exempt from income tax and is a registered charity under the *Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Significant aspects of the accounting policies adopted by the School Division are as follows:

a) 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.

Controlled entities:

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.

All of the assets, liabilities, revenues and expenditures of controlled organizations are consolidated line-by-line in the financial statements 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.

The School Division exercises control over School Generated Funds, which are raised and spent at the school level but ultimate approval of revenue and expenses resides with 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.

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
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c) Measurement Uncertainty and the Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, tax revenue, uncollectible taxes, useful lives of capital assets and prior years tangible capital asset historical costs and related amortization.

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 include cash, short-term investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, long-term debt and other 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.

Short-Term Investments consist of highly liquid securities made to obtain a return on a temporary basis with maturity terms of less than three months. Short-term investments are recorded at the lower of cost or market.

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.

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
As at August 31, 2010

Long-Term Investments consist of guaranteed investment certificates and are carried at 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 software, and assets under construction. Tangible capital assets are recorded at cost 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 and light duty trucks and vans	5 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years

Prepaid Expenses are prepaid amounts for goods or services such as, Saskatchewan School Board Association fees, legal fees and insurance, 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.

Provincial Grant Overpayment represents grants advanced to the School Division in excess of the determined entitlement and which are repayable to the provincial government.

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 with initial maturities of more than one year and are incurred for the purpose of financing capital expenditures in accordance with the provisions of *The Education Act, 1995*

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
As at August 31, 2010

Liability for Employee Future Benefits represent post-employment and compensated absence benefits that accrue to the School Division's employees. The cost of these benefits is recorded as the benefits are earned by employees. The liability relating to these benefits is actuarially determined using the projected benefit method pro-rated on service 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.

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

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 (prior to April 1, 2009 - 10 month basis), with 1/12th of the grant recognized as revenue each month (prior to April 1, 2009 - recognized at 1/10th per month with no grant being recognized for the months of July and August). Capital grants are recognized over the course of the construction project as the

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
As at August 31, 2010

entitlement to 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 Province. 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 1/12th of estimated total tax revenue recorded in each month of the School Division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the School Division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the School Division. The final annual taxation amounts are reported to the School 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 INVESTMENTS

Short-term investments consist of term deposits, and marketable securities with maturities of three months or less. Due to the short-term nature of the investments, market value approximates cost.

4. ACCOUNTS RECEIVABLE

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

	2010			2009		
	Total Receivables	Valuation Allowance \$	Net of Allowance	Total Receivables	Valuation Allowance	Net of Allowance
Taxes Receivable	\$ 11,237,871	\$ 341,407	\$10,896,464	\$ 12,567,150	\$ 341,408	\$12,225,742
Provincial Grants Receivable	4,365,241	-	4,365,241	-	-	-
Other Receivables	2,042,519	-	2,042,519	1,087,749	-	1,087,749
Total Accounts Receivables	\$ 17,645,631	\$ 341,407	\$17,304,224	\$ 13,654,899	\$ 341,408	\$13,313,491

5. LONG-TERM INVESTMENTS

Long-Term Investments are comprised of the following:

	Cost/Book Value		Market Value	
	2010	2009	2010	2009
Member Equity in Co-op Organizations	\$ 58,167	\$ 72,314	\$ 58,167	\$ 72,314
CIBC – Guaranteed Money Market Fund, floating interest rate, no specified maturity date.	129,628	129,375	129,628	129,375
Total Long-Term Investments	\$ 187,795	\$ 201,689	\$ 187,795	\$ 201,689

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Notes to the Consolidated Financial Statements
As at August 31, 2010

6. BANK INDEBTEDNESS

The School Division has a demand operating line of credit with a maximum borrowing limit of \$ 10,000,000 that bears interest at Bank prime rate less .50% per annum. This line of credit is authorized by a borrowing resolution by the Board of Education and is secured by Provincial Grant receipts. This line of credit was approved by the Minister of Education on October 29, 2010. There was no balance outstanding on the line of credit at August 31, 2010 or August 31, 2009.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of account payable and accrued liabilities are as follows:

	2010	2009
		(Restated)
Accrued Salaries	\$ 711,973	\$ 1,097,401
Supplier Payments	2,121,157	553,148
Other – Overpayments from Municipalities	1,223,155	1,218,981
Total Accounts Payable and Accrued Liabilities	\$ 4,056,285	\$ 2,869,530

8. LONG-TERM DEBT

Details of long-term debt are as follows:

Capital Loan	2010	2009
Innovation Credit Union – loan repayable in annual principal installments of \$100,000 plus interest at 6.00% paid monthly	\$ 800,000	\$ 900,000
Total Long-Term Debt	\$ 800,000	\$ 900,000

Principal repayments over the next 5 years are as follows:	2010	2009
2011	\$ 100,000	\$ 100,000
2012	\$ 100,000	\$ 100,000
2013	\$ 100,000	\$ 100,000
2014	\$ 100,000	\$ 100,000
2015	\$ 100,000	\$ 100,000
Thereafter	\$ 300,000	\$ 400,000
Total	\$ 800,000	\$ 900,000

Principal and interest payments on long-term debt are as follows:		
	2010	2009
Principal	\$ 100,000	\$ 100,000
Interest	\$ 50,121	\$ 55,971
Total	\$ 150,121	\$ 155,971

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Notes to the Consolidated Financial Statements
As at August 31, 2010

9. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment and compensated absence benefits to its employees. These benefits include: non vested sick leave payout, retirement gratuity, paid time off benefit, vested sick leave payout, and vacation payout. In order to calculate the actuarial liability and estimated future cost of the various benefits, it is necessary to make assumptions about the plan's future experience. The assumptions are intended to reflect the anticipated long-term future experience of the plan. Demographic assumptions, those that predict future employee behaviour, have been harmonized where possible with the pension plan that employees belong to. Assumptions regarding the build up and usage of certain benefits have been developed based on the experience of the employees noted in the data submitted by the School Divisions, supplemented where required by experience for other organizations with similar programs. The discount rate has been determined based on Province of Saskatchewan borrowing costs for durations similar to the benefit obligation, provided by the Ministry of Finance. Experience emerging under the plan that differs from that assumed would produce actuarial gains or losses, which will be revealed in subsequent actuarial valuations. 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.

Details of the employee future benefits are as follows:

	2010	2009
Actuarial valuation date	08/31/2010	08/31/2009
Long-term assumptions used:		
Salary escalation rate – teacher staff	3.50%	3.50%
Salary escalation rate – non-teaching staff	4.20%	4.20%
Discount rate (percentage)	3.60%	4.10%
Expected average remaining service life (years)	14	14

Liability for Employee Future Benefits	2010	2009
Accrued Benefit Obligation – beginning of year	\$ 553,200	\$ 480,800
Current period benefit cost	55,300	51,300
Interest cost	24,500	23,000
Benefit payments	(23,900)	(18,800)
Actuarial gains / losses	32,300	16,900
Plan amendments	-	-
Accrued Benefit Obligation – end of year	641,400	553,200
Unamortized Net Actuarial Gains / Losses	(48,000)	-
Liability for Employee Future Benefits	\$ 593,400	\$ 553,200

Employee Future Benefits Expense	2010	2009
Current period benefit cost	\$ 79,800	\$ 74,300
Amortization of net actuarial gain / loss	1,200	-
Plan amendments	-	-
Benefit cost	81,000	74,300
Interest cost on unfunded employee future benefits obligation	-	-
Total Employee Future Benefits Expense	\$ 81,000	\$ 74,300

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Notes to the Consolidated Financial Statements
As at August 31, 2010

10. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2009	Additions during the Year	Revenue Recognized in the Year	Balance as at Aug. 31, 2010
	(Restated)			
Federal Capital Tuition	\$ 268,346	\$ 231,809	\$ -	\$ 500,155
Provincial Operating Grant	819,239	-	819,239	-
Treaty Land Entitlement Receipts	568,092	-	568,092	-
Total Deferred Revenue	\$ 1,655,677	\$ 231,809	\$ 1,387,331	\$ 500,155

11. OTHER LIABILITIES

Other liabilities are comprised of the following:

	2010	2009
		(Restated)
Matured – non-cashed Debentures	\$ 67,000	\$ 67,000
Total Other Liabilities	\$ 67,000	\$ 67,000

12. 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.

Certain amounts of the Accumulated Surplus, as approved by the board of education, have been designated for specific future purposes. These internally restricted amounts are included in the Accumulated Surplus presented in the Consolidated Statement of Financial Position. The School Division does not maintain separate bank accounts for the internally restricted amounts.

S.286 Pre-April 2009 Capital Reserves from Prior Years' Operating Surpluses represents capital reserves that were created by pre-April 2009 Board of Education motions that designated certain prior years' operating surpluses to be set aside for the purpose of future capital expenditures. Pursuant to S.286 of *The Education Act, 1995* the School Division is required to hold these reserves as a special fund for the purpose of constructing or acquiring any capital works that may be approved by the minister.

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Notes to the Consolidated Financial Statements
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Details of accumulated surplus are as follows:

	2010	2009 (Restated)
Invested in Tangible Capital Assets:		
Net Book Value of Tangible Capital Assets	\$ 30,570,237	\$ 30,496,509
Less: Debt owing on Tangible Capital Assets	800,000	900,000
	29,770,237	29,596,509
Internally Restricted Surplus:		
S.286 Pre-April 2009 Capital Reserves from Prior Years' Operating Surpluses	697,028	696,774
School generated funds	824,415	652,879
Scholarship funds	152,454	168,803
Other – Tax Loss Compensations	3,819,650	3,251,558
Other – Future Expenditure	4,748,106	4,748,106
Other – Retirement Allowance	93,485	93,485
Other – Bus Replacement	163,728	163,728
	10,498,866	9,775,333
Unrestricted Surplus	11,826,018	7,112,474
Total Accumulated Surplus	\$ 52,095,121	\$ 46,484,316

13. 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 2010:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	Community and Inter-Agency Liaison	Pre-Natal Outreach	Other Programs	2010	2009
Revenue:						
Grants	\$ 450,023	\$ 510,224	\$ -	\$ 40,652	\$1,000,899	\$1,024,725
Tuition and Related Fees	-	-	-	10,185	10,185	8,836
Miscellaneous Revenue	-	-	-	80,928	80,928	166,931
Sales and Rentals	-	-	-	-	-	-
Total Revenue	450,023	510,224	-	131,765	1,092,012	1,200,492
Expenses:						
Tuition Fees	-	-	-	-	-	-
Salaries & Benefits	471,615	556,077	-	32,000	1,059,692	1,059,859
Instructional Aids	-	-	-	1,082	1,082	5,461
Supplies and Services	-	-	-	136,063	136,063	165,984
Non-Capital Equipment	-	-	-	368	368	48,507
Building Operating Expenses	-	-	-	15,000	15,000	16,067
Communications	-	-	-	888	888	804
Travel	-	-	-	1,848	1,848	2,533
Professional Development	-	-	-	134	134	1,618
Student Related Expenses	-	-	-	4,520	4,520	2,456
Contacted Transportation & Allowances	-	-	-	-	-	1,156
Total Expenses	471,615	556,077	-	191,903	1,219,595	1,304,445
Excess (Deficiency) of Revenue over Expenses	\$ <21,592>	\$ <45,853>	\$ -	\$ <60,138>	\$ <127,583>	\$ <103,953>

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
As at August 31, 2010

14. 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 revenue and expenses of the External Services programs operated by the School Division in 2010:

Summary of External Services Revenues and Expenses, by Program	Adult Education	Summer School	Cafeteria	Other Programs	2010	2009
Revenue:						
Grants	\$ -	\$ -	\$ -	\$ 376,122	\$ 376,122	\$ 9,500
Tuition and Related Fees	-	-	-	-	-	-
Miscellaneous Revenue	-	-	-	19,434	19,434	-
Sales and Rentals	-	-	121,757	2,538	124,295	127,566
Gain on Disposal of TCA	-	-	-	12,769	12,769	-
Total Revenue	-	-	121,757	410,863	532,620	137,066
Expenses:						
Tuition Fees	-	-	-	-	-	-
Salaries & Benefits	-	-	79,411	-	79,411	125,318
Instructional Aids	-	-	-	-	-	-
Supplies and Services	-	-	153,463	1,202	154,665	146,695
Non-Capital Equipment	-	-	-	-	-	-
Building Operating Expenses	-	-	-	10,106	10,106	4,244
Communications	-	-	-	-	-	-
Travel	-	-	-	172	172	-
Professional Development	-	-	43	-	43	-
Student Related Expenses	-	-	-	3,877	3,877	-
Contacted Transportation & Allowances	-	-	-	221,102	221,102	89,561
Loss on Disposal of TCA	-	-	-	2,033	2,033	-
Total Expenses	-	-	232,917	238,492	471,409	365,818
Excess (Deficiency) of Revenue over Expenses	\$ -	\$ -	\$ <111,160>	\$ 172,371	\$ 61,211	\$ <228,752>

15. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2010 Budget	2010 Actual	2009 Actual
Governance	\$ 130,463	\$ 302,875	\$ -	\$ -	\$ 481,198	\$ 433,338	\$ 421,415
Administration	1,029,258	348,956	-	19,355	1,458,545	1,397,569	1,290,284
Instruction	40,420,903	4,871,946	-	1,551,556	48,741,501	46,844,405	45,382,293
Plant	3,038,446	7,159,259	-	30,971	12,456,314	10,228,676	6,952,343
Transportation	1,575,212	3,493,516	-	471,188	6,199,022	5,539,916	5,489,798
Tuition and Related Fees	-	374,781	-	-	185,000	374,781	249,179
School Generated Funds	-	1,803,358	-	-	-	1,803,358	2,158,745
Complementary Services	1,059,692	159,903	-	-	1,253,825	1,219,595	1,304,445
External Services	79,411	391,998	-	-	439,752	471,409	365,818
Other	-	-	59,912	-	65,000	59,912	55,925
TOTAL	\$47,333,385	\$18,906,592	\$ 59,912	\$ 2,073,070	\$71,280,157	\$68,372,959	\$63,670,245

Living Sky School Division No. 202
Notes to the Consolidated Financial Statements
As at August 31, 2010

16. BUDGET FIGURES

Budget figures included in the financial statements have been derived from an initial budget approved by the Board of Education on September 9th, 2009, and an amended budget approved by the Board of Education on September 30th, 2009 and the Minister of Education on October 20th, 2009. The budget approved by the Board of Education was developed to support provision of information for the provincial funding model for School Divisions and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles established by PSAB, the budget figures presented have been adjusted to conform with the basis of accounting used to prepare consolidated financial statements. A reconciliation of budget figures presented in the financial statements to the budget approved by the Board of Education and Ministry of Education is as follows:

Budget surplus (deficit) as at August 31, 2010 as previously reported	\$ 179,397
Plus: Debt repayment	100,000
Plus: Capital assets	4,570,000
Less: Debt Issuance	<3,000,000>
Less: Amortization of tangible capital assets	<2,073,070>
Budget surplus (deficit) as at August 31, 2010 as restated	\$ <223,673>

2010 Budget amounts have been reclassified between Revenue categories for Grants and Complementary Services and Expense categories for Instruction and Complementary Services to conform to the revised financial statement format.

17. 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.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. Included in expenses are related party transactions of \$3,670,416 (2009: \$2,588,052) of which \$39,439 (2009: \$30,571) was payable at August 31, 2010.

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.

The Ministry of Education has approved \$2,294,696 in capital transfers to the School Division. By the end of the next fiscal year, PSAB is expected to provide revised guidance for government transfers, and the accounting treatment for these projects is under review. Accordingly, these capital transfers have not been reflected in the financial statements, as follows:

Total Ministry Obligation at August 31, 2010	\$2,294,696
Less amounts reported in the financial statements	<u>1,391,302</u>
Unrecorded balance	<u>\$ 903,394</u>

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

18. 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 Province 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 Province of Saskatchewan for the STSP.

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

	2010			2009
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	432	63	495	503
Member contribution rate (percentage of salary)	7.00%	6.05%		7.00%-6.05%
Member contributions for the year	\$1,988,150	\$ 242,184	\$2,230,334	\$2,211,252

- 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

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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:

	2010	2009
Number of active School Division members	408	398
Member contribution rate (percentage of salary)	6.40%	5.40%
School Division contribution rate (percentage of salary)	6.40%	5.40%
Member contributions for the year	\$ 693,195	\$ 601,500
School Division contributions for the year	\$ 693,195	\$ 601,500
Actuarial valuation date	31 Dec 09	31 Dec 08
Plan Assets (in thousands)	\$ 1,284,959	\$ 1,150,748
Plan Liabilities (in thousands)	\$ 1,233,841	\$ 1,215,639
Plan Surplus (Deficit) (in thousands)	\$ 51,118	\$ <64,891>

19. ACCOUNTING CHANGES

Change in Accounting Policies and Prior Period Adjustments

Commencing in 2009-10, the School Division adopted the following accounting policy changes in accordance with Public Sector Accounting Board (PSAB) standards:

Change in Financial Statement Presentation

Effective September 1, 2009, the School Division adopted PSAB standards PS 1000 - Financial Statement Concepts, PS 1100 - Financial Statement Objectives and PS 1200 - Financial Statement Presentation. Together, these standards establish the concepts, objectives and general reporting principles for presentation and disclosure of information in the financial statements. Accordingly, the School Division has revised its financial statement presentation for the 2009-10 fiscal year to comply with the new financial statement model. The comparative figures have been restated as necessary to conform to the revised financial statement format.

The most significant changes resulting from implementation of the new financial statement model are:

- the former operating, capital and other funds have been consolidated into a single operating fund;
- tangible capital assets replace the former physical assets and are amortized;
- fund balances and equity in tangible capital assets have been consolidated into accumulated surplus (deficit);
- the consolidated statement of operations and accumulated surplus (deficit) has been amended for changes in the recording of tangible capital asset transactions (see below for details) and long-term capital debt issuance and repayment are no longer reported as revenues and expenses in the determination of surplus (deficit) for the year;

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- a new consolidated statement of changes in net financial assets (net debt) which reports on the extent to which expenditures in the year have been met by revenues in the year, and explains the difference between surplus (deficit) for the year and the change in net debt in the year;
- changes to other statements to focus reporting around the concepts and objectives of the new model.

Tangible Capital Assets

Effective September 1, 2009, the School Division adopted PSAB standard PS 3150 which requires that the costs of tangible capital assets be capitalized and amortized as expenses of operations over their estimated useful service lives. In prior years, the costs of tangible capital assets were recognized as expenses when the assets were acquired or constructed.

In implementing the new standard, the costs of tangible capital assets were based on historical cost records or, when historical cost records were not available, other methods determined to provide a best estimate of historical costs and accumulated amortization. In certain cases, the School Division used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively with restatement of prior period comparative amounts. This change in accounting policy has changed amounts reported in the 2008-09 prior period as follows:

Tangible Capital Assets at August 31, 2009	
Tangible capital assets at cost as at August 31, 2009 – as previously reported	\$ 96,223,883
Tangible capital assets not previously capitalized	-
Write-downs of tangible capital assets	4,313,194
Tangible capital assets at cost as at August 31, 2009 – as restated	91,910,689
Accumulated amortization as at August 31, 2009 not previously reported	61,414,180
Tangible capital assets at net book value as at August 31, 2009 – as restated	\$ 30,496,509

2008-09 Annual Surplus		
2008-09 Surplus (deficit) for the year – as previously reported		\$ 3,318,084
Reverse repayment (issuance) of long-term debt as a charge to annual surplus		100,000
Tangible capital asset adjustments:		
Tangible capital assets capitalized but previously expenses	\$ 925,287	
Proceeds of disposals of tangible capital assets previously recorded as revenue	-	
Gain (loss) on disposals of tangible capital assets not previously recorded	-	
Write-down of tangible capital assets not previously recorded	-	
Amortization of tangible capital assets not previously recorded	<2,092,455>	
Total tangible capital asset adjustments	<1,167,168>	<1,167,168>
Federal Capital Tuition Fees and Interest		<160,379>
2008-09 Surplus (deficit) for the years – as restated		\$ 2,090,534

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Accumulated Surplus at August 31, 2009		
Accumulated surplus as at September 1, 2008 – as previously reported:		
Operating Fund Balance	\$11,597,613	
Capital Fund Balance	1,401,750	
Other Funds Balance	185,829	
Equity in Physical Assets	94,298,596	
Total accumulated surplus as at September 1, 2008 – as previously reported	107,483,788	107,483,788
Prior period adjustments – cumulative effect to September 1, 2008:		
Write-down of tangible capital assets	<4,313,194>	
Tangible capital asset adjustment	<59,321,724>	
Accumulated (deferred) federal capital tuition	<107,967>	
School generated funds balance	652,879	
Total prior period adjustment	<63,090,006>	<63,090,006>
Accumulated surplus as at September 1, 2008 – as restated		44,393,782
2008-09 surplus (deficit) for the year – as previously stated		3,318,081
Prior period adjustments to 2008-09 surplus (deficit) for the year:		
Net repayment (issuance) of long term debt		100,000
Tangible capital assets adjustment		<1,167,168>
Accumulated surplus as at August 31, 2009 – as restated		46,484,316

Net Financial Assets at August 31, 2009	
Net Financial Assets as at September 1, 2008 – as previously reported	\$ 12,152,666
Reclassification – School Generated Funds to Surplus	652,879
Reclassification – Federal Tuition Fees to Deferred Revenue	<107,966>
Net Financial Assets as at September 1, 2008 as restated	\$ 12,697,579

Increase (Decrease) in Accounts Payable and Accrued Liabilities at August 31, 2009	
Accounts Payable and Accrued Liabilities as at September 1, 2008 – as previously noted	\$ 3,997,948
Reclassification – School Generated Funds	<652,879>
Accounts Payable and Accrued Liabilities as at September 1, 2008 as restated	3,345,069
Accounts Payable and Accrued Liabilities as at August 31, 2009	2,869,530
Increase (Decrease) in Accounts Payable and Accrued Liabilities as at August 31, 2009	\$ <475,539>

Increase (Decrease) in Deferred Revenue at August 31, 2009	
Other Liabilities as at September 1, 2008 as previously reported	\$ 832,597
Less Matured Non-cashed Debentures	<67,000>
Deferred Revenue Balance as previously reported	\$ 765,597
Reclassification – Federal Tuition Fees	107,966
Deferred Revenue as at September 1, 2008 as restated	\$ 873,563
Deferred Revenue as at August 31, 2009	\$ 1,655,677
Increase (Decrease) in Deferred Revenue as at August 31, 2009	\$ 782,114