ST. PAUL'S ROMAN CATHOLIC SEPARATE SCHOOL DIVISION NO. 20

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2018

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 accompanying Auditors' 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 St Paul's Roman Catholic Separate School Division No. 20:

Diane Boyko

Board Chair

CEO/Director of Education

Chief Financial Officer

December 3, 2018

Deloitte LLP
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Independent Auditor's Report

To the Trustees of the Board of Education of St. Paul's Roman Catholic Separate School Division No. 20

We have audited the accompanying consolidated financial statements of St. Paul's Roman Catholic Separate School Division No. 20, which comprise the consolidated statement of financial position as at August 31, 2018 and the consolidated statements of operations and accumulated surplus, re-measurement gains and 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 Consolidated 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 consolidated 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 St. Paul's Roman Catholic Separate School Division No. 20 as at August 31, 2018, and the results of its operations, its re-measurement gains and losses, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants

December 3, 2018
Saskatoon, Saskatchewan

St. Paul's Roman Catholic Separate School Division No. 20
Consolidated Statement of Financial Position
as at August 31, 2018

	2018	2017
	$	$
Financial Assets		
Cash and Cash Equivalents	27,283,867	20,792,214
Accounts Receivable (Note 3)	5,043,660	9,276,854
Portfolio Investments (Note 4)	56,100	56,100
Total Financial Assets	**32,383,627**	**30,125,168**
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	6,009,911	8,244,667
Long-Term Debt (Note 7)	32,773,772	34,610,692
Liability for Employee Future Benefits (Note 8)	5,473,100	5,175,700
Deferred Revenue (Note 9)	4,273,278	4,110,730
Total Liabilities	**48,530,061**	**52,141,789**
Net Debt	**(16,146,434)**	**(22,016,621)**
Non-Financial Assets		
Tangible Capital Assets (Schedule C)	283,341,335	290,528,810
Prepaid Expenses	340,869	327,323
Total Non-Financial Assets	**283,682,204**	**290,856,133**
Accumulated Surplus (Note 11)	**267,535,770**	**268,839,512**

Contractual Rights (Note 17)
Contractual Obligations and Commitments (Note 18)

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

Approved by the Board:

Diane Boykoo ______________________ Chairperson

______________________ Chief Financial Officer

St. Paul's Roman Catholic Separate School Division No. 20

Consolidated Statement of Operations and Accumulated Surplus

for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	$	$	$
	(Note 14)		
REVENUES			
Property Taxation	52,227,118	49,923,392	47,212,494
Grants	117,987,612	127,010,577	183,712,552
Tuition and Related Fees	2,345,731	2,647,607	2,455,201
School Generated Funds	3,543,919	4,240,427	4,168,132
Complementary Services (Note 10)	1,762,524	1,926,524	1,816,152
Other	1,305,365	1,957,791	1,568,569
Total Revenues (Schedule A)	**179,172,269**	**187,706,318**	**240,933,100**
EXPENSES			
Governance	558,855	603,695	769,528
Administration	4,817,046	5,372,449	6,850,232
Instruction	137,732,792	136,400,077	137,071,330
Plant	29,214,535	31,423,470	24,764,423
Transportation	8,446,550	7,901,069	7,816,222
Tuition and Related Fees	10,000	-	6,881
School Generated Funds	3,543,919	3,947,734	3,869,499
Complementary Services (Note 10)	1,838,748	1,692,045	2,232,117
Other Expenses	1,791,669	1,669,521	1,801,296
Total Expenses (Schedule B)	**187,954,114**	**189,010,060**	**185,181,528**
Operating Surplus (Deficit) for the Year	**(8,781,845)**	**(1,303,742)**	**55,751,572**
Accumulated Surplus, Beginning of Year	**268,839,512**	**268,839,512**	**213,087,940**
Accumulated Surplus, End of Year	**260,057,667**	**267,535,770**	**268,839,512**

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

St. Paul's Roman Catholic Separate School Division No. 20
Consolidated Statement of Remeasurement Gains and Losses
as at August 31, 2018

	2018	2017
	$	$
Accumulated Remeasurement Losses, Beginning of Year	**-**	**(2,904)**
Unrealized gains attributable to:		
Derivatives	-	2,904
Accumulated Remeasurement Gains (Losses), End of Year	**-**	**-**

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

St. Paul's Roman Catholic Separate School Division No. 20

Consolidated Statement of Changes in Net Debt

for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	$ (Note 14)	$	$
Net Debt, Beginning of Year	**(22,016,621)**	**(22,016,621)**	**(26,814,713)**
Changes During the Year			
Operating Surplus (Deficit) for the Year	(8,781,845)	(1,303,742)	55,751,572
Acquisition of Tangible Capital Assets (Schedule C)	(889,373)	(3,501,973)	(58,993,989)
Proceeds on Disposal of Tangible Capital Assets (Schedule C)	-	-	366,986
Amortization of Tangible Capital Assets (Schedule C)	11,179,829	10,689,448	7,317,453
Net Change in Other Non-Financial Assets	-	(13,546)	353,166
	1,508,611	**5,870,187**	**4,795,188**
Net Remeasurement Gains	-	-	2,904
Change in Net Debt	**1,508,611**	**5,870,187**	**4,798,092**
Net Debt, End of Year	**(20,508,010)**	**(16,146,434)**	**(22,016,621)**

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

St. Paul's Roman Catholic Separate School Division No. 20
Consolidated Statement of Cash Flows
for the year ended August 31, 2018

	2018	2017
	$	$
OPERATING ACTIVITIES		
Operating (Deficit) Surplus for the Year	(1,303,742)	55,751,572
Add (Deduct) Non-Cash Items Included in Surplus (Deficit) (Schedule D)	10,689,448	(43,173,190)
Net Change in Non-Cash Operating Activities (Schedule E)	4,186,963	691,595
Cash Provided by Operating Activities	**13,572,669**	**13,269,977**
CAPITAL ACTIVITIES		
Cash Used to Acquire Tangible Capital Assets	(5,244,096)	(7,923,677)
Proceeds on Disposal of Tangible Capital Assets	-	366,986
Cash Used by Capital Activities	**(5,244,096)**	**(7,556,691)**
INVESTING ACTIVITIES		
Cash Used to Acquire Portfolio Investments	-	(10,000)
Proceeds on Disposal of Portfolio Investments	-	10,000
Cash Provided (Used) by Investing Activities	**-**	**-**
FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(1,836,920)	(2,083,451)
Cash Used by Financing Activities	**(1,836,920)**	**(2,083,451)**
INCREASE IN CASH AND CASH EQUIVALENTS	**6,491,653**	**3,629,835**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**20,792,214**	**17,162,379**
CASH AND CASH EQUIVALENTS, END OF YEAR	**27,283,867**	**20,792,214**

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

St. Paul's Roman Catholic Separate School Division No. 20

Schedule A: Consolidated Supplementary Details of Revenues

for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	$	$	$
Property Taxation Revenue			
Tax Levy Revenue			
Property Tax Levy Revenue	50,461,841	48,594,791	47,091,429
Revenue from Supplemental Levies	475,267	313,613	431,763
Total Property Tax Revenue	**50,937,108**	**48,908,404**	**47,523,192**
Grants in Lieu of Taxes			
Federal Government	438,708	328,467	74,253
Provincial Government	814,743	834,993	812,315
Other	611,057	451,455	483,544
Total Grants in Lieu of Taxes	**1,864,508**	**1,614,915**	**1,370,112**
Other Tax Revenues			
House Trailer Fees	20,891	12,539	20,261
Total Other Tax Revenues	**20,891**	**12,539**	**20,261**
Additions to Levy			
Penalties	20,891	27,718	21,579
Other	146,236	378,611	88,211
Total Additions to Levy	**167,127**	**406,329**	**109,790**
Deletions from Levy			
Cancellations	(52,227)	(36,244)	(27,998)
Other Deletions	(710,289)	(982,551)	(1,782,863)
Total Deletions from Levy	**(762,516)**	**(1,018,795)**	**(1,810,861)**
Total Property Taxation Revenue	**52,227,118**	**49,923,392**	**47,212,494**
Grants			
Operating Grants			
Ministry of Education Grants			
Operating Grant	112,402,136	118,671,131	116,965,456
Other Ministry Grants	1,819,026	1,798,191	816,330
Total Ministry Grants	**114,221,162**	**120,469,322**	**117,781,786**
Other Provincial Grants	625,271	651,346	808,105
Federal Grants	-	97,213	395,000
Grants from Others	241,015	2,071,703	339,715
Total Operating Grants	**115,087,448**	**123,289,584**	**119,324,606**
Capital Grants			
Ministry of Education Capital Grants	2,900,164	3,500,747	62,925,458
Other Capital Grants	-	220,246	1,462,488
Total Capital Grants	**2,900,164**	**3,720,993**	**64,387,946**
Total Grants	**117,987,612**	**127,010,577**	**183,712,552**

St. Paul's Roman Catholic Separate School Division No. 20
Schedule A: Consolidated Supplementary Details of Revenues
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	$	$	$
Tuition and Related Fees Revenue			
Operating Fees			
Tuition Fees			
School Boards	128,975	68,571	62,500
Federal Government and First Nations	80,000	51,195	61,380
Individuals and Other	2,136,756	2,527,841	2,331,321
Total Tuition and Related Fees Revenue	**2,345,731**	**2,647,607**	**2,455,201**
School Generated Funds Revenue			
Curricular			
Student Fees	-	11,759	1,622
Total Curricular Fees	**-**	**11,759**	**1,622**
Non-Curricular Fees			
Commercial Sales - Non-GST	56,496	81,473	56,857
Fundraising	799,154	946,658	1,012,323
Grants and Partnerships	430,173	588,970	512,023
Students Fees	2,074,514	2,451,226	2,313,909
Other	183,582	160,341	271,398
Total Non-Curricular Fees	**3,543,919**	**4,228,668**	**4,166,510**
Total School Generated Funds Revenue	**3,543,919**	**4,240,427**	**4,168,132**
Complementary Services			
Operating Grants			
Ministry of Education Grants			
Operating Grant	1,762,524	1,762,524	1,816,152
Other Ministry Grants	-	164,000	-
Total Operating Grants	**1,762,524**	**1,926,524**	**1,816,152**
Total Complementary Services Revenue	**1,762,524**	**1,926,524**	**1,816,152**
Other Revenue			
Miscellaneous Revenue	445,714	942,714	772,302
Sales & Rentals	786,651	811,705	739,777
Investments	73,000	203,372	56,490
Total Other Revenue	**1,305,365**	**1,957,791**	**1,568,569**
TOTAL REVENUE FOR THE YEAR	**179,172,269**	**187,706,318**	**240,933,100**

St. Paul's Roman Catholic Separate School Division No. 20
Schedule B: Consolidated Supplementary Details of Expenses
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	$	$	$
Governance Expense			
Board Members Expense	232,660	221,541	251,493
Professional Development - Board Members	27,500	24,049	47,024
Advisory Committees	92,928	93,120	25,968
Elections	-	-	71,915
Other Governance Expenses	205,767	264,985	373,128
Total Governance Expense	**558,855**	**603,695**	**769,528**
Administration Expense			
Salaries	3,630,522	3,877,490	5,142,625
Benefits	483,374	547,026	768,719
Supplies & Services	225,902	286,913	428,473
Non-Capital Furniture & Equipment	4,956	934	2,124
Building Operating Expenses	250,623	466,040	307,677
Communications	90,000	62,765	-
Travel	35,000	33,016	32,246
Professional Development	15,000	10,240	4,346
Amortization of Tangible Capital Assets	81,669	88,025	164,022
Total Administration Expense	**4,817,046**	**5,372,449**	**6,850,232**
Instruction Expense			
Instructional (Teacher Contract) Salaries	97,499,383	97,800,829	96,848,612
Instructional (Teacher Contract) Benefits	4,724,731	4,748,834	4,742,139
Program Support (Non-Teacher Contract) Salaries	19,572,809	19,741,825	19,344,717
Program Support (Non-Teacher Contract) Benefits	4,389,306	4,299,046	4,226,227
Instructional Aids	2,801,062	3,067,728	5,011,865
Supplies & Services	2,044,593	2,024,562	2,104,897
Non-Capital Furniture & Equipment	669,167	585,060	585,615
Communications	630,021	297,962	358,582
Travel	285,154	197,337	228,784
Professional Development	748,546	351,143	482,783
Student Related Expense	1,231,641	1,224,219	1,185,660
Amortization of Tangible Capital Assets	3,136,379	2,061,532	1,951,449
Total Instruction Expense	**137,732,792**	**136,400,077**	**137,071,330**
Plant Operation & Maintenance Expense			
Salaries	7,177,673	7,270,918	6,789,377
Benefits	1,504,264	1,550,070	1,379,402
Supplies & Services	12,231	8,573	1,391
Non-Capital Furniture & Equipment	112,080	90,688	42,772
Building Operating Expenses	12,355,486	13,858,907	11,258,277
Communications	332	460	632
Travel	87,355	102,282	86,746
Professional Development	4,500	2,851	5,014
Amortization of Tangible Capital Assets	7,960,614	8,538,721	5,200,812
Total Plant Operation & Maintenance Expense	**29,214,535**	**31,423,470**	**24,764,423**

St. Paul's Roman Catholic Separate School Division No. 20
Schedule B: Consolidated Supplementary Details of Expenses
for the year ended August 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	$	$	$
Student Transportation Expense			
Salaries	134,000	133,842	125,832
Benefits	24,452	12,553	9,164
Contracted Transportation	8,288,098	7,754,674	7,681,226
Total Student Transportation Expense	**8,446,550**	**7,901,069**	**7,816,222**
Tuition and Related Fees Expense			
Tuition Fees	10,000	-	6,881
Total Tuition and Related Fees Expense	**10,000**	**-**	**6,881**
School Generated Funds Expense			
Academic Supplies & Services	-	1,912	2,971
Cost of Sales	40,217	57,082	42,268
School Fund Expenses	3,503,702	3,888,740	3,824,260
Total School Generated Funds Expense	**3,543,919**	**3,947,734**	**3,869,499**
Complementary Services Expense			
Instructional (Teacher Contract) Salaries & Benefits	1,273,673	1,164,160	1,245,084
Program Support (Non-Teacher Contract) Salaries & Benefits	525,008	487,640	445,381
Instructional Aids	10,000	286	761
Supplies & Services	-	102	107
Non-Capital Furniture & Equipment	5,000	-	-
Travel	-	509	422
Professional Development (Non-Salary Costs)	1,500	-	(135)
Student Related Expenses	22,400	21,930	26,474
Contracted Transportation & Allowances	-	16,248	512,853
Amortization of Tangible Capital Assets	1,167	1,170	1,170
Total Complementary Services Expense	**1,838,748**	**1,692,045**	**2,232,117**
Other Expense			
Interest and Bank Charges			
Current Interest and Bank Charges	158,424	60,999	105,095
Interest on Capital Loans	1,600,332	1,602,240	1,676,119
Interest on Other Long-Term Debt	32,913	6,282	20,082
Total Other Expense	**1,791,669**	**1,669,521**	**1,801,296**
TOTAL EXPENSES FOR THE YEAR	**187,954,114**	**189,010,060**	**185,181,528**

St. Paul's Roman Catholic Separate School Division No. 20
Schedule C - Consolidated Supplementary Details of Tangible Capital Assets
for the year ended August 31, 2018

	Land	Land Improvements	Buildings	Buildings Short-Term	Other Vehicles	Furniture and Equipment	Computer Hardware and Audio Visual Equipment	Computer Software	2018	2017
	$	$	$	$	$	$	$	$	$	$
Tangible Capital Assets - at Cost										
Opening Balance as of September 1	9,578,065	1,984,000	327,086,622	39,328,310	563,626	9,590,144	9,746,185	515,111	**398,392,063**	**341,689,030**
Additions/Purchases	-	9,602	11,623	-	34,023	2,020,946	1,410,636	15,143	**3,501,973**	**58,993,989**
Disposals	-	-	-	-	(16,305)	(445,333)	(1,927,825)	(172,626)	**(2,562,089)**	**(2,290,956)**
Closing Balance as of August 31	**9,578,065**	**1,993,602**	**327,098,245**	**39,328,310**	**581,344**	**11,165,757**	**9,228,996**	**357,628**	**399,331,947**	**398,392,063**
Tangible Capital Assets - Amortization										
Opening Balance as of September 1	-	726,532	72,721,136	25,499,563	360,896	2,727,301	5,451,441	376,384	**107,863,253**	**102,469,770**
Amortization of the Period	-	86,938	6,337,882	1,149,728	80,482	1,117,113	1,845,784	71,521	**10,689,448**	**7,317,453**
Disposals	-	-	-	-	(16,305)	(445,333)	(1,927,825)	(172,626)	**(2,562,089)**	**(1,923,970)**
Closing Balance as of August 31	**N/A**	**813,470**	**79,059,018**	**26,649,291**	**425,073**	**3,399,081**	**5,369,400**	**275,279**	**115,990,612**	**107,863,253**
Net Book Value										
Opening Balance as of September 1	9,578,065	1,257,468	254,365,486	13,828,747	202,730	6,862,843	4,294,744	138,727	**290,528,810**	**239,219,260**
Closing Balance as of August 31	9,578,065	1,180,132	248,039,227	12,679,019	156,271	7,766,676	3,859,596	82,349	**283,341,335**	**290,528,810**
Change in Net Book Value	**-**	**(77,336)**	**(6,326,259)**	**(1,149,728)**	**(46,459)**	**903,833**	**(435,148)**	**(56,378)**	**(7,187,475)**	**51,309,550**
Disposals										
Historical Cost	-	-	-	-	16,305	445,333	1,927,825	172,626	**2,562,089**	**2,290,956**
Accumulated Amortization	-	-	-	-	16,305	445,333	1,927,825	172,626	**2,562,089**	**1,923,970**
Net Cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**366,986**
Price of Sale	-	-	-	-	-	-	-	-	**-**	**366,986**
Gain on Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Closing net book value of tangible capital assets includes total leased tangible capital assets of $0 (2017 - $107,666) in Computer Hardware and Audio Visual Equipment.
Amortization of $107,666 (2017 - $160,766) has been recorded on these assets.

St. Paul's Roman Catholic Separate School Division No. 20

Schedule D: Consolidated Non-Cash Items Included in Surplus/Deficit

for the year ended August 31, 2018

	2018	2017
	$	$
Non-Cash Items Included in Surplus/Deficit		
Amortization of Tangible Capital Assets (Schedule C)	10,689,448	7,317,453
In-Kind Ministry of Education Capital Grants for Joint-Use Schools Project included in Surplus/Deficit (Note 19)	-	(50,490,643)
Total Non-Cash Items Included in Surplus/Deficit	**10,689,448**	**(43,173,190)**

St. Paul's Roman Catholic Separate School Division No. 20

Schedule E: Consolidated Net Change in Non-Cash Operating Activities

for the year ended August 31, 2018

	2018	2017
	$	$
Net Change in Non-Cash Operating Activities		
Decrease (Increase) in Accounts Receivable	4,233,194	(142,856)
Decrease in Accounts Payable and Accrued Liabilities *	(492,633)	(394,299)
Increase in Liability for Employee Future Benefits	297,400	395,000
Increase in Deferred Revenue	162,548	480,584
(Increase) Decrease in Prepaid Expenses	(13,546)	353,166
Total Net Change in Non-Cash Operating Activities	**4,186,963**	**691,595**

* This amount does not include the $1,742,123 decrease in accounts payable and accrued liabilities related to the acquisition of tangible capital assets.

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 St. Paul's Roman Catholic Separate School Division No. 20" and operates as "the St. Paul's Roman Catholic Separate School Division No. 20". The School Division provides education services to residents within its boundaries and is governed by an elected board of trustees. The School Division is exempt from income tax.

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 as 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 School Division reporting entity is comprised of all the organizations which are controlled by the School Division and the School Division's share of partnerships.

Partnerships
A partnership represents a contractual arrangement between the School Division and a party or parties outside the School Division reporting entity. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the partnership.

Partnerships are accounted for on a proportionate consolidation basis whereby the School Division's pro-rata share of the partnership's assets, liabilities, revenues and expenses are combined on a line-by-line basis. The partnership's accounting policies are consistent with the accounting policies of the School Division. Inter-company balances and transactions between the School Division and the partnership have been eliminated.

The School Division has an interest in one partnership:

- Humboldt Collegiate Institute – 58.1% (2017 – 58.2%)

c) Measurement Uncertainty and the Use of Estimates

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

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

- The liability for future employee benefits of $5,473,100 (2017 - $5,175,700) because actual experience may differ significantly from actuarial estimations.
- Property taxation revenue of $49,923,392 (2017 - $47,212,494) because final tax assessments may differ from initial estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- Useful lives of tangible capital assets and related amortization $10,689,448 (2017 - $7,317,453) 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 investments, accounts payable and accrued liabilities and long-term debt.

Financial instruments are assigned to one of two measurement categories: fair value, or cost or amortized cost. All of the financial instruments of the School Division are measured at cost or amortized cost except for derivatives which are measured at fair value.

i) Fair Value

Fair value measurement applies to financial derivatives. 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); and
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. Financial 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. Unrealized foreign exchange gains and losses are recognized in the Consolidated

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

ii) Cost or Amortized Cost

All other financial assets and financial liabilities are measured at cost or amortized cost. Transaction costs are a component of 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 revenue or expense. Impairment losses such as write-downs or write-offs are reported in the Consolidated Statement of Operations and Accumulated Surplus from Operations. Gains and losses on financial instruments measured at cost or amortized cost 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 and bank deposits held for the purpose of meeting short-term operating cash commitments rather than for investing purposes.

Accounts Receivable includes taxes receivable, provincial grants receivable and other receivables. Taxes receivable represent education property taxes assessed or estimated owing to the end of the fiscal period but not yet received. 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 and are carried at cost. The School Division values its portfolio investments in accordance with its policy for financial instruments, as described in Note 2 (d).

f) Non-Financial Assets

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

Tangible Capital Assets have useful lives extending beyond the accounting period, are used by the School Division to provide services to the public and are not intended for sale in the ordinary course of operations. Tangible capital assets of the School Division include land, land improvements, buildings, buildings – short-term, other vehicles, furniture and equipment, computer hardware and audio visual equipment, computer software and capital lease assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 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
Other vehicles	5 years
Furniture and equipment	10 years
Computer hardware and audio visual equipment	5 years
Computer software	5 years
Leased capital assets	Lease term

Prepaid Expenses are prepaid amounts for goods or services will provide economic benefits in one or more future periods such as insurance, Saskatchewan School Boards Association fees, Workers' Compensation premiums and software licenses.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 facility rentals is recognized as the services are delivered, and revenue from property taxes is earned through the passage of time.

h) Employee 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). 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. 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 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 and agreed to by the Board of Education, although separate school divisions have a legislative right to set their own mill rates. Tax revenues are recognized on the basis of time with 1/12th of estimated total tax revenue recorded in each month of the School Division's fiscal year. The tax revenue for the September to December portion of the fiscal year is based on the actual amounts reported by the municipalities for the calendar taxation year. For the January to August portion of its fiscal year, the School Division estimates tax revenue based on estimate information provided by municipalities who levy and collect the property tax on behalf of the School Division. The final annual taxation amounts are reported to the division by each municipality following the conclusion of each calendar taxation year, and any difference between final amounts and the School Division's estimates is recorded as an adjustment to revenue in the next fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

On January 1, 2018, pursuant to *The Education Property Tax Act*, the Government of Saskatchewan became the taxing authority for education property tax. The legislation provides authority to separate school divisions to set a bylaw to determine and apply their own mill rates for education property taxes. For the 2018 taxation year, the School Division has a bylaw in place and continues to earn taxation revenue.

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 as revenue 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. 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:

	2018		2017	
	Total Receivable	Net of Allowance	Total Receivable	Net of Allowance
Taxes Receivable	$ 1,128,443	$ 1,128,443	$ 2,117,687	$ 2,117,687
Provincial Grants Receivable	1,120,098	1,120,098	5,528,603	5,528,603
Other Receivables	2,795,119	2,795,119	1,630,564	1,630,564
Total Accounts Receivable	$ 5,043,660	$ 5,043,660	$ 9,276,854	$ 9,276,854

4. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2018	2017
Portfolio investments in the cost and amortized cost category:	**Cost**	**Cost**
Home Trust Company GIC, interest of 2.35%, due October 18, 2021	$ 10,000	$ 10,000
Canadian Western Bank GIC, interest of 2.35%, due January 6, 2021	11,600	11,600
ING Bank of Canada GIC, interest of 2.70%, due January 23, 2019	34,500	34,500
Total portfolio investments	**$ 56,100**	**$ 56,100**

5. SHORT-TERM BORROWINGS

The School Division has a demand operating line of credit with a maximum borrowing limit of $28,000,000 that bears interest at prime minus 1.00% per annum. This line of credit is authorized by a borrowing resolution by the Board of Education and is unsecured. This line of credit was approved by the Minister of Education on June 19, 2015. There was no balance drawn on the line of credit at August 31, 2018 (August 31, 2017 - $0).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	2018	2017
Accrued Salaries and Benefits	$ 3,092,187	$ 2,672,452
Supplier Payments	2,895,584	5,549,730
Other	22,140	22,485
Total Accounts Payable and Accrued Liabilities	$ 6,009,911	$ 8,244,667

7. LONG-TERM DEBT

Details of long-term debt are as follows:

St. Paul's Roman Catholic Separate School Division No. 20
Notes to the Consolidated Financial Statements
for the year ended August 31, 2018

7. LONG-TERM DEBT (Cont'd)

		2018	2017
Capital Loans:	BMO 5.01% twenty year fixed rate loan, payable in blended monthly instalments of $179,973 until December 2033.	$ 23,080,114	$ 24,056,771
	Royal Bank 4.25% twenty year fixed rate loan, payable in blended monthly instalments of $77,106 until December 2031.	9,405,576	9,919,217
	BMO 1.98% five year fixed rate loan, payable in blended monthly instalments of $15,422 until March 2020.	288,082	465,569
		32,773,772	34,441,557
Other Long-Term Debt:			
Capital Lease	Five year capital lease for Konica Minolta multifunction printing devices, variable monthly cost per copy payment based on usage,bearing interest at 7.55%, expired June 30, 2018.	-	169,135
		-	169,135
Total Long-Term Debt		$ 32,773,772	$ 34,610,692

Future principal repayments over the next 5 years are estimated as follows:

	Capital Loans	Total
2019	$ 1,743,646	$ 1,743,646
2020	1,745,552	1,745,552
2021	1,718,055	1,718,055
2022	1,801,509	1,801,509
2023	1,889,041	1,889,041
Thereafter	23,875,969	23,875,969
Total	$ 32,773,772	$32,773,772

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

	Capital Loans	Capital Leases	2018	2017
Principal	$ 1,667,785	$ 169,135	$ 1,836,920	$ 2,083,451
Interest	1,602,240	6,282	1,608,522	1,696,200
Total	$ 3,270,025	$ 175,417	$ 3,445,442	$ 3,779,651

8. EMPLOYEE FUTURE BENEFITS

The School Division provides certain post-employment and compensated absence benefits to its employees. These benefits include accumulating non-vested sick leave, severance, and vacation banks. The liability associated with these benefits is calculated based on the present value of expected future payments pro-rated for service and is included in 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 at March 31, 2018 and extrapolated the results to estimate the Liability for Employee Future Benefits as at August 31, 2018.

Details of the employee future benefits are as follows:

	2018	2017
Long-term assumptions used:		
Discount rate at end of period	3.00% per annum	2.69% per annum
Inflation rate and productivity (excluding merit and promotion) - Teachers	2.50% per annum	2.50% per annum
Inflation rate and productivity (excluding merit and promotion) - Non-Teachers	3.00% per annum	3.00% per annum
Expected average remaining service life (years)	14 years	14 years

Liability for Employee Future Benefits	2018	2017
Accrued Benefit Obligation - beginning of year	$ 5,486,100	$ 5,750,200
Current period service cost	444,800	496,100
Interest cost	155,100	128,000
Benefit payments	(331,400)	(300,000)
Actuarial gain	(725,700)	(588,200)
Accrued Benefit Obligation - end of year	5,028,900	5,486,100
Unamortized Net Actuarial Gain (Loss)	444,200	(310,400)
Liability for Employee Future Benefits	$ 5,473,100	$ 5,175,700

Employee Future Benefits Expense	2018	2017
Current service cost	$ 444,800	$ 496,100
Amortization of net actuarial loss	28,900	70,900
Benefit cost	473,700	567,000
Interest cost	155,100	128,000
Total Employee Future Benefits Expense	$ 628,800	$ 695,000

9. DEFERRED REVENUE

Details of deferred revenues are as follows:

	Balance as at Aug. 31, 2017	Additions during the Year	Revenue recognized in the Year	Balance as at Aug. 31, 2018
Capital projects				
Federal capital tuition	$ 19,184	$ 1,820	$ -	$ 21,004
Other Non-Government deferred capital transfers	93,325	-	(20,413)	72,912
Total capital projects deferred revenue	112,509	1,820	(20,413)	93,916
Other deferred revenue				
International Student Program tuition	2,107,839	2,375,747	(2,107,839)	2,375,747
Holy Family Community Space	1,166,100	-	(50,700)	1,115,400
Facility rentals	6,364	4,488	(6,364)	4,488
Property tax income	717,918	683,727	(717,918)	683,727
Total other deferred revenue	3,998,221	3,063,962	(2,882,821)	4,179,362
Total Deferred Revenue	$ 4,110,730	$ 3,065,782	$ (2,903,234)	$ 4,273,278

10. 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:

Summary of Complementary Services Revenues and Expenses, by Program	Pre-K Programs	2018	2017
Revenue:			
Operating Grants	$1,926,524	$1,926,524	$1,816,152
Total Revenue	1,926,524	1,926,524	1,816,152
Expenses:			
Salaries & Benefits	1,651,800	1,651,800	1,690,466
Instructional Aids	286	286	760
Supplies and Services	102	102	106
Travel	509	509	287
Student Related Expenses	21,930	21,930	26,473
Contracted Transportation & Allowances	16,248	16,248	512,855
Amortization of Tangible Capital Assets	1,170	1,170	1,170
Total Expenses	1,692,045	1,692,045	2,232,117
Excess (Deficiency) of Revenue over Expenses	$ 234,479	$ 234,479	$ (415,965)

Pre-kindergarten is a targeted early intervention program offered to vulnerable children in the community. Each classroom has a maximum of 16 students with a professional teacher and an educational assistant assigned to the classroom. The School Division has 28 (2017 – 28) pre-kindergarten programs in 11 schools.

11. ACCUMULATED SURPLUS

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

Certain amounts of the accumulated surplus, as approved by the Board of Education, have been designated for specific future purposes such as school generated funds, scholarships and future capital asset expenditures. 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.

Details of accumulated surplus are as follows:

St. Paul's Roman Catholic Separate School Division No. 20
Notes to the Consolidated Financial Statements
for the year ended August 31, 2018

11. ACCUMULATED SURPLUS (Cont'd)

	August 31 2017	Additions during the year	Reductions during the year	August 31 2018
Invested in Tangible Capital Assets				
Net Book Value of Tangible Capital Assets	$ 290,528,810	$ 3,501,973	$ 10,689,448	$ 283,341,335
Less: Debt owing on Tangible Capital Assets	(34,610,692)	-	(1,836,920)	(32,773,772)
	255,918,118	3,501,973	8,852,528	250,567,563
PMR maintenance project allocations	2,428,731	3,293,924	4,423,377	1,299,278
Internally Restricted Surplus				
Capital projects				
Designated for tangible capital asset expenditures	2,508,899	-	1,821,489	687,410
Other				
Board elections	25,000	50,000	-	75,000
Claims fluctuation reserve	100,000	-	-	100,000
Coordinator carryover	-	417,601	-	417,601
Curricular renewal and implementation	-	1,270,000	-	1,270,000
Facility renewal and construction	-	3,367,526	-	3,367,526
Federal playground grant	-	50,000	-	50,000
Financial system upgrade	75,000	-	75,000	-
Holy Family maintenance fund	101,400	50,700	-	152,100
Humboldt Collegiate Institute	243,702	87,399	-	331,101
Invitational Shared Services Initiative	14,573	7,500	14,573	7,500
JUSP planning grant	102,081	-	-	102,081
Modular classroom moves and new	150,742	888,565	-	1,039,307
Modular classroom project surplus	163,565	-	163,565	-
Oskāyak High School	1,241,533	174,271	-	1,415,804
Saskatoon French School	337,989	162,039	-	500,028
Scholarship funds	222,226	5,922	2,625	225,523
School decentralized budget carryover	77,972	136,070	77,972	136,070
School furniture replacement	-	450,000	-	450,000
School generated funds	1,277,627	148,897	-	1,426,524
Snow removal	50,000	-	-	50,000
	6,692,309	7,266,490	2,155,224	11,803,575
Unrestricted Surplus	3,800,354	65,000	-	3,865,354
Total Accumulated Surplus	$ 268,839,512	$ 14,127,387	$ 15,431,129	$ 267,535,770

11. ACCUMULATED SURPLUS (Cont'd)

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

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

i) Designated for tangible capital asset expenditures are capital grants received or receivable from the Ministry of Education that have not yet been spent on the designated project.

ii) Board elections is one-fourth estimate of the future cost of school board trustee elections.

iii) Claims fluctuation reserve is funds withdrawn from the employee benefits plan to offset future costs.

iv) Coordinator carryover is funding set aside for coordinators to use in the following school year.

v) Curricular renewal and implementation is funding set aside for new curricular resources and programs.

vi) Facility renewal and construction is funds set aside for facility upgrades and new construction.

vii) Federal playground grant was received for the playground replacement at École St. Gerard in 2017-18 but was not spent during the year.

viii) Financial system upgrade funds were used to update to the School Division accounting and payroll software in 2017-18.

ix) Holy Family maintenance fund is set aside for future maintenance and repairs to the community space in Holy Family Catholic Elementary School.

x) The Humboldt Collegiate Institute allocation is revenues in excess of expenses resulting from the School Division's share of the operations of the school. The school is jointly administered with Horizon School Division No. 205.

xi) Invitational Shared Services Initiative is a joint program between the School Division and Saskatoon Tribal Council. Grant not spent in the year is required to be set aside for the next year's programming.

xii) JUSP planning grant funds were received from the Ministry of Education and the unspent portion is being set aside to offset future legal and operational costs of the schools.

xiii) Modular classroom moves and new is funding set aside for future construction, modifications and moves of modular classrooms.

xiv) The modular classroom project surplus was set aside to offset future costs associated with incompatibility issues with existing units. This has beem rolled into modular classroom moves and new.

xv) The Oskāyak High School and Saskatoon French School allocations are revenues in excess of expenses resulting from the operations of the respective schools. Both schools are

11. ACCUMULATED SURPLUS (Cont'd)

administered by the School Division and work with a council elected by the school community as outlined in the tripartite agreement for each school.

xvi) Scholarship funds consist of monies donated from third parties that is used to pay scholarships to students based on defined criteria and internally allocated funds set aside as a professional development fund for senior administration.

xvii) School decentralized budget carryover is funding set aside for schools to use in the following school year with up to 10% of their current year budget remaining.

xviii) School furniture replacement is a fund set aside to support the replacement of one to four classrooms per school.

xix) School generated funds are the excess of revenue over expenses from funds collected from school activities at the school level.

xx) Snow removal is funds set aside to offset unanticipated snow removal costs.

12. EXPENSES BY FUNCTION AND ECONOMIC CLASSIFICATION

Function	Salaries & Benefits	Goods & Services	Debt Service	Amortization of TCA	2018 Actual	2017 Actual
Governance	$ 221,541	$ 382,154	$ -	$ -	$ 603,695	$ 769,528
Administration	4,424,516	859,908	-	88,025	5,372,449	6,850,232
Instruction	126,590,534	7,748,011	-	2,061,532	136,400,077	137,071,330
Plant	8,820,988	14,063,761	-	8,538,721	31,423,470	24,764,423
Transportation	146,395	7,754,674	-	-	7,901,069	7,816,222
Tuition and Related Fees	-	-	-	-	-	6,881
School Generated Funds	-	3,947,734	-	-	3,947,734	3,869,499
Complementary Services	1,651,800	39,075	-	1,170	1,692,045	2,232,117
Other - Interest	-	10,631	1,658,890	-	1,669,521	1,801,296
TOTAL	$ 141,855,774	$ 34,805,948	$ 1,658,890	$ 10,689,448	$ 189,010,060	$ 185,181,528

13. 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) and 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.

13. PENSION PLANS (Cont'd)

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:

	2018			2017
	STRP	STSP	TOTAL	TOTAL
Number of active School Division members	1,171	3	1,174	1,163
Member contribution rate (percentage of salary)	9.50% - 13.50%	6.05% - 7.85%	6.05% - 13.50%	6.05% - 13.50%
Member contributions for the year	$ 11,384,491	$ 17,730	$ 11,402,221	$ 11,645,289

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. 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:

	2018	2017
Number of active School Division members	710	735
Member contribution rate (percentage of salary)	8.15% / 9.15%	8.15%
School Division contribution rate (percentage of salary)	8.15% / 9.15%	8.15%
Member contributions for the year	$ 2,185,581	$ 2,238,567
School Division contributions for the year	$ 2,185,581	$ 2,238,567
Actuarial extrapolation date	31-Dec-17	31-Dec-16
Plan Assets (in thousands)	$ 2,469,995	$ 2,323,947
Plan Liabilities (in thousands)	$ 2,015,818	$ 1,979,463
Plan Surplus (in thousands)	$ 454,177	$ 344,484

14. BUDGET FIGURES

Budget figures included in the consolidated financial statements were approved by the Board of Education on June 26, 2017 and the Minister of Education on August 28, 2017.

15. PARTNERSHIP

The School Division operates Humboldt Collegiate Institute (HCI) under a joint operating agreement between the School Division and Horizon School Division No. 205. The purpose of the partnership is to provide secondary education to the Catholic and Public students of Humboldt and surrounding area. Any distribution (recovery) of annual operating surplus (deficit) is shared between the partners according to their proportionate share of the student population for the given fiscal year.

The following is a schedule of relevant financial information as stated within the financial statements for the partnership for the year ended August 31, 2018. These amounts represent 100% of the partnership's financial position and activities.

	2018	2017
Tangible Capital Assets	$ 15,126,611	$ 15,513,862
Total Assets	$ 15,126,611	$ 15,513,862
Accumulated Surplus	$ 15,126,611	$ 15,513,862
Total Liabilities and Accumulated Surplus	$ 15,126,611	$ 15,513,862
Revenue	$ 3,836,346	$ 3,682,078
Expenses	(3,685,917)	(3,670,991)
Total Operating Surplus	$ 150,429	$ 11,087
Less: Allocated to Horizon School Division No. 205	(63,030)	(4,639)
Less: Allocated to St. Paul's Roman Catholic Separate School Division No. 20	(87,399)	(6,448)
Total Accumulated Surplus	$ -	$ -

The above amounts have been proportionately consolidated in the School Division's consolidated financial statements at the School Division's partnership share of 58.1% (2017 – 58.2%). After adjusting accounting policies to be consistent with those of the School Division and eliminating transactions between the partnership and the School Division, the following amounts have been included in the School Division's consolidated financial statements:

	2018	2017
Tangible Capital Assets	$ 10,419,075	$ 10,713,001
Revenue	$ 2,228,917	$ 2,141,208
Expenses	$ (2,141,518)	$ (2,134,760)

The School Division's allocation of the accumulated balance of net operating surplus including school generated funds arising from the operations of HCI has been included in internally restricted surplus as disclosed in Note 11 – Accumulated Surplus.

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, Saskatchewan Health Authority, colleges, and crown corporations under the common

16. RELATED PARTIES (Cont'd)

control of the Government of Saskatchewan. Related parties of the School Division also include its key management personnel, close family members of its key management personnel, and entities controlled by, or under shared control of any of these individuals.

Related Party Transactions

Transactions with these related parties have occurred and been settled on normal trade terms.

	2018	2017
Revenues		
Ministry of Education	$ 125,896,593	$ 182,523,396
Saskatchewan Government Insurance	651,346	755,221
Living Sky S.D. No. 202	-	52,884
	$ 126,547,939	$ 183,331,501
Expenses		
Saskatchewan Power Corporation	$ 1,594,076	$ 1,237,784
Saskatchewan Telecommunications Holding Corporation	261,212	307,955
SaskEnergy Incorporated	839,201	717,636
Workers' Compensation Board (Saskatchewan)	310,385	309,951
	$ 3,004,874	$ 2,573,326
Accounts Receivable		
Ministry of Education	$ 1,050,000	$ 5,498,875
Horizon S.D. No. 205	93,852	6,452
Saskatchewan Government Insurance	70,098	29,728
	$ 1,213,950	$ 5,535,055
Prepaid Expenses		
Workers' Compensation Board (Saskatchewan)	$ 100,069	$ 110,509
	$ 100,069	$ 110,509
Accounts Payable and Accrued Liabilities		
Saskatchewan Power Corporation	$ 116,883	$ 108,726
Saskatchewan Telecommunications Holding Corporation	5,727	20,453
SaskEnergy Incorporated	32,578	14,381
	$ 155,188	$ 143,560

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.

17. CONTRACTUAL RIGHTS

Significant contractual rights of the School Division are as follows:

- Eight-year treaty land entitlement agreement with Yellow Quill Band #90 and Yellow Quill Holdings Inc. of $571,231, ending October 19, 2025.

17. CONTRACTUAL RIGHTS (Cont'd)

	Treaty Land Entitlement
2019	$ 71,404
2020	71,404
2021	71,404
2022	71,404
2023	71,404
Thereafter	214,211
Total Contractual Rights	**$ 571,231**

18. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

On July 4, 2014, the School Division signed a five-year contract with Hertz Northern Bus for student transportation services, with an option to extend the contract for an additional three years. The option was exercised December 11, 2017, extending the contract to June 30, 2022.

On August 25, 2016, the School Division signed a seven-year contract with First Canada ULC for student transportation services, expiring June 30, 2023. The School Division has a right to extend the contract for an additional three years.

	Transportation Services
2019	$ 6,935,405
2020	7,080,834
2021	7,259,712
2022	7,443,956
2023	6,515,485
	$ 35,235,392

The School Division leases instructional space for its Opening Doors Program from 2PRO Terra Holdings Ltd. On July 20, 2016, the School Division signed a three-year lease extension for the period ending August 31, 2019.

On May 11, 2013 the School Division signed a five-year lease with Konica Minolta Business Solutions (Canada) Ltd. The lease is paid through a monthly cost per copy charged. The annual guaranteed minimum number of copies is 21.5 million. On July 17, 2017, the School Division agreed to a one-year extension, expiring on June 30, 2019.

Operating lease obligations of the School Division are as follows:

	Operating Leases		
	Instructional Space	Multifunction copiers	Total Operating
Future minimum lease payments:			
2019	$ 46,200	$ 349,414	$ 395,614
Total Lease Obligations	$ 46,200	$ 349,414	$ 395,614

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 the following schools on behalf of the School Division:

- St. Kateri Tekakwitha Catholic School - Stonebridge (Saskatoon)
- St. Thérèse of Lisieux Catholic School - Rosewood (Saskatoon)
- St. Lorenzo Ruiz Catholic School - Hampton Village (Saskatoon)
- St. Nicholas Catholic School - Evergreen (Saskatoon)
- Holy Mary Catholic School - Martensville
- Holy Trinity Catholic School - Warman

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. Under the Accountability Agreement between the Government of Saskatchewan and School Division, the School Division receives the benefit of payments made by the Government of Saskatchewan.

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. 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 provincial grants and other accounts receivable as at August 31, 2018 was:

	August 31, 2018				
	Total	0-30 days	30-60 days	60-90 days	Over 90 days
Grants Receivable	$ 1,120,098	$ 1,120,098	$ -	$ -	$ -
Other Receivables	2,571,774	2,012,258	61,111	5,103	493,302
Net Receivables	$ 3,691,872	$ 3,132,356	$ 61,111	$ 5,103	$ 493,302

Receivable amounts related to GST are not applicable to credit risk, as these do not meet the definition of a financial instrument.

ii) Liquidity Risk

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

20. RISK MANAGEMENT (Cont'd)

	August 31, 2018				
	Total	Within 6 months	6 months to 1 year	1 to 5 years	> 5 years
Accounts payable and accrued liabilities	$ 6,009,911	$ 6,009,911	$ -	$ -	$ -
Long-term debt (includes interest)	45,744,374	1,635,009	1,635,009	12,447,772	30,026,584
Total	$ 51,754,285	$ 7,644,920	$ 1,635,009	$ 12,447,772	$ 30,026,584

iii) Market Risk
The School Division is exposed to market risks with respect to interest rates and foreign currency exchange rates, as follows:

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The School Division's interest rate exposure relates to cash and cash equivalents and long-term debt. The School Division also has an authorized bank line of credit of $28,000,000 with interest payable monthly at a rate of prime minus 1.00% per annum, which was approved by the Ministry of Education on June 19, 2015. 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 as of August 31, 2018 (2017 - $0).

The School Division minimizes these risks by:
- holding cash in an account at a Canadian bank, denominated in Canadian currency
- investing in GICs and term deposits for short terms at fixed interest rates
- managing cash flows to minimize utilization of its bank line of credit
- managing its interest rate risk on long-term debt through the use of fixed rate terms.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The School Division is exposed to currency risk on purchases denominated in U.S. dollars for which the related accounts payable balances are subject to exchange rate fluctuations; however, this risk is minimal as the School Division does not make a significant amount of purchases denominated on a foreign currency. As at August 31, 2018 the School Division had accounts payable of $0 (2017 - $0).