

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Northland School Division No. 61

Legal Name of School Jurisdiction

Bag 1400, 9809 - 77 Avenue, Peace River, AB, T8S 1V2

Mailing Address

(780) 624-2060 (Telephone); (780) 624-5914 (Fax)

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of **Northland School Division No. 61** presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

Board of Trustees Responsibility

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

External Auditors

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

Declaration of Management and Board Chairman

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

BOARD CHAIR	
Dr Colin J. Kelly	"ORIGINAL SIGNED"
Name	Signature

SUPERINTENDENT	
Dr. Donna S. Barrett	"ORIGINAL SIGNED"
Name	Signature

SECRETARY TREASURER OR TREASURER	
Dennis M. Walsh, CMA	"ORIGINAL SIGNED"
Name	Signature

November 21, 2012

Board-approved Release Date

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STATEMENT OF FINANCIAL POSITION
as at August 31, 2012

(in dollars)

		2012	2011
			Restated (Note 25)
ASSETS			
Current assets			
Cash and temporary investments	(Note 3)	\$1,766,755	\$2,015,856
Accounts receivable (net after allowances)	(Note 4)	\$5,282,325	\$6,412,742
Prepaid expenses	(Note 2)	\$378,087	\$317,506
Other current assets	(Note 6)	\$108,017	\$107,523
Total current assets		\$7,535,184	\$8,853,627
Trust assets			
Long term accounts receivable		\$0	\$0
Long term investments		\$0	\$0
Capital assets (Note 7)			
Land		\$539,323	\$539,323
Construction in progress		\$0	\$0
Buildings	\$126,375,732		
Less: accumulated amortization	(\$63,913,936)	\$62,461,796	\$64,455,673
Equipment	\$14,535,267		
Less: accumulated amortization	(\$11,384,516)	\$3,150,751	\$2,919,279
Vehicles	\$7,428,205		
Less: accumulated amortization	(\$5,194,745)	\$2,233,460	\$2,213,737
Total capital assets		\$68,385,330	\$70,128,012
TOTAL ASSETS		\$75,920,514	\$78,981,639
LIABILITIES			
Current liabilities			
Bank indebtedness	(Note 8)	\$0	\$0
Accounts payable and accrued liabilities	(Note 10)	\$2,785,915	\$2,529,773
Deferred revenue	(Note 11)	\$3,682,800	\$3,780,827
Deferred capital allocations	(Note 12)	\$432,913	\$243,752
Current portion of long term debt		\$129,346	\$238,222
Total current liabilities		\$7,010,974	\$6,792,574
Trust liabilities			
Employee future benefit liabilities	(Note 13)	\$66,962	\$67,915
Long term debt (Note 17)			
Supported: Debentures and other supported debt		\$254,843	\$491,140
Less: Current portion		(\$127,421)	(\$236,297)
Unsupported: Debentures and capital loans		\$3,849	\$5,775
Capital leases		\$0	\$0
Mortgages		\$0	\$0
Less: Current portion		(\$1,925)	(\$1,925)
Other long term liabilities		\$0	\$0
Unamortized capital allocations	(Note 18)	\$59,169,439	\$61,725,218
Total long term liabilities		\$59,365,747	\$62,051,826
TOTAL LIABILITIES		\$66,376,721	\$68,844,400
NET ASSETS			
Unrestricted net assets		(\$665,901)	(\$2,138,752)
Operating reserves		\$0	\$2,773,856
Accumulated operating surplus (deficit)		(\$665,901)	\$635,104
Investment in capital assets		\$8,912,346	\$7,896,108
Capital reserves		\$1,297,348	\$1,606,027
Total capital funds		\$10,209,694	\$9,502,135
Total net assets		\$9,543,793	\$10,137,239
TOTAL LIABILITIES AND NET ASSETS		\$75,920,514	\$78,981,639

Note: Please input "(Restated)" in 2011 column heading where comparatives are not taken from the finalized 2010/2011 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2012
(in dollars)

	Actual 2012	Budget 2012	Actual 2011 <small>Restated (Note 25)</small>
REVENUES			
Government of Alberta	\$34,725,282	\$35,030,088	\$33,142,871
Federal Government and/or First Nations	\$20,845,936	\$20,911,917	\$20,034,181
Other Alberta school authorities	\$0	\$0	\$25,000
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Fees	\$0	\$0	\$0
Other sales and services	\$1,748,178	\$1,613,928	\$1,476,727
Investment income	\$39,891	\$11,000	\$9,609
Gifts and donations	\$585,858	\$209,983	\$535,923
Fundraising	\$0	\$0	\$203,368
Rental of facilities	\$1,000,651	\$1,021,982	\$988,832
Gains on disposal of capital assets	\$1,260	\$0	\$8,021
Amortization of capital allocations	\$3,135,934	\$2,996,050	\$2,951,125
Other revenue	\$0	\$0	\$0
Total Revenues	\$62,082,990	\$61,794,948	\$59,375,657
EXPENSES			
Certificated salaries (Note 21)	\$21,544,783	\$21,259,145	\$21,416,515
Certificated benefits (Note 21)	\$4,218,552	\$4,717,908	\$4,459,796
Non-certificated salaries and wages (Note 21)	\$13,536,225	\$13,069,124	\$13,420,164
Non-certificated benefits (Note 21)	\$2,959,078	\$2,854,363	\$2,980,994
Services, contracts and supplies	\$16,204,273	\$15,874,187	\$15,282,527
Capital and debt services			
Amortization of capital assets			
Supported	\$3,138,632	\$2,996,050	\$2,950,691
Unsupported	\$995,957	\$1,013,919	\$1,044,263
Total Amortization of capital assets	\$4,134,589	\$4,009,969	\$3,994,954
Interest on capital debt			
Supported	\$40,429	\$79,833	\$79,008
Unsupported	\$650	\$784	\$866
Total Interest on capital debt	\$41,079	\$80,617	\$79,874
Other interest and charges	\$4,690	\$330	\$7,765
Losses on disposal of capital assets	\$33,167	\$5,286	\$7,000
Other expense	\$0	\$0	\$0
Total Expenses	\$62,676,436	\$61,870,929	\$61,649,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	(\$593,446)	(\$75,981)	(\$2,273,932)
Extraordinary Item	\$0	\$0	(\$175,916)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$593,446)	(\$75,981)	(\$2,449,848)

Note: Please input "(Restated)" where Actual 2011 comparatives are not as presented in the finalized 2010/2011 Audited Financial Statements filed with Alberta Education. Budget 2012 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2012
(in dollars)

	2012	2011 Restated (Note 25)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$593,446)	(\$2,449,848)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$3,135,934)	(\$2,951,125)
Total amortization expense	\$4,134,589	\$3,994,954
Gains on disposal of capital assets	(\$1,260)	(\$8,021)
Losses on disposal of capital assets	\$33,167	\$7,000
Changes in:		
Accounts receivable	\$1,130,417	(\$735,436)
Prepays and other current assets	(\$61,075)	(\$70,704)
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Accounts payable and accrued liabilities	\$236,142	(\$3,539,643)
Deferred revenue	(\$98,027)	\$155,429
Employee future benefit liabilities	(\$953)	\$66,502
Other (describe)	\$0	\$0
Total cash flows from Operations	\$1,643,620	(\$5,530,892)
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$825,216)	(\$4,347,110)
Equipment	(\$1,009,541)	(\$1,392,706)
Vehicles	(\$603,220)	(\$36,362)
Net proceeds from disposal of capital assets	\$14,163	\$11,321
Other (describe)	\$0	\$0
Total cash flows from Investing activities	(\$2,423,814)	(\$5,764,857)
C. FINANCING ACTIVITIES		
Capital allocations	\$533,019	\$1,634,424
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$238,223)	(\$638,102)
Add back: supported portion	\$236,297	\$636,178
Other (describe)	\$0	\$0
Total cash flows from financing activities	\$531,093	\$1,632,500
Net cash flows from during the year	(\$249,101)	(\$9,663,249)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	\$2,015,856	\$11,679,105
Cash and temporary investments, net of bank indebtedness, at Aug. 31/12	\$1,766,755	\$2,015,856

Note: Please input "(Restated)" where Actual 2011 comparatives are not as presented in the finalized 2010/2011 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2012**

(in dollars)

School Jurisdiction Code: 1280

(1)	(2)	(3)	(4)	(5)	(6) INTERNALLY RESTRICTED NET ASSETS												(14)	(15)
					(7) School & Instruction Related		(8) Operations & Maintenance		(9) Board & System Administration		(10) Transportation		(11) External Services					
					Operating Reserves 6+8+10+12+14	Capital Reserves 7+9+11+13+15	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves		
	TOTAL NET ASSETS	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves			
	Cols. 2+3+4+5			Cols. 6+8+10+12+14	Cols. 7+9+11+13+15													
	\$10,284,129	\$9,052,998	(\$2,138,752)	\$2,773,856	\$1,606,027	\$677,351	\$458,248	\$0	(\$360,351)	\$221,748	\$80,744	\$11,913	\$148,918	\$1,862,844	\$1,278,468			
	(\$156,890)	(\$156,890)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
	\$10,137,239	\$7,896,108	(\$2,138,752)	\$2,773,856	\$1,606,027	\$677,351	\$458,248	\$0	(\$360,351)	\$221,748	\$80,744	\$11,913	\$148,918	\$1,862,844	\$1,278,468			
	(\$593,446)		(\$593,446)															
		\$2,059,038	(\$1,282,390)	(\$123,400)	(\$673,258)	\$0	(\$458,248)	\$0	\$0	\$0	(\$64,080)	\$0	(\$150,866)	(\$123,400)	(\$54)			
	\$0	(\$46,071)	\$31,907	\$14,164	\$14,164		\$0		\$9,936		\$0		\$1,948	\$2,280	\$0			
	\$0	\$0	\$0	\$0	\$0		\$0		\$0		\$0		\$0	\$0	\$0			
	\$0	\$0	\$0															
		(\$4,134,589)	\$4,134,589															
		\$3,135,934	(\$3,135,934)															
		\$1,926	(\$1,926)															
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
			\$2,650,456	(\$2,650,456)		(\$677,351)		\$0		(\$221,748)		(\$11,913)		(\$1,739,444)				
			(\$350,415)		\$350,415				\$350,415									
			\$0	\$0	\$0		\$0		\$0		\$0		\$0	\$0	\$0			
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
	\$8,543,793	\$8,912,346	(\$665,901)	\$0	\$1,287,348	\$0	\$0	\$0	\$0	\$0	\$16,684	\$0	\$0	\$0	\$1,290,664			

**STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2012
(in dollars)**

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2011	\$243,752	\$63,025,331
Prior period adjustments	\$0	(\$1,300,113)
Adjusted balance, August 31, 2011	\$243,752	\$61,725,218
Add:		
Restricted capital allocations from:		
Alberta Education school building and modular projects	\$461,326	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$0	
Other capital grants and donations	\$71,693	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
P3, other ASAP and Alberta Infrastructure managed projects		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current year supported debenture principal repayment		\$236,297
Expended capital allocations - current year	(\$343,858)	\$343,858
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$3,135,934
Balance at August 31, 2012	\$432,913	\$59,169,439

* Infrastructure Maintenance Renewal (IMR) Program allocations are excluded from this Statement, since those allocations are not externally restricted to capital.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 1 Authority

Northland School Division No. 61 delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3 and also operates under the authority of the *Northland School Division Act*, Chapter N-5, Revised Statutes of Alberta, 2000.

The Division receives instruction and support allocations under Education Grants Regulation AR120/2008. The Regulation allows for the setting of conditions and use of grant monies. The School Division is limited on certain funding allocations and administration expenses.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

Fees for service related to courses and programs are recognized as revenue when such courses and programs are delivered.

Capital allocations from the Province or other agencies are recorded as deferred capital allocations until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired with the grant.

Unrestricted donations are recognized as revenue when they are received.

(b) School Generated Funds

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained, and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.)

(c) Prepaid Expenses

Certain expenditures incurred and paid before the close of the school year are for specific school supplies, which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses fall into this category.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

(d) Capital Assets

Capital assets are recorded at cost. The cost less an estimated residual value is amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings (masonry)	40 years
Buildings (frame)	25 years
Buildings (major modernization)	25 years
Buildings Retrofit (BQRP)	10 years
Mobile Homes	15 years
Vehicles (light duty and maintenance vans)	5-7 years
Vehicles (buses and 1 ton +)	12 years
Equipment	5 years
Land Improvements (paving/playgrounds)	20 years

(e) Vacation Pay

Vacation Pay is accrued in the period in which the employee earns the benefit.

(f) Contributed Services

Volunteers assist schools operated by the Division in carrying out certain activities. Because of the difficulty of determining their fair value and of the fact such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

(g) Pension Obligation

The Division participates in the Local Authorities Pension Plan. In addition, the Division's certificated employees are required to contribute to the Teachers' Retirement Fund. These pension plans are multi-employer defined benefit pension plans that provide pensions for the Division's participating employees, based on years of service and earnings.

Pension costs are disclosed as part of salaries and wages and are comprised of the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the Local Authorities Pension Plan. Pension costs include the Province's direct contributions to the Teachers' Retirement Fund for the Division's certificated employees. The Division's portion of the pension plans deficits or surpluses are not recorded by the Division.

(h) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the jurisdiction, to set aside funds for operating and for future capital expenditures. Such reserves are appropriations of unrestricted net assets.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

(i) **Future Accounting Policies**

The school board will adopt public sector accounting standards for the year ending August 31, 2013 with retrospective application and restatement of the prior school year. The transition is intended to enhance the public accountability and comparability of the financial reporting of the government controlled entities with those of other government organizations.

Note 3 Cash and Temporary Investments

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Included in this balance are the School Generated Fund bank balances totaling \$784,174 (2011 - \$802,423).

Note 4 Accounts Receivable (Net after allowances)

	2012	2011 (restated)
Short Term		
Alberta Education	\$2,408,689	\$2,545,862
Alberta Finance	10,376	23,437
Alberta Human Services	3,832	3,773
First Nations (net of allowance)	2,187,856	2,986,206
Other Federal Government	277,454	243,979
Other	394,118	609,485
Total Short Term	5,282,325	6,412,742
Long Term		
Total Accounts Receivable	\$5,282,325	\$6,412,742

Note 5 Financial Instruments

The jurisdiction's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the jurisdiction is not exposed to significant interest, or currency risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The jurisdiction has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the *Trustees Act*. The Division has elected to exclude from the scope of Section 3855, "Financial Instruments, Recognition and Measurement", non-financial contracts or derivatives embedded in non-financial contracts, leases and insurance contracts.

Note 6 Other Current Assets

Other current assets consist of advances to various hot lunch programs throughout the division and inventories which are recorded at the lower cost or net realizable value.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 7 Capital Assets

	Land	Construction In Progress Buildings	Buildings	Equipment	Vehicles	Total Aug. 31, 2012	Total Aug. 31, 2011 (restated)
Estimated Useful Life			10-40 Years	5 years	5-12 Years		
Historical Cost							
September 1, 2011	577,347	0	127,947,626	13,637,342	7,419,147	149,581,462	143,946,344
Transfers in (out)	(38,024)		(2,397,110)	(111,616)		(2,546,750)	(2,546,750)
As restated	539,323	0	125,550,516	13,525,726	7,419,147	147,034,712	141,399,594
Additions	0		825,216	1,009,541	603,220	2,437,977	5,776,178
Less disposals including write-offs	0		0		(594,162)	(594,162)	(141,060)
August 31, 2012	539,323	0	126,375,732	14,535,267	7,428,205	148,878,527	147,034,712
Accumulated Amortization							
September 1, 2011			62,099,787	10,691,250	5,205,410	77,996,447	74,021,069
Transfers in (out)	0	0	(1,004,944)	(84,803)		(1,089,747)	(978,563)
			61,094,843	10,606,447	5,205,410	76,906,700	73,042,506
Amortization expense			2,819,093	778,069	537,426	4,134,588	3,994,954
Effect of disposals			0	0	(548,091)	(548,091)	(130,760)
August 31, 2012	0	0	63,913,936	11,384,516	5,194,745	80,493,197	76,906,700
Net Book Value at August 31, 2012	539,323	0	62,461,796	3,150,751	2,233,460	68,385,330	70,128,012

Note 8 Bank Indebtedness

The jurisdiction has negotiated a line of credit in the amount of \$1,500,000 that bears interest at the bank prime rate minus 0.25%. The line of credit is secured by a security agreement, covering all revenue of the jurisdiction. There was no balance outstanding on the line of credit at August 31, 2012.

Note 9 Pension Costs

Pension costs included in these financial statements comprise the cost of employer and Provincial contributions for current service of employees during the year. The pension expense recorded for the Local Authorities Pension Plan is equivalent to the Division's annual contributions paid of \$773,505 for the year ended August 31, 2012 (2011 - \$685,437). For the year ended August 31, 2012, the amount contributed to the Teachers' Retirement Fund by the Province was \$2,113,908 (2011 - \$2,112,705).

As of December 31, 2011 the Local Authorities Pension Plan reported a deficit of \$4,639,390,000 (2010 - \$4,635,250,000). At August 31, 2011 the Teachers' Retirement Fund reported a deficit of \$1,959,293,000 (2010 - \$1,930,743,000).

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 10 Accounts Payable and Accrued Liabilities

	2012	2011
Alberta Education	\$579,302	\$189,745
Alberta Finance	10,541	23,685
Other trade payables	1,748,823	1,873,172
Vacation payable	278,774	268,503
Employee benefits payable	15,722	73,605
Holdbacks payable	83,895	59,658
Security deposits payable	48,858	41,405
	<u>\$2,765,915</u>	<u>\$2,529,773</u>

Note 11 Deferred Revenue

	Balance Aug. 31, 2011	Funds Received	Funds Expended	Other Adjustments	Balance Aug. 31, 2012
Infrastructure Maintenance Renewal	\$1,148,131	\$399,391	\$736,178		\$811,344
Alberta Initiative for School Improvement	400,411	254,985	369,488		285,908
Small Class Size Funding	318,825	0	310,262		8,563
Other Provincial Revenue	305,721	1,056,924	987,961		374,684
School Generated Funds	819,628	746,831	763,715		802,744
Donations & other deferred	788,111	1,055,055	443,609		1,399,557
	<u>\$3,780,827</u>	<u>\$3,513,186</u>	<u>\$3,611,213</u>	\$0	<u>\$3,682,800</u>

Note 12 Deferred Capital Allocations

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

Note 13 Employee Future Benefits

The jurisdiction accrues its obligations under employee future benefit plans and expenses the related costs. The future benefits are medical and health care benefits to be paid to employees. As at August 31, 2012, the recorded obligation is \$66,962 (2011 - \$67,915).

Note 14 Tuition Fees

Pursuant to agreements, the Minister of Indian and Northern Affairs and certain Indian Bands have agreed to pay to the Board of the Division a per capita share of the annual net operating costs of the Board for each Indian Student enrolled. The calculation of the amount recoverable from the Minister and the Bands is subject to possible future adjustments since all components of the net operating costs must be mutually agreed upon by the Minister or Bands and the Board, as required under the agreements.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 15 Commitments

Building Projects

The jurisdiction is committed to further capital expenditures for the completion of Anzac School in the estimated amount of \$980,000.

It is anticipated that the \$640,000 of the costs for the Anzac School will be funded by the capital allocations from Alberta Education. The remainder will be funded by the School Division and from donations.

Lease Obligations

The Division leases certain buildings and office equipment under operating leases. The future minimum lease payments under operating leases are as follows:

Year	Dollar
2013	\$212,027
2014	154,553
2015	75,922
2016	28,964
	<u>\$471,466</u>

Note 16 School Generated Funds

	2012	2011
Unexpended School Generated Funds, Opening Balance August 31	\$819,628	\$688,609
Current Year Activities – Gross Receipts:		
Fundraising	330,281	334,388
Gifts and donations	416,550	490,698
Other sales and services	0	0
Total gross receipts	746,831	825,086
Current Year Activities – Uses of Funds		
Equipment and Supplies	13,091	10,062
Extra-Curricular Activities	528,825	478,388
Field Trips	93,265	82,674
Fundraising (Direct Costs)	128,534	122,943
Other Activities	0	0
Total Uses of Funds	763,715	694,067
Unexpended School Generated Funds, Closing Balance August 31	\$802,744	\$819,628

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 17 Long-Term Debt

The Division has issued the following debentures to the Alberta Capital Finance Authority (A.C.F.A.) to finance purchase of land, school buildings and some residences having a carrying value of \$9,965,846 (2011 - \$10,559,873). The interest rates on these debentures range from 10.125% to 11.25%.

	2012	2011
Total debentures owing to A.C.F.A -		
Supported	\$254,843	\$491,140
Unsupported	3,849	5,775
	\$258,692	\$496,915
Less due within one year - Supported	\$127,421	\$236,297
Unsupported	1,925	1,925
	129,346	238,222
Long term portion	129,346	258,693
	\$258,692	\$496,915

Principal and interest repayments required during each of the next two fiscal years are as follows:

Year	Principal	Interest	Total
2012-2013	\$129,346	\$23,626	\$152,972
2013-2014	\$129,346	\$9,178	\$138,524

Principal repayments and interest on the above debentures, with the exception of three debentures totaling \$3,849 as at August 31, 2012, (2011 - \$5,775) are funded by Alberta Finance. The future interest payments on the unsupported debentures for the 2012-2013 and 2013-2014 fiscal years will be \$268 and \$134 respectively.

The fair value of these debentures made under the authority of the *Alberta Capital Finance Authority Act* are not reported due to there being no organized financial market for the instruments and it is not practicable within the constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 18 Unamortized Capital Allocations

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayments.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 19 Related Party Transactions

The Division is controlled by the Government of Alberta and is accounted for on a consolidated basis in the Government of Alberta's financial statements. Northland School Division had the following related party transactions with the Government of Alberta.

	Balances		Transactions	
	Assets	Liabilities	Revenues	Expenses
Government of Alberta				
Education	\$2,408,689	\$2,483,449	\$34,684,770	
Finance	10,376	269,235	40,511	
Other (Other Sales and Donations)	3,832		46,509	773,505
Other				
Alberta Health Services			818,774	131
Post-Secondary Institutions			1,593	177,301
Other School Jurisdictions	13,044		0	582,930
Total - 2012	<u>\$2,435,941</u>	<u>\$2,752,684</u>	<u>\$35,592,157</u>	<u>\$1,533,867</u>
Total - 2011 (restated)	<u>\$2,584,444</u>	<u>\$2,564,608</u>	<u>\$32,049,600</u>	<u>\$697,136</u>
Supplementary Information - Expenses Paid to Related Parties:				
Paid to School Jurisdictions				
Buffalo Trail Public Schools	\$180			
Edmonton Catholic Schools	185			
Edmonton Public Schools	149,688			
Elk Island Catholic Schools	15			
Fort McMurray Catholic Schools	1,200			
Fort Vermillion School Division	168,495			
Grande Prairie Catholic School Dist	210			
Grande Prairie School District	28,736			
Grande Yellowhead Regional Div	4,550			
Greater St. Albert Catholic	1,265			
High Prairie School Division	182,302			
Holy Family Catholic Division	948			
Peace River School Division	713			
Peace Wapiti School Division	44,443			
	<u>\$582,930</u>			
Paid to Post-Secondary Institutions				
Portage College	\$200			
Northern Lakes College	16,680			
University of Alberta	160,421			
	<u>\$177,301</u>			

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 20 Economic Dependence on Related Third Party

Northland School Division's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

Note 21 Remuneration and Monetary Incentives

Northland School Division has paid or accrued expenses for the year ended August 31, 2012 to or on behalf of the following positions and persons in groups as follows:

	FTEs	Remuneration	Benefits	ERIP's / Other	Expenses
Trustee:					
Kelly, Colin – contract	1.00	\$172,000	\$3,994		\$45,455
Superintendent:					
Barrett, Donna	1.00	\$177,718	\$8,940		\$29,606
Secretary/Treasurer:					
Walsh, Dennis	1.00	\$128,750	\$26,886		\$14,271
Other:					
Certificated Salaries	235	\$21,367,065	\$4,209,612		
Non-certificated Salaries	341	\$13,407,475	\$2,932,192		
TOTALS	579	\$35,081,008	\$7,177,630	\$0	\$89,332

Note 22 Contingent Liabilities

Residential Schools

A number of claims have been filed against the Government of Canada. The Division has been named as a third party with the Government in these claims in regards to programs offered by the Division from the early 1960's to the early 1970's. In one of the claims the division has been named as a defendant. The Division has entered into an indemnity agreement in which the Province of Alberta has agreed to indemnify Northland School Division for these claims and related costs incurred.

Gift Lake School

Subsequent to year end, mould and asbestos were discovered in part of Gift Lake School. The Division is currently undertaking procedures to remediate both the mould and asbestos. The students and staff have been temporarily relocated to alternate premises. It is expected that the building will be returned to service during the 2012-2013 school year. Gift Lake School has a net book value as of August 31, 2012 of \$1.4 million. As of August 31, 2012, the amount of impairment in the value of the building, if any, is undeterminable.

Construction of a replacement school for Gift Lake will commence during the 2012-2013 school year and is anticipated to be in use for the 2014-2015 school year. If it is expected that the current facility will be abandoned or deemed unsuitable for sale after completion of the new school, the estimated useful life of the current facility will be reduced accordingly.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 23 Budget Amounts

The budget was prepared by the Division's management with Board of Trustees approval given on November 30, 2011. It is presented for information purposes only and has not been audited.

Note 24 Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the audited financial statements of changes in such estimates in future periods could be significant.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

Note 25 Prior Period Adjustments and Restatements

Teacher Retirement Fund

Revenue from Government of Alberta and certificated benefits for the year ended August 31, 2011 have been restated in the amount of \$2,112,705 to reflect retroactive application of inclusion of Government contributions to Alberta Teachers Retirement Fund in the statement of revenues and expenses.

School Generated Funds

For the year ended August 31, 2012, School Generated Funds are to be recorded under the new reporting requirements where the revenues are to be broken down into fees, fundraising, gifts and donations, and other sales and services. Any unexpended School Generated Funds are to be shown as deferred revenue and School Generated Assets are to be included in the appropriate asset account. Certain 2011 balances have been restated for comparative purposes.

Transfer of Red Earth Creek School

On September 1, 2011, the Minister of Education issued Ministerial Order #058/2011. As a result of this Ministerial Order, the Red Earth Creek School, teacherages and equipment were transferred from Northland School Division No. 61 to Peace River School Division No. 10.

The August 31, 2011 Statement of Financial Position has been restated as follows:

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2011	Remain with Northland School Division #61	Transfer to Peace River School Division #10	Total
ASSETS			
Current Assets			
Cash and temporary investments	\$2,015,856	\$23,129	\$2,038,985
Accounts receivable (net after allowances)	6,412,742	940	6,413,682
Prepaid expenses	317,506	0	317,506
Other current assets	107,523	0	107,523
Total current assets	8,853,627	24,069	8,877,696
Long term accounts receivable	0	0	0
Long term investments	0	0	0
Capital assets (net of accumulated amortization)			
Land	539,323	38,024	577,347
Buildings	64,455,673	1,392,166	65,847,839
Equipment	2,919,279	26,813	2,946,092
Vehicles	2,213,737	0	2,213,737
Total long term assets	70,128,012	1,457,003	71,585,015
TOTAL ASSETS	\$78,981,639	\$1,481,072	\$80,462,711
LIABILITIES			
Current Liabilities			
Bank indebtedness			
Accounts payable and accrued liabilities	\$2,529,773	\$0	\$2,529,773
Deferred revenue	3,780,827	24,069	3,804,896
Deferred capital allocations	243,752	0	243,752
Current portion of long term debt	238,222	0	238,222
Total current liabilities	6,792,574	24,069	6,816,643
Employee future benefit liabilities	67,915	0	67,915
Supported: Debentures and other supported debt	491,140	0	491,140
Less: Current portion	(236,297)	0	(236,297)
Unsupported: Debentures and capital loans	5,775	0	5,775
Capital leases	0	0	0
Mortgages	0	0	0
Less: Current portion	(1,925)	0	(1,925)
Other long term liabilities	0	0	0
Unamortized capital allocations	61,725,218	1,300,113	63,025,331
Total long term liabilities	62,051,826	1,300,113	63,351,939
TOTAL LIABILITIES	68,844,400	1,324,182	70,168,582
NET ASSETS			
Unrestricted net assets	(2,138,752)	0	(2,138,752)
Operating reserves	2,773,856	0	2,773,856
Accumulated operating surplus (deficit)	635,104	0	635,104
Investment in capital assets	7,896,108	156,890	8,052,998
Capital reserves	1,606,027	0	1,606,027
Total capital funds	9,502,135	156,890	9,659,025
Total net assets	10,137,239	156,890	10,294,129
TOTAL LIABILITIES AND NET ASSETS	\$78,981,639	\$1,481,072	\$80,462,711

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

After the transfer of Red Earth operations, the statement of operations for Northland School Division for the year ended August 31, 2011 have been restated as follows:

STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED AUGUST 31, 2011	Remain with Northland School Division No. 61	Transfer to Peace River School Division No. 10	Total
REVENUES			
Government of Alberta	\$33,142,871	\$832,959	\$33,975,830
Federal Government and First Nations	20,034,181	0	20,034,181
Other Alberta school authorities	25,000	0	25,000
Other sales and services	1,476,727	2,140	1,478,867
Investment income	9,609	0	9,609
Gifts and donations	535,923	20,155	556,078
Fundraising	203,368	12,757	216,125
Rental of facilities	988,832	37,999	1,026,831
Gains on disposal of capital assets	8,021	0	8,021
Amortization of capital allocations	2,951,125	95,471	3,046,596
Other revenue	0	0	0
TOTAL REVENUES	59,375,657	1,001,481	60,377,138
EXPENSES			
Certificated salaries	21,416,515	496,584	21,913,099
Certificated benefits	4,459,796	55,706	4,515,502
Non-certificated salaries and wages	13,420,164	161,553	13,581,717
Non-certificated benefits	2,980,994	40,105	3,021,099
Services, contracts and supplies	15,282,527	155,690	15,438,217
Capital and debt services			
Amortization of capital assets			
Supported	2,950,691	95,471	3,046,162
Unsupported	1,044,263	15,713	1,059,976
Total Amortization of capital assets	3,994,954	111,184	4,106,138
Interest on capital debt			
Supported	79,008	0	79,008
Unsupported	866	0	866
Total Interest on capital debt	79,874	0	79,874
Other interest and charges	7,765	0	7,765
Losses on disposal of capital assets	7,000	0	7,000
Other Expense	0	0	0
TOTAL EXPENSES	61,649,589	1,020,822	62,670,411
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(2,273,932)	(19,341)	(2,293,273)
Extraordinary Item	(175,916)	0	(175,916)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	(\$2,449,848)	(\$19,341)	(\$2,469,189)

Note 26 Approval of Financial Statements

These financial statements were prepared by management and approved by the Official Trustee on November 21, 2012.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 1 Authority

Northland School Division No. 61 delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3 and also operates under the authority of the *Northland School Division Act*, Chapter N-5, Revised Statutes of Alberta, 2000.

The Division receives instruction and support allocations under Education Grants Regulation AR120/2008. The Regulation allows for the setting of conditions and use of grant monies. The School Division is limited on certain funding allocations and administration expenses.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

Fees for service related to courses and programs are recognized as revenue when such courses and programs are delivered.

Capital allocations from the Province or other agencies are recorded as deferred capital allocations until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired with the grant.

Unrestricted donations are recognized as revenue when they are received.

(b) School Generated Funds

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained, and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.)

(c) Prepaid Expenses

Certain expenditures incurred and paid before the close of the school year are for specific school supplies, which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses fall into this category.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

(d) Capital Assets

Capital assets are recorded at cost. The cost less an estimated residual value is amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings (masonry)	40 years
Buildings (frame)	25 years
Buildings (major modernization)	25 years
Buildings Retrofit (BQRP)	10 years
Mobile Homes	15 years
Vehicles (light duty and maintenance vans)	5-7 years
Vehicles (buses and 1 ton +)	12 years
Equipment	5 years
Land Improvements (paving/playgrounds)	20 years

(e) Vacation Pay

Vacation Pay is accrued in the period in which the employee earns the benefit.

(f) Contributed Services

Volunteers assist schools operated by the Division in carrying out certain activities. Because of the difficulty of determining their fair value and of the fact such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

(g) Pension Obligation

The Division participates in the Local Authorities Pension Plan. In addition, the Division's certificated employees are required to contribute to the Teachers' Retirement Fund. These pension plans are multi-employer defined benefit pension plans that provide pensions for the Division's participating employees, based on years of service and earnings.

Pension costs are disclosed as part of salaries and wages and are comprised of the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the Local Authorities Pension Plan. Pension costs include the Province's direct contributions to the Teachers' Retirement Fund for the Division's certificated employees. The Division's portion of the pension plans deficits or surpluses are not recorded by the Division.

(h) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the jurisdiction, to set aside funds for operating and for future capital expenditures. Such reserves are appropriations of unrestricted net assets.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

(i) **Future Accounting Policies**

The school board will adopt public sector accounting standards for the year ending August 31, 2013 with retrospective application and restatement of the prior school year. The transition is intended to enhance the public accountability and comparability of the financial reporting of the government controlled entities with those of other government organizations.

Note 3 Cash and Temporary Investments

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Included in this balance are the School Generated Fund bank balances totaling \$784,174 (2011 - \$802,423).

Note 4 Accounts Receivable (Net after allowances)

	2012	2011 (restated)
Short Term		
Alberta Education	\$2,408,689	\$2,545,862
Alberta Finance	10,376	23,437
Alberta Human Services	3,832	3,773
First Nations (net of allowance)	2,187,856	2,986,206
Other Federal Government	277,454	243,979
Other	394,118	609,485
Total Short Term	5,282,325	6,412,742
Long Term	0	0
Total Accounts Receivable	\$5,282,325	\$6,412,742

Note 5 Financial Instruments

The jurisdiction's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the jurisdiction is not exposed to significant interest, or currency risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The jurisdiction has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the *Trustees Act*. The Division has elected to exclude from the scope of Section 3855, "Financial Instruments, Recognition and Measurement", non-financial contracts or derivatives embedded in non-financial contracts, leases and insurance contracts.

Note 6 Other Current Assets

Other current assets consist of advances to various hot lunch programs throughout the division and inventories which are recorded at the lower cost or net realizable value.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 7 Capital Assets

	Land	Construction In Progress Buildings	Buildings	Equipment	Vehicles	Total Aug. 31, 2012	Total Aug. 31, 2011 (restated)
Estimated Useful Life			10-40 Years	5 years	5-12 Years		
Historical Cost							
September 1, 2011	577,347	0	127,947,626	13,637,342	7,419,147	149,581,462	143,946,344
Transfers in (out)	(38,024)		(2,397,110)	(111,616)		(2,546,750)	(2,546,750)
As restated	539,323	0	125,550,516	13,525,726	7,419,147	147,034,712	141,399,594
Additions	0		825,216	1,009,541	603,220	2,437,977	5,776,178
Less disposals including write-offs	0		0		(594,162)	(594,162)	(141,060)
August 31, 2012	539,323	0	126,375,732	14,535,267	7,428,205	148,878,527	147,034,712
Accumulated Amortization							
September 1, 2011			62,099,787	10,691,250	5,205,410	77,996,447	74,021,069
Transfers in (out)	0	0	(1,004,944)	(84,803)		(1,089,747)	(978,563)
			61,094,843	10,606,447	5,205,410	76,906,700	73,042,506
Amortization expense			2,819,093	778,069	537,426	4,134,588	3,994,954
Effect of disposals			0	0	(548,091)	(548,091)	(130,760)
August 31, 2012	0	0	63,913,936	11,384,516	5,194,745	80,493,197	76,906,700
Net Book Value at August 31, 2012	539,323	0	62,461,796	3,150,751	2,233,460	68,385,330	70,128,012

Note 8 Bank Indebtedness

The jurisdiction has negotiated a line of credit in the amount of \$1,500,000 that bears interest at the bank prime rate minus 0.25%. The line of credit is secured by a security agreement, covering all revenue of the jurisdiction. There was no balance outstanding on the line of credit at August 31, 2012.

Note 9 Pension Costs

Pension costs included in these financial statements comprise the cost of employer and Provincial contributions for current service of employees during the year. The pension expense recorded for the Local Authorities Pension Plan is equivalent to the Division's annual contributions paid of \$773,505 for the year ended August 31, 2012 (2011 - \$685,437). For the year ended August 31, 2012, the amount contributed to the Teachers' Retirement Fund by the Province was \$2,113,908 (2011 - \$2,112,705).

As of December 31, 2011 the Local Authorities Pension Plan reported a deficit of \$4,639,390,000 (2010 - \$4,635,250,000). At August 31, 2011 the Teachers' Retirement Fund reported a deficit of \$1,959,293,000 (2010 - \$1,930,743,000).

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 10 Accounts Payable and Accrued Liabilities

	2012	2011
Alberta Education	\$579,302	\$189,745
Alberta Finance	10,541	23,685
Other trade payables	1,748,823	1,873,172
Vacation payable	278,774	268,503
Employee benefits payable	15,722	73,605
Holdbacks payable	83,895	59,658
Security deposits payable	48,858	41,405
	<u>\$2,765,915</u>	<u>\$2,529,773</u>

Note 11 Deferred Revenue

	Balance Aug. 31, 2011	Funds Received	Funds Expended	Other Adjustments	Balance Aug. 31, 2012
Infrastructure Maintenance Renewal	\$1,148,131	\$399,391	\$736,178		\$811,344
Alberta Initiative for School Improvement	400,411	254,985	369,488		285,908
Small Class Size Funding	318,825	0	310,262		8,563
Other Provincial Revenue	305,721	1,056,924	987,961		374,684
School Generated Funds	819,628	746,831	763,715		802,744
Donations & other deferred	788,111	1,055,055	443,609		1,399,557
	<u>\$3,780,827</u>	<u>\$3,513,186</u>	<u>\$3,611,213</u>	\$0	<u>\$3,682,800</u>

Note 12 Deferred Capital Allocations

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

Note 13 Employee Future Benefits

The jurisdiction accrues its obligations under employee future benefit plans and expenses the related costs. The future benefits are medical and health care benefits to be paid to employees. As at August 31, 2012, the recorded obligation is \$66,962 (2011 - \$67,915).

Note 14 Tuition Fees

Pursuant to agreements, the Minister of Indian and Northern Affairs and certain Indian Bands have agreed to pay to the Board of the Division a per capita share of the annual net operating costs of the Board for each Indian Student enrolled. The calculation of the amount recoverable from the Minister and the Bands is subject to possible future adjustments since all components of the net operating costs must be mutually agreed upon by the Minister or Bands and the Board, as required under the agreements.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 15 Commitments

Building Projects

The jurisdiction is committed to further capital expenditures for the completion of Anzac School in the estimated amount of \$980,000.

It is anticipated that the \$640,000 of the costs for the Anzac School will be funded by the capital allocations from Alberta Education. The remainder will be funded by the School Division and from donations.

Lease Obligations

The Division leases certain buildings and office equipment under operating leases. The future minimum lease payments under operating leases are as follows:

Year	Dollar
2013	\$212,027
2014	154,553
2015	75,922
2016	28,964
	\$471,466

Note 16 School Generated Funds

	2012	2011
Unexpended School Generated Funds, Opening Balance August 31	\$819,628	\$688,609
Current Year Activities – Gross Receipts:		
Fundraising	330,281	334,388
Gifts and donations	416,550	490,698
Other sales and services	0	0
Total gross receipts	746,831	825,086
Current Year Activities – Uses of Funds		
Equipment and Supplies	13,091	10,062
Extra-Curricular Activities	528,825	478,388
Field Trips	93,265	82,674
Fundraising (Direct Costs)	128,534	122,943
Other Activities	0	0
Total Uses of Funds	763,715	694,067
Unexpended School Generated Funds, Closing Balance August 31	\$802,744	\$819,628

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 17 Long-Term Debt

The Division has issued the following debentures to the Alberta Capital Finance Authority (A.C.F.A.) to finance purchase of land, school buildings and some residences having a carrying value of \$9,965,846 (2011 - \$10,559,873). The interest rates on these debentures range from 10.125% to 11.25%.

	2012	2011
Total debentures owing to A.C.F.A -		
Supported	\$254,843	\$491,140
Unsupported	3,849	5,775
	<u>\$258,692</u>	<u>\$496,915</u>
Less due within one year - Supported	\$127,421	\$236,297
Unsupported	1,925	1,925
	129,346	238,222
Long term portion	129,346	258,693
	<u>\$258,692</u>	<u>\$496,915</u>

Principal and interest repayments required during each of the next two fiscal years are as follows:

Year	Principal	Interest	Total
2012-2013	\$129,346	\$23,626	\$152,972
2013-2014	\$129,346	\$9,178	\$138,524

Principal repayments and interest on the above debentures, with the exception of three debentures totaling \$3,849 as at August 31, 2012, (2011 - \$5,775) are funded by Alberta Finance. The future interest payments on the unsupported debentures for the 2012-2013 and 2013-2014 fiscal years will be \$268 and \$134 respectively.

The fair value of these debentures made under the authority of the *Alberta Capital Finance Authority Act* are not reported due to there being no organized financial market for the instruments and it is not practicable within the constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 18 Unamortized Capital Allocations

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayments.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 19 Related Party Transactions

The Division is controlled by the Government of Alberta and is accounted for on a consolidated basis in the Government of Alberta's financial statements. Northland School Division had the following related party transactions with the Government of Alberta.

	Balances		Transactions	
	Assets	Liabilities	Revenues	Expenses
Government of Alberta				
Education	\$2,408,689	\$2,483,449	\$34,684,770	
Finance	10,376	269,235	40,511	
Other (Other Sales and Donations)	3,832		46,509	773,505
Other				
Alberta Health Services			818,774	131
Post-Secondary Institutions			1,593	177,301
Other School Jurisdictions	13,044		0	582,930
Total - 2012	\$2,435,941	\$2,752,684	\$35,592,157	\$1,533,867
Total - 2011 (restated)	\$2,584,444	\$2,564,608	\$32,049,600	\$697,136
Supplementary Information - Expenses Paid to Related Parties:				
Paid to School Jurisdictions				
Buffalo Trail Public Schools	\$180			
Edmonton Catholic Schools	185			
Edmonton Public Schools	149,688			
Elk Island Catholic Schools	15			
Fort McMurray Catholic Schools	1,200			
Fort Vermillion School Division	168,495			
Grande Prairie Catholic School Dist	210			
Grande Prairie School District	28,736			
Grande Yellowhead Regional Div	4,550			
Greater St. Albert Catholic	1,265			
High Prairie School Division	182,302			
Holy Family Catholic Division	948			
Peace River School Division	713			
Peace Wapiti School Division	44,443			
	\$582,930			
Paid to Post-Secondary Institutions				
Portage College	\$200			
Northern Lakes College	16,680			
University of Alberta	160,421			
	\$177,301			

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

Note 20 Economic Dependence on Related Third Party

Northland School Division's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

Note 21 Remuneration and Monetary Incentives

Northland School Division has paid or accrued expenses for the year ended August 31, 2012 to or on behalf of the following positions and persons in groups as follows:

	FTEs	Remuneration	Benefits	ERIP's / Other	Expenses
Trustee:					
Kelly, Colin – contract	1.00	\$172,000	\$3,994		\$45,455
Superintendent:					
Barrett, Donna	1.00	\$177,718	\$8,940		\$29,606
Secretary/Treasurer:					
Walsh, Dennis	1.00	\$128,750	\$26,886		\$14,271
Other:					
Certificated Salaries	235	\$21,367,065	\$4,209,612		
Non-certificated Salaries	341	\$13,407,475	\$2,932,192		
TOTALS	579	\$35,081,008	\$7,177,630	\$0	\$89,332

Note 22 Contingent Liabilities

Residential Schools

A number of claims have been filed against the Government of Canada. The Division has been named as a third party with the Government in these claims in regards to programs offered by the Division from the early 1960's to the early 1970's. In one of the claims the division has been named as a defendant. The Division has entered into an indemnity agreement in which the Province of Alberta has agreed to indemnify Northland School Division for these claims and related costs incurred.

Gift Lake School

Subsequent to year end, mould and asbestos were discovered in part of Gift Lake School. The Division is currently undertaking procedures to remediate both the mould and asbestos. The students and staff have been temporarily relocated to alternate premises. It is expected that the building will be returned to service during the 2012-2013 school year. Gift Lake School has a net book value as of August 31, 2012 of \$1.4 million. As of August 31, 2012, the amount of impairment in the value of the building, if any, is undeterminable.

Construction of a replacement school for Gift Lake will commence during the 2012-2013 school year and is anticipated to be in use for the 2014-2015 school year. If it is expected that the current facility will be abandoned or deemed unsuitable for sale after completion of the new school, the estimated useful life of the current facility will be reduced accordingly.

Note 23 Budget Amounts

The budget was prepared by the Division's management with Board of Trustees approval given on November 30, 2011. It is presented for information purposes only and has not been audited.

Note 24 Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the audited financial statements of changes in such estimates in future periods could be significant.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

Note 25 Prior Period Adjustments and Restatements

Teacher Retirement Fund

Revenue from Government of Alberta and certificated benefits for the year ended August 31, 2011 have been restated in the amount of \$2,112,705 to reflect retroactive application of inclusion of Government contributions to Alberta Teachers Retirement Fund in the statement of revenues and expenses.

School Generated Funds

For the year ended August 31, 2012, School Generated Funds are to be recorded under the new reporting requirements where the revenues are to be broken down into fees, fundraising, gifts and donations, and other sales and services. Any unexpended School Generated Funds are to be shown as deferred revenue and School Generated Assets are to be included in the appropriate asset account. Certain 2011 balances have been restated for comparative purposes.

Transfer of Red Earth Creek School

On September 1, 2011, the Minister of Education issued Ministerial Order #058/2011. As a result of this Ministerial Order, the Red Earth Creek School, teacherages and equipment were transferred from Northland School Division No. 61 to Peace River School Division No. 10.

The August 31, 2011 Statement of Financial Position has been restated as follows:

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

STATEMENT OF FINANCIAL POSITION AS AT AUGUST 31, 2011	Remain with Northland School Division #61	Transfer to Peace River School Division #10	Total
ASSETS			
Current Assets			
Cash and temporary investments	\$2,015,856	\$23,129	\$2,038,985
Accounts receivable (net after allowances)	6,412,742	940	6,413,682
Prepaid expenses	317,506	0	317,506
Other current assets	107,523	0	107,523
Total current assets	8,853,627	24,069	8,877,696
Long term accounts receivable	0	0	0
Long term investments	0	0	0
Capital assets (net of accumulated amortization)			
Land	539,323	38,024	577,347
Buildings	64,455,673	1,392,166	65,847,839
Equipment	2,919,279	26,813	2,946,092
Vehicles	2,213,737	0	2,213,737
Total long term assets	70,128,012	1,457,003	71,585,015
TOTAL ASSETS	\$78,981,639	\$1,481,072	\$80,462,711
LIABILITIES			
Current Liabilities			
Bank indebtedness			
Accounts payable and accrued liabilities	\$2,529,773	\$0	\$2,529,773
Deferred revenue	3,780,827	24,069	3,804,896
Deferred capital allocations	243,752	0	243,752
Current portion of long term debt	238,222	0	238,222
Total current liabilities	6,792,574	24,069	6,816,643
Employee future benefit liabilities	67,915	0	67,915
Supported: Debentures and other supported debt	491,140	0	491,140
Less: Current portion	(236,297)	0	(236,297)
Unsupported: Debentures and capital loans	5,775	0	5,775
Capital leases	0	0	0
Mortgages	0	0	0
Less: Current portion	(1,925)	0	(1,925)
Other long term liabilities	0	0	0
Unamortized capital allocations	61,725,218	1,300,113	63,025,331
Total long term liabilities	62,051,826	1,300,113	63,351,939
TOTAL LIABILITIES	68,844,400	1,324,182	70,168,582
NET ASSETS			
Unrestricted net assets	(2,138,752)	0	(2,138,752)
Operating reserves	2,773,856	0	2,773,856
Accumulated operating surplus (deficit)	635,104	0	635,104
Investment in capital assets	7,896,108	156,890	8,052,998
Capital reserves	1,606,027	0	1,606,027
Total capital funds	9,502,135	156,890	9,659,025
Total net assets	10,137,239	156,890	10,294,129
TOTAL LIABILITIES AND NET ASSETS	\$78,981,639	\$1,481,072	\$80,462,711

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

After the transfer of Red Earth operations, the statement of operations for Northland School Division for the year ended August 31, 2011 have been restated as follows:

STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDED AUGUST 31, 2011	Remain with Northland School Division No. 61	Transfer to Peace River School Division No. 10	Total
REVENUES			
Government of Alberta	\$33,142,871	\$832,959	\$33,975,830
Federal Government and First Nations	20,034,181	0	20,034,181
Other Alberta school authorities	25,000	0	25,000
Other sales and services	1,476,727	2,140	1,478,867
Investment income	9,609	0	9,609
Gifts and donations	535,923	20,155	556,078
Fundraising	203,368	12,757	216,125
Rental of facilities	988,832	37,999	1,026,831
Gains on disposal of capital assets	8,021	0	8,021
Amortization of capital allocations	2,951,125	95,471	3,046,596
Other revenue	0	0	0
TOTAL REVENUES	59,375,657	1,001,481	60,377,138
EXPENSES			
Certificated salaries	21,416,515	496,584	21,913,099
Certificated benefits	4,459,796	55,706	4,515,502
Non-certificated salaries and wages	13,420,164	161,553	13,581,717
Non-certificated benefits	2,980,994	40,105	3,021,099
Services, contracts and supplies	15,282,527	155,690	15,438,217
Capital and debt services			
Amortization of capital assets			
Supported	2,950,691	95,471	3,046,162
Unsupported	1,044,263	15,713	1,059,976
Total Amortization of capital assets	3,994,954	111,184	4,106,138
Interest on capital debt			
Supported	79,008	0	79,008
Unsupported	866	0	866
Total Interest on capital debt	79,874	0	79,874
Other interest and charges	7,765	0	7,765
Losses on disposal of capital assets	7,000	0	7,000
Other Expense	0	0	0
TOTAL EXPENSES	61,649,589	1,020,822	62,670,411
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(2,273,932)	(19,341)	(2,293,273)
Extraordinary Item	(175,916)	0	(175,916)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	(\$2,449,848)	(\$19,341)	(\$2,469,189)

Note 26 Approval of Financial Statements

These financial statements were prepared by management and approved by the Official Trustee on November 21, 2012.