

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**
[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

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Dr. Donna S. Barrett

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Dennis M. Walsh, CMA

Name

"ORIGINAL SIGNED"

Signature

Board-approved Release Date

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STATEMENT OF FINANCIAL POSITION

as at August 31, 2011

(in dollars)

	2011	2010
ASSETS		
Current assets		
Cash and temporary investments (Note 3)	\$1,213,433	\$11,012,245
Accounts receivable (net after allowances) (Note 9)	\$6,395,536	\$5,659,184
Prepaid expenses (Note 2)	\$317,506	\$246,839
Other current assets (Note 5)	\$107,523	\$107,486
Total current assets	\$8,033,998	\$17,025,754
School generated assets	\$843,699	\$712,088
Trust assets	\$0	\$0
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Capital assets (Note 6)		
Land	\$577,347	\$577,347
Construction in progress	\$0	\$16,532,442
Buildings	\$127,947,626	
Less: accumulated amortization	(\$62,099,787)	
Equipment	\$13,637,342	
Less: accumulated amortization	(\$10,691,250)	
Vehicles	\$7,419,147	
Less: accumulated amortization	(\$5,205,410)	
Total capital assets	\$71,585,015	\$69,925,275
TOTAL ASSETS	\$80,462,712	\$87,663,117
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 13)	\$0	\$0
Accounts payable and accrued liabilities (Note 10)	\$2,529,773	\$6,069,416
Deferred revenue (Note 11)	\$2,961,197	\$2,936,788
Deferred capital allocations (Note 15)	\$243,752	\$2,373,956
Current portion of long term debt	\$238,222	\$638,103
Total current liabilities	\$5,972,944	\$12,018,263
School generated liabilities	\$843,699	\$712,088
Trust liabilities	\$0	\$0
Employee future benefit liabilities (Note 7)	\$67,915	\$1,413
Long term debt (Note 14)		
Supported: Debentures and other supported debt	\$491,140	\$1,127,319
Less: Current portion	(\$236,297)	(\$636,178)
Unsupported: Debentures and capital loans	\$5,775	\$7,699
Capital leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	(\$1,925)	(\$1,925)
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 16)	\$63,025,331	\$61,671,121
Total long term liabilities	\$64,195,639	\$62,881,536
TOTAL LIABILITIES	\$70,168,583	\$74,899,799
NET ASSETS		
Unrestricted net assets	(\$2,138,752)	(\$730,009)
Operating reserves	\$2,773,856	\$2,971,279
Accumulated operating surplus (deficit)	\$635,104	\$2,241,269
Investment in capital assets	\$8,052,998	\$7,118,652
Capital reserves	\$1,606,027	\$3,403,397
Total capital funds	\$9,659,025	\$10,522,049
Total net assets	\$10,294,129	\$12,763,318
TOTAL LIABILITIES AND NET ASSETS	\$80,462,712	\$87,663,117

Note: Please input "(Restated)" in 2010 column heading where comparatives are not taken from the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2011
(in dollars)

	Actual 2011	Budget 2011	Actual 2010
REVENUES			
Government of Alberta	\$31,863,125	\$33,760,014	\$30,149,772
Federal Government and First Nations	\$20,034,181	\$20,087,667	\$19,495,992
Other Alberta school authorities	\$25,000	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$0	\$0	\$0
Transportation fees	\$0	\$0	\$0
Other sales and services	\$1,478,867	\$1,139,049	\$1,300,885
Investment Income	\$9,609	\$52,000	\$85,134
Gifts and donations	\$45,475	\$145,867	\$147,364
Rental of facilities	\$1,026,831	\$995,173	\$972,925
Gross school generated funds	\$726,728	\$0	\$832,621
Gains on disposal of capital assets	\$8,021	\$0	\$11,276
Amortization of capital allocations	\$3,046,596	\$2,524,353	\$2,719,016
Other revenue	\$0	\$0	\$0
Total Revenues	\$58,264,434	\$58,704,123	\$55,714,985
EXPENSES			
Certificated salaries (Note 21)	\$21,913,099	\$21,278,439	\$20,231,601
Certificated benefits (Note 21)	\$2,402,797	\$3,873,822	\$2,197,801
Non-certificated salaries and wages (Note 21)	\$13,581,717	\$14,084,346	\$13,456,429
Non-certificated benefits (Note 21)	\$3,021,099	\$2,988,535	\$2,588,974
Services, contracts and supplies	\$14,711,489	\$14,288,913	\$14,902,654
Gross school generated funds	\$726,728	\$0	\$832,621
Capital and debt services			
Amortization of capital assets			
Supported	\$3,046,162	\$2,524,353	\$2,719,016
Unsupported	\$1,059,976	\$1,319,054	\$1,297,115
Total Amortization of capital assets	\$4,106,138	\$3,843,407	\$4,016,131
Interest on capital debt			
Supported	\$79,008	\$81,720	\$172,905
Unsupported	\$866	\$784	\$1,083
Total Interest on capital debt	\$79,874	\$82,504	\$173,988
Other interest and charges	\$7,765	\$0	\$2,706
Losses on disposal of capital assets	\$7,000	\$330	\$7,846
Other expense	\$0	\$0	\$0
Total Expenses	\$60,557,707	\$60,440,296	\$58,410,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	(\$2,293,274)	(\$1,736,173)	(\$2,695,767)
Extraordinary Item	(\$175,916)	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$2,469,189)	(\$1,736,173)	(\$2,695,767)

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education. Budget 2011 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2011
(in dollars)

	2011	2010
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$2,469,189)	(\$2,695,767)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$3,046,596)	(\$2,719,016)
Total amortization expense	\$4,106,138	\$4,016,131
Gains on disposal of capital assets	(\$8,021)	(\$11,276)
Losses on disposal of capital assets	\$7,000	\$7,846
Changes in:		
Accounts receivable	(\$736,352)	(\$1,359,744)
Prepays and other current assets	(\$70,704)	\$47,320
Long term accounts receivable	\$0	\$202,307
Long term investments	\$0	\$0
Accounts payable and accrued liabilities	(\$3,539,643)	\$2,148,779
Deferred revenue	\$24,409	\$764,650
Employee future benefit liabilities	\$66,502	(\$16,495)
Other (describe) Adjustment to last year overstatement of Prov. Capital A/R	\$0	(\$98,263)
Total cash flows from Operations	(\$5,666,455)	\$286,472
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$4,347,110)	(\$9,088,177)
Equipment	(\$1,392,706)	(\$230,760)
Vehicles	(\$36,362)	(\$934,500)
Net proceeds from disposal of capital assets	\$11,321	\$58,540
Other (describe)	\$0	\$0
Total cash flows from Investing activities	(\$5,764,857)	(\$10,194,897)
C. FINANCING ACTIVITIES		
Capital allocations	\$1,634,424	\$897,167
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$638,102)	(\$1,080,839)
Add back: supported portion	\$636,178	\$1,078,914
Other (describe)	\$0	\$4,753
Total cash flows from financing activities	\$1,632,500	\$899,995
Net cash flows from during the year	(\$9,798,812)	(\$9,008,430)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$11,012,245	\$20,020,675
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	\$1,213,433	\$11,012,245

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2011

(in dollars)

School Jurisdiction Code: 1280

	(1) TOTAL NET ASSETS Cols. 2+3+4+5	(2) INVESTMENT IN CAPITAL ASSETS	(3) UNRESTRICTED NET ASSETS	(4) - (15) INTERNALLY RESTRICTED NET ASSETS													
				(5) TOTAL OPERATING RESERVES Cols. 6+8+10+12+14		(6) SCHOOL & INSTRUCTION RELATED		(7)		(8) OPERATIONS & MAINTENANCE		(9) BOARD & SYSTEM ADMINISTRATION		(10) TRANSPORTATION		(11) EXTERNAL SERVICES	
				(4) TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	(5) TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	(6) Operating Reserves	(7) Capital Reserves	(8) Operating Reserves	(9) Capital Reserves	(10) Operating Reserves	(11) Capital Reserves	(12) Operating Reserves	(13) Capital Reserves	(14) Operating Reserves	(15) Capital Reserves		
Balance at August 31, 2010	\$12,763,318	\$7,118,652	(\$730,009)	\$2,871,279	\$3,403,397	\$677,350	\$1,028,276	\$0	\$503,249	\$221,748	\$412,395	\$11,913	\$185,280	\$2,060,267	\$1,274,197		
Prior period adjustments (describe)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Adjusted Balance, Aug. 31, 2010	\$12,763,318	\$7,118,652	(\$730,009)	\$2,871,279	\$3,403,397	\$677,350	\$1,028,276	\$0	\$503,249	\$221,748	\$412,395	\$11,913	\$185,280	\$2,060,267	\$1,274,197		
Excess (deficiency) of revenues over expenses	(\$2,469,189)		(\$2,469,189)														
Board funded capital additions	\$2,006,113																
Disposal of unsupported capital assets	\$0	(\$10,300)	(\$1,021)	(\$197,423)	(\$1,808,690)	\$0	(\$570,027)	\$0	(\$870,650)	\$0	(\$331,651)	\$0	(\$36,362)	(\$197,423)	\$0		
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0	\$0	\$11,321		\$0	\$0	\$7,049		\$0		\$0		\$4,271		
Direct credits to net assets	\$0	\$0	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		
Amortization of capital assets		(\$4,106,138)	\$4,106,138														
Amortization of capital allocations		\$3,046,596	(\$3,046,596)														
Debt principal repayments (unsupported)		(\$1,825)	\$1,825														
Net transfers to operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0			
Net transfers from operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0			
Net transfers to capital reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	\$0		
Net transfers from capital reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	\$0		
Assumption/transfer of other operations net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Balance at August 31, 2011	\$10,294,129	\$8,052,998	(\$2,138,752)	\$2,773,856	\$1,606,027	\$677,350	\$458,249	\$0	(\$360,351)	\$221,748	\$80,744	\$11,913	\$148,918	\$1,862,844	\$1,278,468		

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
 for the Year Ended August 31, 2011
 (in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2010	\$2,373,956	\$61,671,121
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2010	\$2,373,956	\$61,671,121
Add:		
Restricted capital allocations from:		
Alberta Education school building and modular projects	\$1,218,835	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$341,233	
Interest earned on provincial government capital allocations	\$74,356	
Other capital grants and donations	\$0	
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		\$636,178
Expended capital allocations - current year	(\$3,764,628)	\$3,764,628
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$3,046,596
Balance at August 31, 2011	\$243,752	\$63,025,331

* 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, 2011**

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 Regulation 77/2003. 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) 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

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

(c) 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.)

(d) 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.

(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 do not 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.

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.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

Note 4 Financial Instruments

The jurisdiction's financial instruments consist of cash, accounts receivable, temporary investments, long term accounts receivable, accounts payable, 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 5 Other Current Assets

Other current assets consist of advances to various hot lunch programs throughout the division.

Note 6 Capital Assets

	Land	Construction In Progress Buildings	Buildings	Equipment	Vehicles	Total Aug. 31, 2011	Total Aug. 31, 2010
Estimated Useful Life			10 - 40 years	5 years	7 - 12 years		
Historical Cost							
September 1, 2010	577,347	16,532,442	107,068,074	12,251,636	7,516,845	143,946,344	134,090,020
Additions	0		4,347,110	1,392,706	36,362	5,776,178	10,253,437
Transfers in (out)		(16,532,442)	16,532,442			0	
Less disposals including write-offs	0		0	(7,000)	(134,060)	(141,060)	(397,113)
August 31, 2011	577,347	0	127,947,626	13,637,342	7,419,147	149,581,462	143,946,344
Accumulated Amortization							
September 1, 2010			59,341,127	10,033,173	4,646,769	74,021,069	70,349,098
Amortization expense			2,758,660	658,077	689,401	4,106,138	4,016,131
Transfers in (out)						0	
Effect of disposals			0	0	(130,760)	(130,760)	(344,160)
August 31, 2011	0	0	62,099,787	10,691,250	5,205,410	77,996,447	74,021,069
Net Book Value at August 31, 2011	577,347	0	65,847,839	2,946,092	2,213,737	71,585,015	69,925,275

Note 7 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, 2011, the recorded obligation is \$67,915 (2010 - \$1,413).

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

Note 8 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.

Note 9 Accounts Receivable (Net after allowances)

	2011	2010
Short Term		
Province of Alberta	\$2,573,072	\$1,317,363
First Nations (net of allowance)	2,986,206	3,410,103
Other Federal Government	226,773	477,877
Other	609,485	453,841
Total Short Term	<u>\$6,395,536</u>	<u>\$5,659,184</u>
Long Term		
	0	0
Total Accounts Receivable	<u>\$6,395,536</u>	<u>\$5,659,184</u>

Note 10 Accounts Payable and Accrued Liabilities

	2011	2010
Trade payables	\$2,086,602	\$4,198,304
Vacation payable	268,503	217,637
Employee benefits payable	73,605	118,786
Holdbacks payable	59,658	1,490,335
Security deposits payable	41,405	44,354
	<u>\$2,529,773</u>	<u>\$6,069,416</u>

Note 11 Deferred Revenue

	2011	2010
Infrastructure Maintenance	\$1,148,131	\$1,016,996
Renewal (Education)		
Alberta Initiative for School	400,411	352,413
Improvement		
Small Class Size Funding	318,825	365,315
Other Provincial Revenue	305,721	580,479
Donations & other deferred	788,109	621,585
	<u>\$2,961,197</u>	<u>\$2,936,788</u>

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

Note 12 Commitments

Building Projects

The jurisdiction is committed to further capital expenditures for the completion of Anzac School in the estimated amount of \$1,035,000.

It is anticipated that the \$800,000 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.

Technology Upgrade

The jurisdiction is committed to further capital expenditures for the completion of a technology upgrade for the facilities of the Division in the estimated amount of \$1,440,000.

The School Division has negotiated a term loan which may be used to pay for the remainder of the costs of this upgrade.

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
2012	\$195,465
2013	138,542
2014	92,977
2015	40,451
2016	16,602
	<u>\$484,037</u>

Note 13 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, 2011.

The jurisdiction has negotiated a term loan in the amount of \$1,089,619 that bears interest at the bank prime rate. The loan is repayable in annual installments of \$272,405 and is due September 2014. The term loan is secured by a security agreement covering all revenue of the jurisdiction. There was no balance outstanding on the term loan at August 31, 2011.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

Note 14 Long-Term Debt

The school 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 \$10,559,873. The interest rates on these debentures range from 9.5% to 11.25%.

	2011	2010
Total debentures owing to A.C.F.A - Supported	\$491,140	\$1,127,319
Unsupported	5,775	7,699
	\$496,915	\$1,135,018
Less due within one year - Supported	\$236,297	\$636,178
Unsupported	1,925	1,925
	\$238,222	\$638,103
Long term portion	258,693	496,915
	\$496,915	\$1,135,018

Principal & interest repayments required during each of the next three fiscal years are as follows:

Year	Principal	Interest	Total
2011-2012	238,222	41,079	279,301
2012-2013	129,347	23,626	152,973
2013-2014	129,346	9,178	138,524

Principal repayments and interest on the above debentures, with the exception of 5 debentures totaling \$5,775 as at August 31, 2011, (2010 - \$7,699) are funded by Alberta Finance.

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 15 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 16 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.

Note 17 Pension Costs

The pension expense recorded in these financial statements is equivalent to the Division's annual contributions payable of \$649,266 for the year ended August 31, 2011 (2010 - \$592,432).

As of December 31, 2010 the Local Authorities Pension Plan reported a deficit of \$4,635,250,000 (2009- \$3,998,614,000). At August 31, 2010 the Teachers' Retirement Fund reported a deficit of \$1,930,743,000 (2009- \$1,905,214,000).

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

Note 18 Related Party Transactions

The School Division is controlled by the Government of Alberta and is accounted for on a modified equity 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	\$2,545,861	\$2,044,008	\$31,776,780	
Finance	23,437	520,600	79,090	
Other	3,773		7,255	
Other				
Alberta Health Services			952,655	
Post-Secondary Institutions			4,556	121,942
Other School Jurisdictions	11,373		62,223	575,194
Total - 2011	\$2,584,444	\$2,564,608	\$32,882,559	\$697,136
Total - 2010	\$1,317,363	\$4,497,917	\$30,940,271	\$1,663,998
Supplementary Information - Expenses Paid to Related Parties:				
Paid to School Jurisdictions				
Edmonton Public Schools	\$205,623			
Fort Vermillion School Division	171,495			
Grande Prairie School District	12,804			
Grande Yellowhead Regional Division	3,825			
High Prairie School Division	147,612			
Holy Family Catholic Division	1,108			
Peace River School Division	1,350			
Peace Wapiti School Division	31,023			
Wild Rose Public Schools	354			
	\$575,194			
Paid to Post-Secondary Institutions				
Lakeland College	\$3,093			
Northern Lakes College	115,014			
University of Alberta	3,835			
	\$121,942			

Note 19 Budget Amounts

The budget was prepared by the Division's management with Board of Trustees approval given on December 20, 2010. It is presented for information purposes only and has not been audited.

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

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, 2011 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	\$193,250	\$4,053		\$33,870
Superintendent:					
Barrett, Donna	1.00	170,000	16,916		28,925
Secretary/Treasurer:					
Walsh, Dennis	1.00	114,583	22,348		19,526
Other:					
Certificated Salaries	251.65	21,743,099	2,385,881		
Uncertified Salaries	324.45	13,467,134	2,998,751		
TOTALS	579.1	\$35,688,066	\$5,427,949	\$0	\$82,321

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.

East Prairie and Peavine Schools

The Division operates schools in the East Prairie and Peavine Métis Settlements on land for which the Division has neither title nor lease agreements. Lease agreements longer than 10 years require a bylaw that must be approved by majority vote of members of a Métis Settlement.

The Division is currently negotiating a lease with the Peavine Métis Settlement and, when this lease is approved, The East Prairie Métis Settlement is expected to enter into a similar lease agreement.

Even though it is unlikely that a contingent loss would occur, it must be noted that if confirmed, the loss would have an adverse effect on the financial position of Northland School Division 61. The school at East Prairie has a book value of \$6.5 million and Peavine School has a book value of \$12.1 million.

Note 23 Subsequent Events

Subject to the issuance of a Minister's Order, Northland School Division No. 61 and the Peace River School Division No. 10 have agreed to transfer the Red Earth Creek School, teacherages and equipment from Northland School Division No. 61 to the Peace River School Division No. 10. The August 31, 2011 assets, liabilities and net assets of Northland School Division No. 61 will be transferred as follows:

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

	Remain with Northland School Division #61	Transfer to Peace River School Division #10	Total
ASSETS			
Current Assets			
Cash and temporary investments	\$1,213,433	\$0	\$1,213,433
Accounts receivable (net after allowances)	\$6,395,536	\$0	\$6,395,536
Prepaid expenses	\$317,506	\$0	\$317,506
Other current assets	\$107,523	\$0	\$107,523
Total current assets	\$8,033,998	\$0	\$7,424,535
School generated assets	\$820,570	\$23,129	\$843,699
Trust assets	\$0	\$0	\$0
Long term accounts receivable	\$0	\$0	\$0
Long term investments	\$0	\$0	\$0
Capital assets (net of accumulated amortization)			
Land	\$529,623	\$47,724	\$577,347
Buildings	\$64,427,492	\$1,420,347	\$65,847,839
Equipment	\$2,919,279	\$26,813	\$2,946,092
Vehicles	\$2,213,737	\$0	\$2,213,737
Total long term assets	\$70,090,131	\$1,494,884	\$71,585,015
TOTAL ASSETS	\$78,944,699	\$1,518,013	\$80,462,712
LIABILITIES			
Current Liabilities			
Bank indebtedness			
Accounts payable and accrued liabilities	\$2,529,773	\$0	\$2,529,773
Deferred revenue	\$2,961,197	\$0	\$2,961,197
Deferred capital allocations	\$243,752	\$0	\$243,752
Current portion of long term debt	\$238,222	\$0	\$238,222
Total current liabilities	\$5,972,944	\$0	\$5,972,944
School generated liabilities	\$820,570	\$23,129	\$843,699
Trust liabilities	\$0	\$0	\$0
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
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	\$62,872,396	\$1,323,242	\$64,195,638
TOTAL LIABILITIES	\$68,845,340	\$1,323,242	\$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	\$7,858,227	\$194,771	\$8,052,998
Capital reserves	\$1,606,027	\$0	\$1,606,027
Total capital funds	\$9,464,254	\$194,771	\$9,659,025
Total net assets	\$10,099,358	\$194,771	\$10,294,129
TOTAL LIABILITIES AND NET ASSETS	\$78,944,699	\$1,518,013	\$80,462,712

**NORTHLAND SCHOOL DIVISION NO. 61 - NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

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

	Remain with Northland School Division No. 61	Transfer to Peace River School Division No. 10	Total
REVENUES			
Government of Alberta	\$31,030,166	\$832,959	\$31,863,125
Federal Government and First Nations	\$20,034,181	\$0	\$20,034,181
Other Alberta school authorities	\$25,000	\$0	\$25,000
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$0	\$0	\$0
Transportation fees	\$0	\$0	\$0
Other sales and services	\$1,476,727	\$2,140	\$1,478,867
Investment income	\$9,609	\$0	\$9,609
Gifts and donations	\$45,225	\$250	\$45,475
Rental of facilities	\$982,001	\$44,830	\$1,026,831
Gross school generated funds	\$694,066	\$32,662	\$726,728
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	\$57,256,121	\$1,008,312	\$58,264,433
EXPENSES			
Certificated salaries	\$21,416,515	\$496,584	\$21,913,099
Certificated benefits	\$2,241,244	\$161,553	\$2,402,797
Non-certificated salaries and wages	\$13,526,011	\$55,706	\$13,581,717
Non-certificated benefits	\$2,980,994	\$40,105	\$3,021,099
Services, contracts and supplies	\$14,588,461	\$123,028	\$14,711,489
Gross school generated funds	\$694,066	\$32,662	\$726,728
Capital and debt services			
Amortization of capital assets			
Supported	\$3,026,401	\$19,761	\$3,046,162
Unsupported	\$964,505	\$95,471	\$1,059,976
Total Amortization of capital assets	\$3,990,906	\$115,232	\$4,106,138
Interest on capital debt			
Supported	\$77,121	\$1,887	\$79,008
Unsupported	\$866	\$0	\$866
Total Interest on capital debt	\$77,987	\$1,887	\$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	\$59,530,949	\$1,026,757	\$60,557,706
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(\$2,274,828)	(\$18,445)	(\$2,293,273)
Extraordinary Item	(\$175,916)	\$0	(\$175,916)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	(\$2,450,744)	(\$18,445)	(\$2,469,189)

Note 24 Approval of Financial Statements

These financial statements were prepared by management and approved by the Official Trustee on November 28, 2011.