

**November 23, 2016
Special Board Meeting
Attachments**

| Agenda Item | Motion No. |
|---|-------------------|
| 1. 2015-2016 Audited Financial Statements | 24213/16 |

BOARD OF TRUSTEES

**TO: LOIS BYERS,
TRUSTEE OF THE BOARD**

DATE: NOVEMBER 23, 2016

FROM: TRUDY RASMUSON, SECRETARY TREASURER

SUBJECT: 2015-2016 AUDITED FINANCIAL STATEMENTS

ORIGINATOR: ADMINISTRATION

| RECOMMENDATION |
|---|
| That the Board of Trustees approve the 2015-2016 Audited Financial Statements, as attached. |

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Northland School Division No. 61

Legal Name of School Jurisdiction

9809 - 77 Avenue Peace River AB T8S 1V2

Mailing Address

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Telephone & Fax Numbers, and Email Address

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 Canadian Public Sector Accounting Standards 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 Chair

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position, results of operations and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

BOARD CHAIR

Ms. Lois Byers

Name

Signature

SUPERINTENDENT

Mr. Gord Atkinson

Name

Signature

SECRETARY-TREASURER OR TREASURER

Ms. Trudy Rasmuson

Name

Signature

November 23, 2016

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
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STATEMENT OF FINANCIAL POSITION
As at August 31, 2016 (in dollars)

| | | 2016 | 2015 |
|---|-----------------------|------------------------|------------------------|
| FINANCIAL ASSETS | | | |
| Cash and cash equivalents | (Schedule 5) | \$ 5,256,133 | \$ 6,975,578 |
| Accounts receivable (net after allowances) | (Note 3) | \$ 3,393,087 | \$ 2,050,929 |
| Portfolio investments | (Schedule 5) | \$ - | \$ - |
| Other financial assets | (Note 4) | \$ 93,250 | \$ 71,250 |
| Total financial assets | | \$ 8,742,470 | \$ 9,097,757 |
| LIABILITIES | | | |
| Bank indebtedness | (Note 6) | \$ - | \$ - |
| Accounts payable and accrued liabilities | (Note 9) | \$ 3,152,938 | \$ 4,802,470 |
| Deferred revenue | (Note 10) | \$ 69,967,356 | \$ 72,406,345 |
| Employee future benefit liabilities | (Note 11) | \$ 16,838 | \$ 28,454 |
| Liability for contaminated sites | (Note 19) | \$ - | \$ - |
| Other liabilities | | \$ - | \$ - |
| Debt | | | |
| Supported: Debentures and other supported debt | | \$ - | \$ - |
| Unsupported: Debentures and capital loans | | \$ - | \$ - |
| Mortgages | | \$ - | \$ - |
| Capital leases | | \$ - | \$ - |
| Total liabilities | | \$ 73,137,132 | \$ 77,237,269 |
| Net financial assets (debt) | | \$ (64,394,662) | \$ (68,139,512) |
| NON-FINANCIAL ASSETS | | | |
| Tangible capital assets | (Schedule 6) | | |
| Land | | \$ 538,792 | \$ 538,792 |
| Construction in progress | | \$ - | \$ - |
| Buildings | | \$ 146,374,592 | |
| Less: Accumulated amortization | | \$ (76,688,399) | \$ 69,686,193 |
| Equipment | | \$ 7,585,339 | |
| Less: Accumulated amortization | | \$ (6,718,363) | \$ 866,976 |
| Vehicles | | \$ 8,352,647 | |
| Less: Accumulated amortization | | \$ (6,260,879) | \$ 2,091,768 |
| Computer Equipment | | \$ 5,154,388 | |
| Less: Accumulated amortization | | \$ (4,149,351) | \$ 1,005,037 |
| Total tangible capital assets | | \$ 74,188,766 | \$ 77,091,491 |
| Prepaid expenses | (Note 5) | \$ 450,480 | \$ 352,498 |
| Other non-financial assets | (Note 7) | \$ 39,267 | \$ 39,267 |
| Total non-financial assets | | \$ 74,678,513 | \$ 77,483,256 |
| Accumulated surplus | (Schedule 1; Note 14) | \$ 10,283,851 | \$ 9,343,744 |
| Accumulating surplus / (deficit) is comprised of: | | | |
| Accumulated operating surplus (deficit) | | \$ 10,283,851 | \$ 9,343,744 |
| Accumulated rereasurement gains (losses) | | \$ - | \$ - |
| | | \$ 10,283,851 | \$ 9,343,744 |
| Contractual obligations | (Note 8) | | |
| Contingent liabilities | (Note 21) | | |

The accompanying notes and schedules are part of these financial statements.

School Jurisdiction Code: 1280

STATEMENT OF OPERATIONS
For the Year Ended August 31, 2016 (in dollars)

| | Budget 2016 | Actual 2016 | Actual 2015 |
|---|----------------|----------------|----------------|
| REVENUES | | | |
| Alberta Education | \$ 38,334,542 | \$ 38,432,269 | \$ 39,642,357 |
| Other - Government of Alberta | \$ 930,824 | \$ 443,728 | \$ 477,229 |
| Federal Government and First Nations | \$ 22,175,563 | \$ 23,128,122 | \$ 21,822,073 |
| Other Alberta school authorities | \$ - | \$ - | \$ - |
| Out of province authorities | \$ - | \$ - | \$ - |
| Alberta municipalities-special tax levies | \$ - | \$ - | \$ - |
| Property taxes | \$ - | \$ - | \$ - |
| Fees | \$ - | \$ 1,396 | \$ - |
| Other sales and services | \$ 1,186,841 | \$ 1,197,114 | \$ 1,160,007 |
| Investment income | \$ 40,000 | \$ 58,588 | \$ 77,530 |
| Gifts and donations | \$ 450,000 | \$ 426,655 | \$ 1,205,389 |
| Rental of facilities | \$ 1,045,540 | \$ 878,196 | \$ 883,937 |
| Fundraising | \$ - | \$ 353,416 | \$ 375,109 |
| Gains on disposal of capital assets | \$ - | \$ 86,742 | \$ 94,037 |
| Other revenue | \$ - | \$ - | \$ - |
| Total revenues | \$ 64,163,310 | \$ 65,006,226 | \$ 65,737,668 |
| EXPENSES | | | |
| Instruction - ECS | \$ 2,066,571 | \$ 2,551,406 | \$ 2,376,996 |
| Instruction - Grades 1 - 12 | \$ 38,756,733 | \$ 37,505,505 | \$ 39,985,058 |
| Plant operations and maintenance | \$ 10,646,054 | \$ 11,086,770 | \$ 11,576,495 |
| Transportation | \$ 3,582,035 | \$ 3,697,703 | \$ 3,581,793 |
| Board & system administration | \$ 3,793,603 | \$ 3,530,316 | \$ 3,370,913 |
| External services | \$ 5,511,916 | \$ 5,694,419 | \$ 5,265,129 |
| Total expenses | \$ 64,356,912 | \$ 64,066,119 | \$ 66,156,384 |
| Operating surplus (deficit) | \$ (193,602) | \$ 940,107 | \$ (418,716) |

The accompanying notes and schedules are part of these financial statements.

| | | School Jurisdiction Code: 1280 | |
|--|-----------------------|--------------------------------|--|
| STATEMENT OF CASH FLOWS | | | |
| For the Year Ended August 31, 2016 (in dollars) | | | |
| | 2016 | 2015 | |
| CASH FLOWS FROM: | | | |
| A. OPERATING TRANSACTIONS | | | |
| Operating surplus (deficit) | \$ 940,107 | \$ (418,716) | |
| Add (Deduct) items not affecting cash: | | | |
| Total amortization expense | \$ 4,942,871 | \$ 4,409,214 | |
| Gains on disposal of tangible capital assets | \$ (86,742) | \$ (94,037) | |
| Losses on disposal of tangible capital assets | \$ - | \$ 22,935 | |
| Expended deferred capital revenue recognition | \$ (3,689,943) | \$ (3,208,958) | |
| Deferred capital revenue write-down / adjustment | \$ - | \$ 120,719 | |
| Donations in kind | \$ - | \$ - | |
| Changes in: | | | |
| Accounts receivable | \$ (1,342,158) | \$ 1,588,087 | |
| Prepays | \$ (97,982) | \$ 164,676 | |
| Other financial assets | \$ (22,000) | \$ (3,000) | |
| Non-financial assets | \$ - | \$ - | |
| Accounts payable, accrued and other liabilities | \$ (1,649,532) | \$ 2,766,571 | |
| Deferred revenue (excluding EDCR) | \$ 43,016 | \$ 292,481 | |
| Employee future benefit liabilities | \$ (11,616) | \$ (22,248) | |
| Other (describe) | \$ - | \$ - | |
| Total cash flows from operating transactions | \$ (973,979) | \$ 5,617,724 | |
| B. CAPITAL TRANSACTIONS | | | |
| Purchases of tangible capital assets | | | |
| Land | \$ - | \$ - | |
| Buildings | \$ (98,274) | \$ (1,217,752) | |
| Equipment | \$ (366,930) | \$ (533,210) | |
| Vehicles | \$ (425,895) | \$ (410,368) | |
| Computer equipment | \$ - | \$ (242,545) | |
| Net proceeds from disposal of unsupported capital assets | \$ 145,633 | \$ 152,264 | |
| Other (describe) | \$ - | \$ - | |
| Total cash flows from capital transactions | \$ (745,466) | \$ (2,251,611) | |
| C. INVESTING TRANSACTIONS | | | |
| Purchases of portfolio investments | \$ - | \$ - | |
| Dispositions of portfolio investments | \$ - | \$ - | |
| Remeasurement (gains) losses reclassified to the statement of operations | \$ - | \$ - | |
| Change in endowments | \$ - | \$ - | |
| Other (describe) | \$ - | \$ - | |
| Total cash flows from investing transactions | \$ - | \$ - | |
| D. FINANCING TRANSACTIONS | | | |
| Issue of debt | \$ - | \$ - | |
| Repayment of debt | \$ - | \$ - | |
| Other factors affecting debt (describe) | \$ - | \$ - | |
| Issuance of capital leases | \$ - | \$ - | |
| Repayment of capital leases | \$ - | \$ - | |
| Other factors affecting capital leases (describe) | \$ - | \$ - | |
| Other (describe) | \$ - | \$ - | |
| Total cash flows from financing transactions | \$ - | \$ - | |
| Increase (decrease) in cash and cash equivalents | \$ (1,719,445) | \$ 3,366,113 | |
| Cash and cash equivalents, at beginning of year | \$ 6,975,578 | \$ 3,609,465 | |
| Cash and cash equivalents, at end of year | \$ 5,256,133 | \$ 6,975,578 | |

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

For the Year Ended August 31, 2016 (in dollars)

| | Budget 2016 | 2016 | 2015 |
|---|------------------------|------------------------|------------------------|
| Operating surplus (deficit) | \$ (193,602) | \$ 940,107 | \$ (418,716) |
| Effect of changes in tangible capital assets | | | |
| Acquisition of tangible capital assets | \$ (770,000) | \$ (2,099,038) | \$ (8,724,578) |
| Amortization of tangible capital assets | \$ 4,771,667 | \$ 4,942,871 | \$ 4,409,214 |
| Net carrying value of tangible capital assets disposed of | \$ - | \$ 58,892 | \$ 201,882 |
| Write-down carrying value of tangible capital assets | \$ - | \$ - | \$ - |
| Other changes | \$ - | \$ - | \$ - |
| Total effect of changes in tangible capital assets | \$ 4,001,667 | \$ 2,902,725 | \$ (4,113,482) |
| Changes in: | | | |
| Prepaid expenses | \$ - | \$ (97,982) | \$ 164,676 |
| Other non-financial assets | \$ - | \$ - | \$ - |
| Net remeasurement gains and (losses) | \$ - | \$ - | \$ - |
| Endowments | \$ - | \$ - | \$ - |
| Increase (decrease) in net financial assets (net debt) | \$ 3,808,065 | \$ 3,744,850 | \$ (4,367,522) |
| Net financial assets (net debt) at beginning of year | \$ (68,139,512) | \$ (68,139,512) | \$ (63,771,990) |
| Net financial assets (net debt) at end of year | \$ (64,331,447) | \$ (64,394,662) | \$ (68,139,512) |

The accompanying notes and schedules are part of these financial statements.

School Jurisdiction Code: 1280

STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the Year Ended August 31, 2016 (in dollars)

| | 2016 | 2015 |
|--|------|------|
| Accumulated remeasurement gains (losses) at beginning of year | \$ - | \$ - |
| Prior Period Adjustment (Explain) | \$ - | \$ - |
| Prior Period Adjustment (Explain) | \$ - | \$ - |
| Unrealized gains (losses) attributable to: | | |
| Portfolio investments | \$ - | \$ - |
| Other | \$ - | \$ - |
| Amounts reclassified to the statement of operations: | | |
| Portfolio investments | \$ - | \$ - |
| Other | \$ - | \$ - |
| Net remeasurement gains (losses) for the year | \$ - | \$ - |
| Accumulated remeasurement gains (losses) at end of year | \$ - | \$ - |

The accompanying notes and schedules are part of these financial statements.

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2016 (in dollars)

| | ACCUMULATED SURPLUS | ACCUMULATED REMEASUREMENT GAINS (LOSSES) | ACCUMULATED OPERATING SURPLUS | INVESTMENT IN TANGIBLE CAPITAL ASSETS | ENDOWMENTS | UNRESTRICTED SURPLUS | INTERNALLY RESTRICTED | |
|--|---------------------|--|-------------------------------|---------------------------------------|------------|----------------------|--------------------------|------------------------|
| | | | | | | | TOTAL OPERATING RESERVES | TOTAL CAPITAL RESERVES |
| Balance at August 31, 2015 | \$ 9,343,744 | \$ - | \$ 9,343,744 | \$ 7,345,158 | \$ - | \$ 925,416 | \$ - | \$ 1,073,170 |
| Prior period adjustments: | | | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Adjusted Balance, August 31, 2015 | \$ 9,343,744 | \$ - | \$ 9,343,744 | \$ 7,345,158 | \$ - | \$ 925,416 | \$ - | \$ 1,073,170 |
| Operating surplus (deficit) | \$ 940,107 | | \$ 940,107 | | | \$ 940,107 | | |
| Board funded tangible capital asset additions | | | | \$ 638,523 | | \$ (685,102) | | \$ 46,579 |
| Disposal of unsupported tangible capital assets or board funded portion of supported | \$ - | | \$ - | \$ (58,892) | | \$ (86,742) | | \$ 145,634 |
| Write-down of unsupported tangible capital assets or board funded portion of supported | \$ - | | \$ - | \$ - | | \$ - | | \$ - |
| Net remeasurement gains (losses) for the year | \$ - | \$ - | \$ - | | | | | |
| Endowment expenses & disbursements | \$ - | | \$ - | | \$ - | \$ - | | |
| Endowment contributions | \$ - | | \$ - | | \$ - | \$ - | | |
| Reinvested endowment income | \$ - | | \$ - | | \$ - | \$ - | | |
| Direct credits to accumulated surplus (Describe) | \$ - | | \$ - | | \$ - | \$ - | | \$ - |
| Amortization of tangible capital assets | \$ - | | \$ - | \$ (4,942,871) | | \$ 4,942,871 | | |
| Capital revenue recognized | \$ - | | \$ - | \$ 3,689,943 | | \$ (3,689,943) | | |
| Debt principal repayments (unsupported) | \$ - | | \$ - | \$ - | | \$ - | | |
| Additional capital debt or capital leases | \$ - | | \$ - | \$ - | | \$ - | | |
| Net transfers to operating reserves | \$ - | | \$ - | | | \$ - | | \$ - |
| Net transfers from operating reserves | \$ - | | \$ - | | | \$ - | | \$ - |
| Net transfers to capital reserves | \$ - | | \$ - | | | \$ - | | \$ - |
| Net transfers from capital reserves | \$ - | | \$ - | | | \$ - | | \$ - |
| Assumption/transfer of other operations' surplus | \$ - | | \$ - | \$ - | \$ - | \$ - | | \$ - |
| Other Changes | \$ - | | \$ - | \$ - | \$ - | \$ - | | \$ - |
| Balance at August 31, 2016 | \$ 10,283,851 | \$ - | \$ 10,283,851 | \$ 6,671,861 | \$ - | \$ 2,346,607 | \$ - | \$ 1,265,383 |

SCHEDULE 1

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2016 (in dollars)**

| | INTERNALLY RESTRICTED RESERVES BY PROGRAM | | | | | | | | | | | |
|--|---|------------------|--------------------------|------------------|-------------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| | School & Instruction Related | | Operations & Maintenance | | Board & System Administration | | Transportation | | External Services | | | |
| | Operating Reserves | Capital Reserves | Operating Reserves | Capital Reserves | Operating Reserves | Capital Reserves | Operating Reserves | Capital Reserves | Operating Reserves | Capital Reserves | Operating Reserves | Capital Reserves |
| Balance at August 31, 2015 | \$ - | \$ 1,250 | \$ - | \$ 56,006 | \$ - | \$ - | \$ - | \$ 10,521 | \$ - | \$ - | \$ - | \$ 1,005,393 |
| Prior period adjustments: | | | | | | | | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Adjusted Balance, August 31, 2015 | \$ - | \$ 1,250 | \$ - | \$ 56,006 | \$ - | \$ - | \$ - | \$ 10,521 | \$ - | \$ - | \$ - | \$ 1,005,393 |
| Operating surplus (deficit) | | | | | | | | | | | | |
| Board funded tangible capital asset additions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 46,579 |
| Disposal of unsupported tangible capital assets or board funded portion of supported | | \$ 400 | | \$ 66,084 | | | | | | | | \$ 79,150 |
| Write-down of unsupported tangible capital assets or board funded portion of supported | | \$ - | | \$ - | | | | | | | | \$ - |
| Net remeasurement gains (losses) for the year | | | | | | | | | | | | |
| Endowment expenses & disbursements | | | | | | | | | | | | |
| Endowment contributions | | | | | | | | | | | | |
| Reinvested endowment income | | | | | | | | | | | | |
| Direct credits to accumulated surplus (Describe) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Amortization of tangible capital assets | | | | | | | | | | | | |
| Capital revenue recognized | | | | | | | | | | | | |
| Debt principal repayments (unsupported) | | | | | | | | | | | | |
| Additional capital debt or capital leases | | | | | | | | | | | | |
| Net transfers to operating reserves | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net transfers from operating reserves | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net transfers to capital reserves | | \$ - | | \$ - | | | | | | | | \$ - |
| Net transfers from capital reserves | | \$ - | | \$ - | | | | | | | | \$ - |
| Assumption/transfer of other operations' surplus | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Changes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Balance at August 31, 2016 | \$ - | \$ 1,650 | \$ - | \$ 122,090 | \$ - | \$ - | \$ - | \$ 10,521 | \$ - | \$ - | \$ - | \$ 1,131,122 |

SCHEDULE 2

SCHEDULE OF CAPITAL REVENUE
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)
for the Year Ended August 31, 2016 (in dollars)

| | Unexpended Deferred Capital Revenue | | | | |
|--|--|--|--|---|-----------------------------------|
| | Provincially Approved & Funded Projects ^(A) | Surplus from Provincially Approved Projects ^(B) | Proceeds on Disposal of Provincially Funded Tangible Capital Assets ^(C) | Unexpended Deferred Capital Revenue from Other Sources ^(D) | Expended Deferred Capital Revenue |
| Balance at August 31, 2015 | \$ 348,406 | \$ - | \$ 8,721 | \$ 44,320 | \$ 69,746,331 |
| Prior period adjustments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Adjusted balance, August 31, 2015 | \$ 348,406 | \$ - | \$ 8,721 | \$ 44,320 | \$ 69,746,331 |
| Add: | | | | | |
| Unexpended capital revenue received from: | | | | | |
| Alberta Education school building & modular projects (excl. IMR) | | | | | |
| Infrastructure Maintenance & Renewal capital related to school facilities | \$ - | | | | |
| Other sources: | \$ - | | | \$ - | |
| Other sources: | \$ - | | | \$ - | |
| Unexpended capital revenue receivable from: | | | | | |
| Alberta Education school building & modular (excl. IMR) | \$ 76,283 | | | | |
| Other sources: | \$ - | | | \$ - | |
| Other sources: | \$ - | | | \$ - | |
| Interest earned on unexpended capital revenue | \$ - | \$ - | \$ - | \$ - | |
| Other unexpended capital revenue: | | | | \$ - | |
| Proceeds on disposition of supported capital Alberta Education | | | \$ 13,201 | \$ - | |
| Insurance proceeds (and related interest) | | | \$ - | \$ - | |
| Donated tangible capital assets: | | | | | |
| Alberta Infrastructure managed projects | | | | | \$ 978,952 |
| Transferred in (out) tangible capital assets (amortizable, @ net book value) Alberta Seniors | | | | | \$ 228,986 |
| Expended capital revenue - current year | \$ (252,010) | \$ - | \$ - | \$ (565) | \$ 252,575 |
| Surplus funds approved for future project(s) | \$ - | \$ - | | | |
| Other adjustments: Non-capital expenditures | \$ (150,000) | \$ - | \$ - | \$ - | \$ - |
| Deduct: | | | | | |
| Net book value of supported tangible capital dispositions or write-offs | | | | | \$ - |
| Other adjustments: | | \$ - | \$ - | \$ - | \$ - |
| Capital revenue recognized - Alberta Education | | | | | \$ 3,689,943 |
| Capital revenue recognized - Other Government of Alberta | | | | | \$ - |
| Capital revenue recognized - Other revenue | | | | | \$ - |
| Balance at August 31, 2016 | \$ 22,679 | \$ - | \$ 21,922 | \$ 43,755 | \$ 67,516,901 |
| | (A) | (B) | (C) | (D) | |
| Balance of Unexpended Deferred Capital Revenue at August 31, 2016 (A) + (B) + (C) + (D) | | | | \$ 88,356 | |

Unexpended Deferred Capital Revenue

- (A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only. Please specify department if funds received from a source other than Alberta Education.
- (B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.
- (C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.
- (D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

SCHEDULE OF PROGRAM OPERATIONS
for the Year Ended August 31, 2016 (in dollars)

| REVENUES | 2016 | | | | | | 2015 |
|--|--------------|---------------|--|----------------|-------------------------------------|----------------------|---------------|
| | Instruction | | Plant Operations and Maintenance | Transportation | Board & System Administration | External Services | TOTAL |
| | ECS | Grades 1 - 12 | | | | | |
| (1) Alberta Education | \$ 1,813,344 | \$ 23,785,500 | \$ 6,368,354 | \$ 2,192,724 | \$ 479,498 | \$ 3,792,849 | \$ 38,432,269 |
| (2) Other - Government of Alberta | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 443,728 | \$ 443,728 |
| (3) Federal Government and First Nations | \$ 849,980 | \$ 15,238,249 | \$ 3,765,006 | \$ 1,670,861 | \$ 1,604,026 | \$ - | \$ 23,128,122 |
| (4) Other Alberta school authorities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (5) Out of province authorities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (6) Alberta municipalities-special tax levies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (7) Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (8) Fees | \$ - | \$ 1,396 | \$ - | \$ - | \$ - | \$ 1,396 | \$ 1,396 |
| (9) Other sales and services | \$ - | \$ 874,661 | \$ 167,695 | \$ 1,616 | \$ 54,660 | \$ 98,482 | \$ 1,197,114 |
| (10) Investment income | \$ - | \$ 58,588 | \$ - | \$ - | \$ - | \$ - | \$ 58,588 |
| (11) Gifts and donations | \$ - | \$ 407,776 | \$ 18,879 | \$ - | \$ - | \$ - | \$ 426,655 |
| (12) Rental of facilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 878,196 | \$ 878,196 |
| (13) Fundraising | \$ - | \$ 353,416 | \$ - | \$ - | \$ - | \$ - | \$ 353,416 |
| (14) Gains on disposal of tangible capital assets | \$ - | \$ 400 | \$ 15,163 | \$ - | \$ - | \$ 71,179 | \$ 86,742 |
| (15) Other revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (16) TOTAL REVENUES | \$ 2,663,324 | \$ 40,719,986 | \$ 10,335,097 | \$ 3,865,201 | \$ 2,138,184 | \$ 5,284,434 | \$ 65,006,226 |
| EXPENSES | | | | | | | |
| (17) Certificated salaries | \$ 1,167,147 | \$ 19,028,930 | | | \$ 469,287 | \$ 117,005 | \$ 20,782,369 |
| (18) Certificated benefits | \$ 125,538 | \$ 4,353,007 | | | \$ 30,065 | \$ 9,159 | \$ 4,517,769 |
| (19) Non-certificated salaries and wages | \$ 815,426 | \$ 5,530,602 | \$ 3,196,003 | \$ 1,203,225 | \$ 1,212,820 | \$ 1,509,513 | \$ 13,467,389 |
| (20) Non-certificated benefits | \$ 179,149 | \$ 1,236,617 | \$ 729,931 | \$ 225,003 | \$ 319,837 | \$ 375,816 | \$ 3,066,353 |
| (21) SUB - TOTAL | \$ 2,287,260 | \$ 30,149,156 | \$ 3,925,934 | \$ 1,428,228 | \$ 2,031,809 | \$ 2,011,493 | \$ 41,833,880 |
| (22) Services, contracts and supplies | \$ 264,146 | \$ 6,142,886 | \$ 4,215,905 | \$ 1,981,440 | \$ 1,235,725 | \$ 2,943,924 | \$ 16,784,026 |
| (23) Amortization of supported tangible capital assets | \$ - | \$ 350,693 | \$ 2,776,885 | \$ - | \$ 5,788 | \$ 566,577 | \$ 3,689,943 |
| (24) Amortization of unsupported tangible capital assets | \$ - | \$ 360,519 | \$ 167,748 | \$ 285,674 | \$ 256,600 | \$ 182,387 | \$ 1,252,928 |
| (25) Supported interest on capital debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (26) Unsupported interest on capital debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (27) Other interest and finance charges | \$ - | \$ 334 | \$ 298 | \$ 2,361 | \$ 394 | \$ 38 | \$ 3,425 |
| (28) Losses on disposal of tangible capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| (29) Other expense | \$ - | \$ 501,917 | \$ - | \$ - | \$ - | \$ - | \$ 501,917 |
| (30) TOTAL EXPENSES | \$ 2,551,406 | \$ 37,505,505 | \$ 11,086,770 | \$ 3,697,703 | \$ 3,530,316 | \$ 5,694,419 | \$ 64,066,119 |
| (31) OPERATING SURPLUS (DEFICIT) | \$ 111,918 | \$ 3,214,481 | \$ (751,673) | \$ 167,498 | \$ (1,392,132) | \$ (409,985) | \$ 940,107 |
| | | | | | | | \$ (418,716) |

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES
for the Year Ended August 31, 2016 (in dollars)

| EXPENSES | Custodial | Maintenance | Utilities and Telecomm. | Expensed IMR, Modular Unit Relocations & Lease Payments | Facility Planning & Operations Administration | Unsupported Amortization & Other Expenses | Supported Capital & Debt Services | 2016 TOTAL Operations and Maintenance | 2015 TOTAL Operations and Maintenance |
|---|--------------|--------------|-------------------------|---|---|---|-----------------------------------|---------------------------------------|---------------------------------------|
| Uncertificated salaries and wages | \$ 1,897,155 | \$ 1,179,269 | \$ - | \$ - | \$ 119,579 | | | \$ 3,196,003 | \$ 3,126,086 |
| Uncertificated benefits | \$ 457,521 | \$ 249,266 | \$ - | \$ - | \$ 23,143 | | | \$ 729,930 | \$ 708,899 |
| Sub-total Remuneration | \$ 2,354,676 | \$ 1,428,535 | \$ - | \$ - | \$ 142,722 | | | \$ 3,925,933 | \$ 3,834,985 |
| Supplies and services | \$ 154,416 | \$ 1,576,250 | \$ - | \$ 761,767 | \$ 163,171 | | | \$ 2,655,604 | \$ 2,887,870 |
| Electricity | | \$ 744,140 | | | | | | \$ 744,140 | \$ 767,641 |
| Natural gas/heating fuel | | \$ 384,998 | | | | | | \$ 384,998 | \$ 460,772 |
| Sewer and water | | \$ 107,565 | | | | | | \$ 107,565 | \$ 132,018 |
| Telecommunications | | \$ 47,708 | | | | | | \$ 47,708 | \$ 49,180 |
| Insurance | | | | | \$ 196,626 | | | \$ 196,626 | \$ 192,319 |
| ASAP maintenance & renewal payments | | | | | | | | | |
| Amortization of tangible capital assets | | | | | | | | | |
| Supported | | | | | | | | | |
| Unsupported | | | | | | \$ 167,748 | \$ 2,776,885 | \$ 2,776,885 | \$ 2,750,276 |
| Total Amortization | | | | | | \$ 167,748 | \$ 2,776,885 | \$ 167,748 | \$ 148,854 |
| Interest on capital debt | | | | | | | | \$ 2,944,633 | \$ 2,899,130 |
| Supported | | | | | | | | | |
| Unsupported | | | | | | | | | |
| Lease payments for facilities | | | | \$ 79,265 | | | | \$ 79,265 | \$ 352,580 |
| Other interest charges | | | | | | \$ 298 | | \$ 298 | \$ - |
| Losses on disposal of capital assets | | | | | | | | | |
| TOTAL EXPENSES | \$ 2,509,092 | \$ 3,004,785 | \$ 1,284,411 | \$ 841,032 | \$ 502,519 | \$ 168,046 | \$ 2,776,885 | \$ 11,086,770 | \$ 11,576,495 |
| SQUARE METRES | | | | | | | | | |
| School buildings | | | | | | | | \$ 54,354.2 | \$ 54,554.2 |
| Non school buildings | | | | | | | | \$ 1,913.8 | \$ 2,099.6 |

Note:

- Custodial:** All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.
- Maintenance:** All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit Relocations, as they are reported on separately.
- Utilities & Telecommunications:** All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.
- Expensed IMR & Modular Unit Relocation & Lease Pmts:** All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects, modular unit (portable) relocation, and payments on leased facilities.
- Facility Planning & Operations Administration:** All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration, administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.
- Unsupported Amortization & Other Expenses:** All expenses related to unsupported capital assets amortization and interest on unsupported capital debt.
- Supported Capital & Debt Services:** All expenses related to supported capital assets amortization and interest on supported capital debt.

SCHEDULE 5School Jurisdiction Code: 1280

SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS
for the Year Ended August 31, 2016 (in dollars)

| Cash & Cash Equivalents | 2016 | | | 2015 |
|---|---|---------------------|-----------------------|-----------------------|
| | Average Effective (Market) Yield | Cost | Amortized Cost | Amortized Cost |
| Cash | | \$ 5,256,133 | \$ 5,256,133 | \$ 6,975,578 |
| Cash equivalents | | | | |
| Government of Canada, direct and guaranteed | 0.00% | - | - | - |
| Provincial, direct and guaranteed | 0.00% | - | - | - |
| Corporate | 0.00% | - | - | - |
| Municipal | 0.00% | - | - | - |
| Pooled investment funds | 0.00% | - | - | - |
| Other, including GIC's | 0.00% | - | - | - |
| Total cash and cash equivalents | 0.00% | \$ 5,256,133 | \$ 5,256,133 | \$ 6,975,578 |

See Note 1.12 for additional detail.

| Portfolio Investments | 2016 | | | 2015 | |
|---|---|-------------|-------------------|----------------|----------------|
| | Average Effective (Market) Yield | Cost | Fair Value | Balance | Balance |
| Long term deposits | 0.00% | \$ - | \$ - | \$ - | \$ - |
| Guaranteed interest certificates | 0.00% | - | - | - | - |
| Fixed income securities | | | | | |
| Government of Canada, direct and guaranteed | 0.00% | \$ - | \$ - | \$ - | \$ - |
| Provincial, direct and guaranteed | 0.00% | - | - | - | - |
| Municipal | 0.00% | - | - | - | - |
| Corporate | 0.00% | - | - | - | - |
| Pooled investment funds | 0.00% | - | - | - | - |
| Total fixed income securities | 0.00% | - | - | - | - |
| Equities | | | | | |
| Canadian | 0.00% | \$ - | \$ - | \$ - | \$ - |
| Foreign | 0.00% | - | - | - | - |
| Total equities | 0.00% | - | - | - | - |
| Supplemental integrated pension plan assets | 0.00% | \$ - | \$ - | \$ - | \$ - |
| Restricted investments | 0.00% | - | - | - | - |
| Other (Specify) | 0.00% | - | - | - | - |
| Other (Specify) | 0.00% | - | - | - | - |
| Total portfolio investments | 0.00% | \$ - | \$ - | \$ - | \$ - |

The following represents the maturity structure for portfolio investments based on principal amount:

| | 2016 | 2015 |
|----------------|---------------|-------------|
| Under 1 year | 100.0% | 0.0% |
| 1 to 5 years | 0.0% | 0.0% |
| 6 to 10 years | 0.0% | 0.0% |
| 11 to 20 years | 0.0% | 0.0% |
| Over 20 years | 0.0% | 0.0% |
| | 100.0% | 0.0% |

SCHEDULE 6

School Jurisdiction Code: 1280

**SCHEDULE OF CAPITAL ASSETS
for the Year Ended August 31, 2016 (in dollars)**

| | 2016 | | | | | | 2015 |
|--|------------|--------------------------|--------------------------|----------------------|------------------------|---|----------------|
| | Land | Construction In Progress | Buildings 10-40 Years | Equipment 5 Years | Vehicles 5-12 Years | Computer Hardware & Software 5 Years | |
| Estimated useful life | | | | | | | |
| Historical cost | | | | | | | |
| Beginning of year | \$ 538,792 | \$ - | \$ 145,219,670 | \$ 7,311,549 | \$ 7,989,018 | \$ 5,154,388 | \$ 158,715,695 |
| Prior Period Adjustments | - | - | - | - | - | - | 2,465,105 |
| Additions | - | - | 1,448,565 | 366,930 | 425,895 | - | 2,241,390 |
| Transfers in (out) | - | - | (293,643) | (93,140) | (62,266) | - | (449,049) |
| Less disposals including write-offs | \$ 538,792 | \$ - | \$ 146,374,592 | \$ 7,585,939 | \$ 8,352,647 | \$ 5,154,388 | \$ 166,213,417 |
| Accumulated amortization | | | | | | | |
| Beginning of year | \$ - | \$ - | \$ 73,302,706 | \$ 6,325,589 | \$ 5,915,374 | \$ 3,578,257 | \$ 88,737,684 |
| Prior Period Adjustments | - | - | - | - | - | - | 844,209 |
| Amortization | - | - | 3,529,012 | 434,993 | 407,771 | 571,094 | 4,409,214 |
| Other additions | - | - | 142,353 | - | - | - | 142,353 |
| Transfers in (out) | - | - | - | - | - | - | - |
| Less disposals including write-offs | \$ - | \$ - | (285,672) | (42,219) | (62,266) | - | (390,157) |
| Net Book Value at August 31, 2016 | \$ 538,792 | \$ - | \$ 69,686,193 | \$ 866,976 | \$ 2,091,768 | \$ 1,005,037 | \$ 74,188,766 |
| Net Book Value at August 31, 2015 | \$ 538,792 | \$ - | \$ 71,916,984 | \$ 985,960 | \$ 2,073,644 | \$ 1,576,131 | \$ 77,091,491 |

| | 2016 | 2015 |
|--|------|------|
| Total cost of assets under capital lease | \$ - | \$ - |
| Total amortization of assets under capital lease | \$ - | \$ - |

Historical cost additions include \$371,339 for five housing units which were transferred to Northland School Division from the Ministry of Seniors. Accumulated amortization transferred on these units is \$142,353 and has been recorded as Other additions. Included in Building additions is \$978,952 pertaining to a project paid directly by Alberta Education on behalf of Northland School Division. This is a non-cash transaction for Northland School Division.

Note 1 Authority

Northland School Division No. 61 (the Division) 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 Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with the CPA Canadian Public Sector Accounting Standards (PSAS). These 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:

1. Measurement Uncertainty

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization rates are based on the estimated useful lives of capital assets. Other significant areas requiring the use of management estimates relate to the potential impairment of assets and estimated employee future benefits.

2. Tangible Capital Assets

The following criteria applies:

- a) Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- b) Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.
- c) Work-in-progress is recorded as a transfer to the applicable asset class at substantial completion.
- d) Buildings include site and leasehold improvements as well as assets under capital lease.

- e) Sites and buildings are written down to residual value when conditions indicated they no longer contribute to the ability of the Division to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. For supported assets, the write-downs are accounted for as reductions to Expended Deferred Capital Revenue.
- f) Buildings that are demolished or destroyed are written-off.
- g) Tangible capital assets with costs in excess of \$5,000 are capitalized.
- g) Tangible assets are amortized over their estimated useful lives on a straight line basis, at the following rates:

| | |
|---------------------------------|---------------|
| Buildings and Land Improvements | 10 - 40 years |
| Vehicles | 5 - 12 years |
| Equipment | 5 years |
| Computer Hardware and Software | 5 years |

3. *Asset Retirement Obligations*

The Division has determined that it has a conditional asset retirement obligation relating to certain school sites. These obligations will be discharged in the future by funding through the Alberta Government. The Division believes that there is insufficient information to estimate the fair value of the asset retirement obligation because the settlement date or the range of potential settlement dates has not been determined and information is not available to apply an expected present value technique.

4. *Operating and Capital Reserves*

Certain amounts are internally or externally restricted for future operating or capital purposes. Transfers to and from reserves are recorded when approved by the Board of Trustees. Capital reserves are restricted to capital purposes and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus.

5. *Revenue Recognition*

Revenues are recorded on an accrual basis. Instruction and support allocations are recognized in the year to which they relate. Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Eligibility criteria are criteria that the Division has to meet in order to receive certain contributions. Stipulations describe what the Division must perform in order to keep the contributions. Contributions without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity.

Contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity and all eligibility criteria have been met.

Contributions with stipulations are recognized as revenue in the period the stipulations are met, except when and to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with Section PS 3200. Such liabilities are recorded as deferred revenue. The following items fall under this category:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year the stipulated related expenses are incurred;
- Unexpended Deferred Capital Revenue; or
- Expended Deferred Capital Revenue.

6. *Contributed Services and Materials*

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 and materials are not recognized in the financial statements.

7. *Pensions*

Pension costs included in these statements are comprised of the cost of the employer contributions for current service of employees during the year.

Current and past service costs of the Alberta Teachers Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the School Division does not make pension contributions for certificated staff. The Government portion of the current service contribution to the Alberta Teachers Retirement Fund on behalf of the jurisdiction is included in both revenues and expenses.

8. *Deferred Revenue*

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per Public Sector Accounting Standard (PSAS) PS 3200. These contributions are recognized by the Division once it has met all eligibility criteria to receive the contributions. When stipulations are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

Deferred revenue also includes contributions for capital expenditures, unexpended and expended:

a) *Unexpended Deferred Capital Revenue*

Unexpended Deferred Capital Revenue represent externally restricted supported capital funds provided for a specific capital purpose received or receivable by the Division, but the related expenditure has not been made at year-end. These contributions must also have stipulations that meet the definition of a liability per PS 3200 when expended.

b) Expended Deferred Capital Revenue

Expended Deferred Capital Revenue 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. Amortization over the useful life of the related capital asset is due to certain stipulations related to the contributions that require that the Division to use the asset in a prescribed manner over the life of the associated asset.

9. *Employee Future Benefits*

The Division provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The Division accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include accumulating sick leave, and post-employment benefit continuation. The future benefits cost is determined using management's best estimate of expected cost rates and benefit usage.

10. *Expenses*

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Allocation of Costs:

- a) Actual salaries of personnel assigned to two or more programs are allocated based on the time spent in each program.
- b) Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- c) Supplies and services are allocated based on actual program identification.

11. *Program Reporting*

The Division's operations have been segmented as follows:

- a) **ECS Instruction:** The provision of Early Childhood Services instructional services that fall under the basic public education mandate.
- b) **Grade 1 - 12 Instruction:** The provision of instructional services for grades 1 - 12 that fall under the basic public education mandate.
- c) **Plant Operations and Maintenance:** The operation and maintenance of all school buildings and maintenance shop facilities.
- d) **Transportation:** The provision of regular and special education bus services (to and from school), whether contracted or board operated, including transportation facilities.
- e) **Board & System Administration:** The provision of board governance and system-based /central office administration.

- f) **External Services:** All projects, activities, and services offered outside the public education mandate for ECS children and students in grades 1 - 12. Services offered beyond the mandate for public education are to be self-supporting, and Alberta Education funding may not be utilized to support these programs.

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations. Respective instruction expenses include the cost of certificated teachers, non-certificated educational assistants as well as a proportionate share of supplies and services, school administration and instructional support, and System Instructional Support.

12. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of three months or less from the date of acquisition. Included in this balance are the School Generated Fund bank balances totaling \$594,294 (2015 - \$649,521) and \$1,265,383 (2015 - \$1,073,170) restricted for capital reserves.

13. Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Division recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and bank indebtedness. Unless otherwise noted, it is management's opinion that the Division is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

Financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of items in the cost or amortized cost upon initial recognition. The gain or loss arising from de-recognition of a financial instrument is recognized in the Statement of Operations. Impairment losses, such as write-downs or write-offs, are reported in the Statement of Operations.

14. Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into the air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard.

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Division is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at August 31, 2016.

At each financial reporting date, the Division reviews the carrying amount of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. The Division continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Note 3 Accounts Receivable (Net after Allowances)

| | 2016 | | 2015 |
|------------------------------------|--------------------|---------------------------------------|----------------------------|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value |
| Alberta Education – Grants | \$91,970 | | \$934,544 |
| Alberta Education – Capital | 187,063 | | 110,781 |
| Other Alberta School Jurisdictions | 13,044 | | 13,044 |
| Alberta Health Services | 79,561 | | 77,622 |
| Federal Government | 357,296 | \$61,333 | 134,174 |
| First Nations | 5,584,386 | 3,037,358 | 513,567 |
| Other Alberta Government | 2,030 | | 0 |
| Other | 176,428 | | 267,197 |
| Total | \$6,491,778 | \$3,098,691 | \$2,050,929 |

Note 4 Other Financial Assets

Other financial assets consist of advances to Hot Lunch Programs and damage deposits totaling \$93,250 (2015 – \$71,250).

Note 5 Prepaid Expenses

Prepaid expenses consist of the following:

| | 2016 | 2015 |
|--------------------------------------|------------------|------------------|
| Lease and rent | \$13,009 | \$58,404 |
| Memberships, subscriptions, and fees | 55,407 | 37,829 |
| Property taxes | 25,282 | 23,344 |
| Other supplies | 356,782 | 232,921 |
| Total | \$450,480 | \$352,498 |

Note 6 Bank Indebtedness

The Division has negotiated a line of credit in the amount of \$3,000,000 (2015 - \$3,000,000) that bears interest at the bank prime rate less 0.25%. The line of credit is secured by a security agreement, covering all revenue of the Division. There was no balance outstanding on the line of credit at August 31, 2016 (2015 - \$0).

Note 7 Other Non-Financial Assets:

Other non-financial assets consist of inventories of supplies in the amount of \$39,267 (2015 - \$39,267).

Note 8 Contractual Obligations

Estimated payment requirements for each of the next five years are as follows:

| | Building Leases | Service Providers | Equipment Leases |
|--------------|-----------------|-------------------|------------------|
| 2016-17 | \$29,478 | \$31,400 | \$184,339 |
| 2017-18 | 4,912 | 31,400 | 184,339 |
| 2018-19 | 5,035 | 31,400 | 184,339 |
| 2019-20 | | | 184,339 |
| 2020-21 | | | |
| Total | \$39,425 | \$94,200 | \$737,356 |

Note 9 Accounts Payable and Accrued Liabilities

| | 2016 | 2015 |
|--|--------------------|--------------------|
| Alberta Education | \$159,187 | \$92,765 |
| Alberta Health Services | | 150 |
| Federal Government | 3,989 | 3,989 |
| First Nations | 422,829 | 525,799 |
| Other Alberta School Jurisdictions | 100,882 | 69,563 |
| Post-secondary Institutions | 704 | 16,868 |
| Accrued Vacation Pay Liability | 501,237 | 424,998 |
| Other Salaries & Benefit Costs | 977,767 | 1,095,027 |
| Other Trade Payables and Accrued Liabilities | 986,343 | 2,573,311 |
| Total | \$3,152,938 | \$4,802,470 |

Note 10 Deferred Revenue

| SOURCE AND GRANT OR FUND TYPE | DEFERRED REVENUE as at Aug.31, 2015 | ADD: 2015/2016 Restricted Funds Received/ Receivable | DEDUCT: 2015/2016 Restricted Funds Expended (Paid/Payable) | ADD (DEDUCT): 2015/2016 Adjustments For Returned Funds | DEFERRED REVENUE as at Aug.31, 2016 |
|--|---|---|---|---|---|
| Unexpended Deferred Operating Revenue | | | | | |
| Alberta Education: | | | | | |
| Infrastructure Maintenance Renewal | \$992,019 | \$426,260 | \$413,825 | | \$1,004,454 |
| Regional Collaborative Service Delivery | 145,806 | 58,692 | 31,759 | | 172,739 |
| Other Alberta Education Deferred Revenue | 228,163 | 256,582 | 119,983 | | 364,762 |
| Other Deferred Revenue: | | | | | |
| School Generated Funds | 54,953 | 12,448 | 32,817 | | 34,584 |
| Donations | 837,624 | 647,239 | 696,158 | 3,145 | 785,560 |
| Total Unexpended Deferred Operating Revenue | \$2,258,565 | \$1,401,221 | \$1,294,542 | \$3,145 | \$2,362,099 |
| Unexpended Deferred Capital Revenue | 401,447 | 89,484 | 402,575 | | 88,356 |
| Expended Deferred Capital Revenue | 69,746,331 | 1,460,513 | 3,689,943 | | 67,516,901 |
| Total | \$72,406,343 | \$2,951,218 | \$5,387,060 | \$3,145 | \$69,967,356 |

Note 11 Employee Future Benefit Liabilities

Employee future benefit liabilities consist of the following:

| | 2016 | 2015 |
|--------------------------------------|-----------------|-----------------|
| Accumulated Sick Pay Liability | \$6,000 | \$3,000 |
| Memberships, subscriptions, and fees | 10,838 | 25,454 |
| Total | \$16,838 | \$28,454 |

Note 12 Pension Costs

The Division participates in a multi-employer pension plan, the Local Authorities Pension Plan and does not report on any unfunded liabilities. Pension costs included in these financial statements are comprised of 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 \$919,446 for the year ended August 31, 2016 (2015 - \$884,396). For the year ended August 31, 2016, the amount contributed to the Teachers' Retirement Fund by the Province was \$2,447,240 (2015 - \$2,555,353).

As of December 31, 2015 the Local Authorities Pension Plan reported an actuarial deficit of \$923,416,000 (2014 - \$2,454,636,000). At August 31, 2015 the Teachers' Retirement Fund reported an actuarial surplus of \$779,716,000 (2014 – surplus of \$519,473,000).

Note 13 School Generated Funds

| | 2016 | 2015 |
|---|------------------|------------------|
| Unexpended School Generated Funds, Opening Balance August 31 | \$682,446 | \$755,420 |
| Current Year Activities – Gross Receipts: | | |
| Fundraising | 333,047 | 376,812 |
| Gifts and donations | 124,165 | 431,924 |
| Other sales and services | | |
| Total gross receipts | 457,212 | 808,736 |
| Current Year Activities – Uses of Funds | | |
| Equipment and Supplies | 0 | 33,397 |
| Extra-Curricular Activities | 341,136 | 629,398 |
| Field Trips | 86,043 | 121,539 |
| Fundraising (Direct Costs) | 85,824 | 97,376 |
| Other Activities | | |
| Total Uses of Funds | 513,003 | 881,710 |
| Unexpended School Generated Funds, Closing Balance August 31 | \$626,655 | \$682,446 |
| Balance included in Deferred Revenue | 34,584 | 54,953 |
| Balance included in Accumulated Surplus | 592,071 | 627,493 |
| Total | \$626,655 | \$682,446 |

Note 14 Accumulated Surplus

Detailed information related to accumulated surplus is available on the Schedule of Changes in Accumulated Surplus. Accumulated surplus may be summarized as follows:

| | 2016 | 2015 |
|---|---------------------|--------------------|
| Unrestricted surplus | \$2,346,607 | \$925,416 |
| Operating reserves | | |
| Accumulated surplus (deficit) from operations | | |
| Investment in tangible capital assets | 6,671,861 | 7,345,158 |
| Capital reserves | 1,265,383 | 1,073,170 |
| Accumulated re-measurement gains (losses) | | |
| Accumulated surplus (deficit) | \$10,283,851 | \$9,343,744 |

Accumulated surplus from operations (ASO) include school generated funds of \$592,071. These funds are raised at school level and are not available to spend at board level. The Division's adjusted surplus from operations is calculated as follows:

| | 2016 | 2015 |
|--|--------------------|--------------------|
| Accumulated surplus (deficit) from operations | \$10,283,851 | \$9,343,744 |
| School Generated funds included in accumulated surplus (Note 13) | (592,071) | (627,493) |
| Adjusted accumulated surplus (deficit) | \$9,691,780 | \$8,716,251 |

Adjusted accumulated surplus represents unspent funding available to support the Division's operations for the 2016-2017 year.

Note 15 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. Included in Federal Government and First Nations revenue is \$23,128,122 for tuition fees (2015 - \$21,822,073).

Note 16 Fort McMurray Forest Fire

In May, 2016, a severe forest fire occurred in the Fort McMurray region which resulted in a state of emergency for the entire region and prompted the evacuation of the city of Fort McMurray and surrounding communities. The Division operates schools in the Fort McMurray region and some of the schools and residences had significant smoke damage as a result of the fire. The Division holds insurance policies which have been used to fund the remediation efforts on the affected properties.

The insurance company arranged and paid for the remediation of smoke damage directly and the majority of the work was completed prior to August 31, 2016. Insurance proceeds and remediation expenses totaling \$2,800,000 have been accounted for on a net basis. It is estimated that additional insurance proceeds and remediation costs of approximately \$100,000 will be recorded during the 2016-2017 fiscal year.

Note 17 Related Party Transactions

All entities that are consolidated in the accounts of the Government of Alberta are related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

| | Balances | | Transactions | |
|---|--|---------------------------------------|---------------------|--------------------|
| | Financial Assets (at cost or net realizable) | Liabilities (at amortized cost) | Revenues | Expenses |
| Government of Alberta (GOA): Education | | | | |
| Accounts receivable/Accounts payable | \$279,033 | \$159,187 | | |
| Prepaid expenses/Deferred revenue | | 1,541,955 | | |
| Unexpended deferred capital revenue | | 22,679 | | |
| Expended deferred capital revenue | | 67,025,749 | \$3,540,961 | |
| Grant revenues and expenses | | | 32,444,067 | \$366,777 |
| ATRF payments made on Division's behalf | | | 2,447,240 | |
| Other revenues and expenses | | | | |
| Other Related Parties: | | | | |
| Other Alberta school jurisdictions | 13,044 | 100,882 | 250 | 623,966 |
| Alberta Agriculture and Rural Development | | | | |
| Alberta Health Services | 79,561 | | 443,728 | 1,290 |
| ATB Financial | | | 58,588 | 3,425 |
| Other Government of Alberta Ministries | 2,030 | | | 24,035 |
| Post-secondary institutions | | 704 | 6,965 | 8,786 |
| Total 2015/2016 | \$373,668 | \$68,851,156 | \$38,941,799 | \$1,028,279 |
| Total 2014/2015 | \$1,135,991 | \$70,999,648 | \$40,223,134 | \$972,400 |

Note 18 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 19 Liability for Contaminated Sites

The Division has determined that the liability for contaminated sites is \$0 (2015 - \$0).

Note 20 Transfer of Assets

In September, 2015, five residential housing units were transferred from the Province of Alberta to Northland School Division. These units had a total cost of \$371,339 (2015 - \$2,465,105) and accumulated amortization of \$142,353 (2015 - \$844,209) and were recorded as transfer to Tangible Capital Assets and an increase to Expended Deferred Capital Revenue.

Note 21 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.

Housing Agreement

In July, 2016, the Division signed a ten year agreement with 914246 Alberta Ltd in which the Division has guaranteed that 6 housing units will be rented by employees of the Division. If these units are vacant, then the Division will be required to pay the monthly rent for these units, which range from \$1,600 to \$1,675 per month. At this time, it is expected that the Division will not have to make rental payments under this agreement.

Note 22 Financial Instruments

The Division, as part of its operations, carries a number of financial instruments. It is management's opinion that the Division is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise noted:

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Division is exposed to interest rate risk primarily through its operating line of credit, which bears interest at a rate that fluctuates with the prime lending rate.

Credit Concentration Risk

As at August 31, 2016, one customer (2015 - one) accounted for 45% (2015 - 51%) of accounts receivable. The Division believes that there is no unusual exposure associated with the collection of these receivables. The Division performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

Note 23 Budget Amounts

The budget was prepared by the Division's management with the Board of Trustees approval given on June 27, 2015.

Note 24 Approval of Financial Statements

These financial statements were prepared by management and approved by the Official Trustee on November 23, 2016.

SCHEDULE 8**UNAUDITED SCHEDULE OF FEE REVENUES**
for the Year Ending August 31, 2016 (in dollars)

| | Actual 2016 | Actual 2015 |
|---|----------------|-------------|
| FEES | | |
| Transportation fees | \$0 | \$0 |
| Basic instruction supplies (text books, including lost or replacement fees, course materials) | \$0 | \$0 |
| Technology user fees | \$0 | \$0 |
| Alternative program fees | \$0 | \$0 |
| Fees for optional courses (band, art, etc.) | \$355 | \$0 |
| Fees for students from other boards | \$0 | \$0 |
| Tuition fees (international & out of province) | \$0 | \$0 |
| Kindergarten & preschool | \$0 | \$0 |
| Extracurricular fees (sports teams and clubs) | \$0 | \$0 |
| Field trips (related to curriculum) | \$1,026 | \$0 |
| Lunch supervision fees | \$0 | \$0 |
| Locker rental; locks; student ID; uniforms; library, student union, and fitness fees | \$15 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| Other (describe)* | \$0 | \$0 |
| TOTAL FEES | \$1,396 | \$0 |

*PLEASE DO NOT USE "SCHOOL GENERATED FUNDS" AS A CATEGORY

| Please disclose amounts paid by parents of students that are recorded as "Other sales and services" or "Other revenue" (rather than fee revenue): | Actual 2016 | Actual 2015 |
|---|-------------|-------------|
| Cafeteria sales, hot lunch, milk programs | \$0 | \$0 |
| Special events, graduation, tickets | \$0 | \$0 |
| Student travel (international, recognition trips, non-curricular) | \$0 | \$0 |
| Sales or rentals of other supplies/services (clothing, agendas, yearbooks) | \$0 | \$0 |
| Adult education revenue | \$0 | \$0 |
| Child care & before and after school care | \$0 | \$0 |
| Other (describe) | \$0 | \$0 |
| Other (describe) | \$0 | \$0 |
| Other (describe) | \$0 | \$0 |
| TOTAL | \$0 | \$0 |

| UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING for the Year Ended August 31, 2016 (in dollars) | | | | | |
|---|---|-----------------------------------|--|------------------------|---|
| | PROGRAM AREA | | | | |
| | First Nations, Metis & Inuit (FNMI) | ECS Program Unit Funding (PUF) | English as a Second Language (ESL) | Inclusive Education | Small Schools by Necessity (Revenue only) |
| Funded Students in Program | 1,121 | 43 | 565 | | |
| Federally Funded Students | 1,331 | | | | |
| REVENUES | | | | | |
| Alberta Education allocated funding | \$ 1,343,623 | \$ 976,793 | \$ 442,377 | \$ 2,997,805 | \$ 3,085,064 |
| Other funding allocated by the board to the program | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL REVENUES | \$ 1,343,623 | \$ 976,793 | \$ 442,377 | \$ 2,997,805 | \$ 3,085,064 |
| EXPENSES (Not allocated from BASE, Transportation, or other funding) | | | | | |
| Instructional certificated salaries & benefits | \$ 43,068 | \$ - | | \$ 1,012,060 | |
| Instructional non-certificated salaries & benefits | \$ 831,639 | \$ 946,468 | \$ - | \$ 1,381,197 | |
| SUB TOTAL | \$ 874,707 | \$ 946,468 | \$ - | \$ 2,393,257 | |
| Supplies, contracts and services | \$ 213,052 | \$ 254,982 | \$ 107,596 | \$ 276,562 | |
| Program planning, monitoring & evaluation | \$ 133,378 | \$ - | \$ 143,042 | \$ 226,852 | |
| Facilities (required specifically for program area) | \$ - | \$ - | \$ - | \$ - | |
| Administration (administrative salaries & services) | \$ - | \$ - | \$ - | \$ - | |
| Other (please describe) | \$ - | \$ - | \$ - | \$ - | |
| Other (please describe) | \$ - | \$ - | \$ - | \$ - | |
| TOTAL EXPENSES | \$ 1,221,137 | \$ 1,201,450 | \$ 250,638 | \$ 2,896,671 | |
| NET FUNDING SURPLUS (SHORTFALL) | \$ 122,486 | \$ (224,657) | \$ 191,739 | \$ 101,134 | |

SCHEDULE 10

**UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES
for the Year Ended August 31, 2016 (in dollars)**

| EXPENSES | Allocated to Board & System Administration | | | Allocated to Other Programs | | | TOTAL |
|---|--|---------------------|-------------------|-----------------------------|---------------------|-------------|---------------------|
| | Salaries & Benefits | Supplies & Services | Other | Salaries & Benefits | Supplies & Services | Other | |
| Office of the superintendent | \$ 523,957 | \$ 212,711 | \$ - | \$ - | \$ - | \$ - | \$ 736,668 |
| Educational administration (excluding superintendent) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business administration | \$ 1,049,411 | \$ 199,822 | \$ - | \$ - | \$ - | \$ - | \$ 1,249,233 |
| Board governance (Board of Trustees) | \$ 7,183 | \$ 249,004 | \$ 317,606 | \$ - | \$ - | \$ - | \$ 573,793 |
| Information technology | \$ - | \$ - | \$ - | \$ 469,452 | \$ 948,558 | \$ - | \$ 1,418,010 |
| Human resources | \$ 315,616 | \$ 167,952 | \$ - | \$ - | \$ - | \$ - | \$ 483,568 |
| Central purchasing, communications, marketing | \$ 81,480 | \$ 38,366 | \$ - | \$ - | \$ - | \$ - | \$ 119,846 |
| Payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Administration - insurance | \$ - | \$ - | \$ 1,351 | \$ - | \$ - | \$ - | \$ 1,351 |
| Administration - amortization | \$ - | \$ - | \$ 262,388 | \$ - | \$ - | \$ - | \$ 262,388 |
| Administration - other (admin building, interest) | \$ - | \$ - | \$ 103,469 | \$ - | \$ - | \$ - | \$ 103,469 |
| Other (describe) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other (describe) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other (describe) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL EXPENSES | \$ 1,977,647 | \$ 867,855 | \$ 684,814 | \$ 469,452 | \$ 948,558 | \$ - | \$ 4,948,326 |

NORTHLAND SCHOOL DIVISION NO. 61
ATHABASCA DELTA COMMUNITY SCHOOL
SCHEDULES OF NET OPERATING COSTS
YEAR ENDED AUGUST 31, 2016

ATHABASCA DELTA COMMUNITY SCHOOL

SCHEDULE OF NET OPERATING COSTS - REGULAR

YEAR ENDED AUGUST 31, 2016

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| Direct costs | \$ 3,855,043 | \$ 4,069,802 |
| Add (deduct) | | |
| ECS - direct costs | (112,604) | (86,118) |
| ECS - transportation costs | (10,923) | (10,119) |
| School Food Service - direct costs | (217,601) | (217,575) |
| Teacherage expenditures | (122,310) | (256,014) |
| Teacherage deficit | - | 119,383 |
| Alberta Mental Health Project | (3,923) | (7,654) |
| Liaison officer - salary & benefits | (44,797) | (38,802) |
| Lump Sum Bonus per Collective Agreement | (18,504) | - |
| Amortization | (46,302) | (47,682) |
| Amortization - Equipment | 28,576 | 29,957 |
| Boarding Allowance | (10,500) | - |
| Social Investment Agreements - revenue | (156,357) | - |
| Share of net unallocated costs | <u>1,046,387</u> | <u>1,182,040</u> |
| Net operating costs | <u>\$ 4,186,185</u> | <u>\$ 4,737,218</u> |

The accompanying notes are part of these financial statements.

 Ms. Lois Byers
 Official Trustee
 Northland School Division No. 61

 Date

 Mr. Gord Atkinson
 Superintendent of Schools
 Northland School Division No. 61

 Date

 Ms. Trudy Rasmuson, MBA, CMA
 Secretary Treasurer
 Northland School Division No. 61

 Date

NORTHLAND SCHOOL DIVISION NO. 61
ATHABASCA DELTA COMMUNITY SCHOOL
SCHEDULE OF NET OPERATING COSTS - ECS
YEAR ENDED AUGUST 31, 2016

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|-------------------|-------------------|
| Direct costs | \$ 112,604 | \$ 86,118 |
| ECS transportation costs | 10,923 | 10,119 |
| Share of net unallocated costs | <u>6,997</u> | <u>5,218</u> |
| Net operating costs | <u>\$ 130,524</u> | <u>\$ 101,455</u> |

The accompanying notes are part of these financial statements.

ATHABASCA DELTA COMMUNITY SCHOOLNOTES TO THE SCHEDULES OF NET OPERATING COSTSAUGUST 31, 2016**Note 1 Nature of Operations**

The purpose of the Athabasca Delta Community School is to provide educational services in the community of Fort Chipewyan under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3 and the *Northland School Division Act*, Chapter N-5, Revised Statutes of Alberta, 2000.

Note 2 Significant Accounting Policies and Reporting Practices

The Athabasca Delta Community School Schedules of Net Operating Costs (the "Schedules") for the year ended August 31, 2016 have been prepared to meet the requirements of Section 1(c) of the Tuition Agreement between Northland School Division No. 61 and Mikisew First Nations and Athabasca Chip First Nations, dated September 2, 1987. The Schedules have been prepared on an accrual basis, and in accordance with the following significant accounting principles.

a) Net Operating Costs

As per Section 1(c) of the Tuition Agreement, "Net Operating Costs" shall mean the total gross operational expenditures of Northland School Division's school in Fort Chipewyan, including a proportionate share of central administration and unallocated operating costs of the board, in accordance with the annual audited financial statement prepared by the board for this school but excluding:

- i) capital debt charges (principal plus interest)
- ii) expenditures to other school boards
- iii) rental revenue from community use of Athabasca Delta Community school
- iv) other items of revenue and/or expenditures which increase the net program or operating cost at the Athabasca Delta Community school unless mutually agreed between the parties
- v) any special programs

b) Unallocated Costs

Net unallocated costs are those costs reduced by miscellaneous revenues which are not attributable to any school. These costs are allocated to Athabasca Delta based on the proportion its students are of the total number of students in the Division.