

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Northland School Division No. 61

Legal Name of School Jurisdiction

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Mailing Address

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Contact 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, remeasurement gains and losses, changes in net financial assets (debt), and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

BOARD CHAIR

Maddy Daniels

Name


Signature

SUPERINTENDENT

Donald Gordon Atkinson

Name


Signature

SECRETARY-TREASURER OR TREASURER

Trudy Rasmuson

Name


Signature

November 30, 2018

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Northland School Division No.61:

We have audited the accompanying financial statements of Northland School Division No.61, which comprise the statement of financial position as at August 31, 2018, and the statements of operations, cash flows, changes in net financial assets (net debt), remeasurement gains and losses, and changes in accumulated surplus for the year then ended and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Northland School Division No.61 as at August 31, 2018 and results of its operations, changes in its net financial assets (net debt), remeasurement gains and losses, changes in accumulated surplus, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

METRIX GROUP LLP

Chartered Professional Accountants

November 30, 2018
Edmonton, Alberta



STATEMENT OF FINANCIAL POSITION
As at August 31, 2018 (in dollars)

		2018	2017
FINANCIAL ASSETS			
Cash and cash equivalents	(Schedule 5; Note 2 (13))	\$ 11,843,563	\$ 7,441,624
Accounts receivable (net after allowances)	(Note 3)	\$ 3,948,236	\$ 5,530,764
Portfolio investments	(Schedule 5)	\$ -	\$ -
Other financial assets	(Note 4)	\$ 84,579	\$ 45,643
Total financial assets		\$ 15,876,378	\$ 13,018,031
LIABILITIES			
Bank indebtedness	(Note 7)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 9)	\$ 2,836,474	\$ 3,317,118
Deferred revenue	(Note 10)	\$ 70,773,489	\$ 68,976,532
Employee future benefits liabilities	(Note 11)	\$ 6,001	\$ 6,001
Liability for contaminated sites		\$ -	\$ -
Other liabilities		\$ -	\$ -
Debt			
Supported: Debentures and other supported debt		\$ -	\$ -
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases		\$ -	\$ -
Total liabilities		\$ 73,615,964	\$ 72,299,651
Net debt		\$ (57,739,586)	\$ (59,281,620)
NON-FINANCIAL ASSETS			
Tangible capital assets	(Schedule 6)		
Land		\$ 538,792	\$ 538,792
Construction in progress		\$ -	\$ 627,403
Buildings	\$ 148,271,870		
Less: Accumulated amortization	\$ (82,765,984)	\$ 65,505,886	\$ 66,455,395
Equipment	\$ 7,942,794		
Less: Accumulated amortization	\$ (7,433,107)	\$ 509,687	\$ 646,843
Vehicles	\$ 8,959,069		
Less: Accumulated amortization	\$ (6,272,505)	\$ 2,686,564	\$ 2,089,164
Computer Equipment	\$ 5,245,767		
Less: Accumulated amortization	\$ (4,792,030)	\$ 453,737	\$ 686,836
Total tangible capital assets		\$ 69,694,666	\$ 71,044,433
Prepaid expenses	(Note 6)	\$ 455,147	\$ 443,037
Other non-financial assets	(Note 5)	\$ 10	\$ 39,767
Total non-financial assets		\$ 70,149,823	\$ 71,527,237
Accumulated surplus	(Schedule 1; Note 14)	\$ 12,410,237	\$ 12,245,617
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 12,410,237	\$ 12,245,617
Accumulated remeasurement gains (losses)		\$ -	\$ -
		\$ 12,410,237	\$ 12,245,617
Contractual rights			
Contingent assets			
Contractual obligations	(Note 8)		
Contingent liabilities	(Note 19)		

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

STATEMENT OF OPERATIONS
For the Year Ended August 31, 2018 (in dollars)

	Budget 2018 (Note 22)	Actual 2018	Actual 2017
REVENUES			
Alberta Education	\$ 44,661,915	\$ 41,610,711	\$ 39,427,229
Other - Government of Alberta	\$ 1,480,156	\$ 436,371	\$ 343,908
Federal Government and First Nations	\$ 21,495,421	\$ 21,719,475	\$ 21,430,725
Other Alberta school authorities	\$ -	\$ -	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Schedule 8)	\$ -	\$ -	\$ -
Other sales and services	\$ 732,675	\$ 1,196,728	\$ 1,361,639
Investment income	\$ 40,000	\$ 210,913	\$ 84,934
Gifts and donations	\$ 450,000	\$ 338,617	\$ 510,271
Rental of facilities	\$ 658,970	\$ 836,778	\$ 864,427
Fundraising	\$ -	\$ 219,911	\$ 287,227
Gains on disposal of capital assets	\$ -	\$ 19,990	\$ 11,981
Other revenue	\$ -	\$ 649,905	\$ 1,898,216
Total revenues	\$ 69,519,137	\$ 67,239,399	\$ 66,220,557
EXPENSES			
Instruction - ECS	\$ 2,211,880	\$ 3,419,782	\$ 3,476,632
Instruction - Grades 1 - 12	\$ 43,371,421	\$ 38,989,460	\$ 36,835,506
Plant operations and maintenance (Schedule 4)	\$ 10,676,797	\$ 11,948,051	\$ 11,534,175
Transportation	\$ 3,706,060	\$ 4,098,423	\$ 3,867,025
Board & system administration	\$ 4,100,373	\$ 3,343,005	\$ 3,459,140
External services	\$ 5,826,394	\$ 5,276,058	\$ 5,086,313
Total expenses	\$ 69,892,925	\$ 67,074,779	\$ 64,258,791
Operating surplus (deficit)	\$ (373,788)	\$ 164,620	\$ 1,961,766

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

STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2018 (in dollars)

	2018	2017
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 164,620	\$ 1,961,766
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 4,488,194	\$ 4,654,552
Gains on disposal of tangible capital assets	\$ (19,990)	\$ (11,981)
Losses on disposal of tangible capital assets	\$ 30,742	\$ -
Expended deferred capital revenue recognition	\$ (3,491,473)	\$ (3,528,545)
Deferred capital revenue write-down / adjustment	\$ -	\$ 9,510
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 1,582,528	\$ (2,137,677)
Prepays	\$ (12,110)	\$ 7,443
Other financial assets	\$ (38,936)	\$ 47,607
Non-financial assets	\$ 39,757	\$ (500)
Accounts payable, accrued and other liabilities	\$ (480,644)	\$ 164,180
Deferred revenue (excluding EDCR)	\$ 5,288,430	\$ 2,430,499
Employee future benefit liabilities	\$ -	\$ (10,837)
Other (describe)	\$ -	\$ -
Total cash flows from operating transactions	\$ 7,551,118	\$ 3,586,017
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (1,793,439)	\$ (665,289)
Equipment	\$ (232,744)	\$ (229,944)
Vehicles	\$ (1,179,947)	\$ (455,826)
Computer equipment	\$ -	\$ (91,379)
Net proceeds from disposal of unsupported capital assets	\$ 56,951	\$ 41,912
Other (describe)	\$ -	\$ -
Total cash flows from capital transactions	\$ (3,149,179)	\$ (1,400,526)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ -	\$ -
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement (gains) losses reclassified to the statement of operations	\$ -	\$ -
Other (Describe)	\$ -	\$ -
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 (describe)	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from financing transactions	\$ -	\$ -
Increase (decrease) in cash and cash equivalents	\$ 4,401,939	\$ 2,185,491
Cash and cash equivalents, at beginning of year	\$ 7,441,624	\$ 5,256,133
Cash and cash equivalents, at end of year	\$ 11,843,563	\$ 7,441,624

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, 2018 (in dollars)

	Budget 2018	2018	2017
Operating surplus (deficit)	\$ (373,788)	\$ 164,620	\$ 1,961,766
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	\$ (2,085,000)	\$ (3,206,130)	\$ (1,549,660)
Amortization of tangible capital assets	\$ 5,031,307	\$ 4,488,194	\$ 4,654,552
Net carrying value of tangible capital assets disposed of	\$ -	\$ 67,704	\$ 39,441
Write-down carrying value of tangible capital assets	\$ -	\$ -	\$ -
Other changes	\$ -	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ 2,946,307	\$ 1,349,768	\$ 3,144,333
Changes in:			
Prepaid expenses	\$ -	\$ (12,111)	\$ 7,443
Other non-financial assets	\$ -	\$ 39,757	\$ (500)
Net remeasurement gains and (losses)	\$ -	\$ -	\$ -
Endowments	\$ -	\$ -	\$ -
Increase (decrease) in net financial assets (net debt)	\$ 2,572,519	\$ 1,542,034	\$ 5,113,042
Net financial assets (net debt) at beginning of year	\$ (59,281,620)	\$ (59,281,620)	\$ (64,394,662)
Net financial assets (net debt) at end of year	\$ (56,709,101)	\$ (57,739,586)	\$ (59,281,620)

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2018 (in dollars)

	2018	2017
Accumulated remeasurement gains (losses) at beginning of year	\$ -	\$ -
Prior Period Adjustment 1 (Describe)	\$ -	\$ -
Prior Period Adjustment 2 (Describe)	\$ -	\$ -
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, 2018 (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, 2017	\$ 12,245,617	\$ -	\$ 12,245,617	\$ 6,238,554	\$ -	\$ 2,322,399	\$ -	\$ 3,684,664
Prior period adjustments:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 12,245,617	\$ -	\$ 12,245,617	\$ 6,238,554	\$ -	\$ 2,322,399	\$ -	\$ 3,684,664
Operating surplus (deficit)	\$ 164,620		\$ 164,620			\$ 164,620		
Board funded tangible capital asset additions				\$ 1,481,170		\$ -	\$ -	\$ (1,481,170)
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ (67,704)		\$ 10,753		\$ 56,951
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	\$ -			\$ (4,488,194)		\$ 4,488,194		
Capital revenue recognized	\$ -			\$ 3,491,473		\$ (3,491,473)		
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	\$ -					\$ -		\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2018	\$ 12,410,237	\$ -	\$ 12,410,237	\$ 6,655,299	\$ -	\$ 3,494,493	\$ -	\$ 2,260,445

SCHEDULE 1

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2018 (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
Balance at August 31, 2017	\$ -	\$ 184,388	\$ -	\$ 1,395,283	\$ -	\$ 135,126	\$ -	\$ 904,135	\$ -	\$ 1,065,732
Prior period adjustments:										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ -	\$ 184,388	\$ -	\$ 1,395,283	\$ -	\$ 135,126	\$ -	\$ 904,135	\$ -	\$ 1,065,732
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$ -	\$ (298,634)	\$ -	\$ (442,788)	\$ -	\$ -	\$ -	\$ (696,671)	\$ -	\$ (43,077)
Disposal of unsupported tangible capital assets or board funded portion of supported		\$ 3,200		\$ 44,075		\$ -		\$ 9,676		\$ -
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		\$ -		\$ -		\$ -		\$ -		\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2018	\$ -	\$ (111,046)	\$ -	\$ 996,570	\$ -	\$ 135,126	\$ -	\$ 217,140	\$ -	\$ 1,022,655

SCHEDULE 2

SCHEDULE OF CAPITAL REVENUE
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)
for the Year Ended August 31, 2018 (in dollars)

	Unexpended Deferred Capital Revenue				Expended 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)	
Balance at August 31, 2017	\$ 22,679	\$ -	\$ 21,922	\$ 43,755	\$ 64,805,870
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 22,679	\$ -	\$ 21,922	\$ 43,755	\$ 64,805,870
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education capital funding (excl. IMR)	\$ 1,064,577				
Alberta Infrastructure school building & modular projects	\$ -				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ 427,373				
Other sources: OTHER GRANTS	\$ 217,686			\$ 15,324	
Other sources:	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education capital funding (excl. IMR)	\$ -				
Alberta Infrastructure school building & modular projects	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ -	\$ -	\$ -	\$ -	
Other unexpended capital revenue:				\$ -	
Proceeds on disposition of supported capital			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets:					\$ -
Alberta Infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (1,709,636)	\$ -	\$ -	\$ (15,324)	\$ 1,724,960
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Deduct:					
Supported tangible capital dispositions					\$ -
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 3,370,391
Capital revenue recognized - Other Government of Alberta					\$ 24,377
Capital revenue recognized - Other revenue					\$ 96,705
Balance at August 31, 2018	\$ 22,679	\$ -	\$ 21,922	\$ 43,755	\$ 63,039,357
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2018 (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, 2018 (in dollars)

REVENUES	2018							2017
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
(1) Alberta Education	\$ 1,611,297	\$ 27,199,681	\$ 6,507,932	\$ 2,217,106	\$ 470,826	\$ 3,603,869	\$ 41,610,711	\$ 39,427,229
(2) Other - Government of Alberta	\$ -	\$ 15,240	\$ 24,378	\$ -	\$ -	\$ 396,753	\$ 436,371	\$ 343,908
(3) Federal Government and First Nations	\$ 1,640,073	\$ 13,656,585	\$ 3,600,768	\$ 1,559,459	\$ 1,262,590	\$ -	\$ 21,719,475	\$ 21,430,725
(4) Other Alberta school authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(9) Other sales and services	\$ -	\$ 995,798	\$ 103,491	\$ 6,000	\$ 14,583	\$ 76,856	\$ 1,196,728	\$ 1,361,639
(10) Investment income	\$ -	\$ 210,913	\$ -	\$ -	\$ -	\$ -	\$ 210,913	\$ 84,934
(11) Gifts and donations	\$ -	\$ 319,788	\$ 18,829	\$ -	\$ -	\$ -	\$ 338,617	\$ 510,271
(12) Rental of facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,778	\$ 836,778	\$ 864,427
(13) Fundraising	\$ -	\$ 219,911	\$ -	\$ -	\$ -	\$ -	\$ 219,911	\$ 287,227
(14) Gains on disposal of tangible capital assets	\$ -	\$ 2,284	\$ 11,466	\$ 6,240	\$ -	\$ -	\$ 19,990	\$ 11,981
(15) Other revenue	\$ -	\$ 649,905	\$ -	\$ -	\$ -	\$ -	\$ 649,905	\$ 1,898,216
(16) TOTAL REVENUES	\$ 3,251,370	\$ 43,270,105	\$ 10,266,864	\$ 3,788,805	\$ 1,747,999	\$ 4,914,256	\$ 67,239,399	\$ 66,220,557
EXPENSES								
(17) Certificated salaries	\$ 1,737,094	\$ 18,440,273			\$ 342,804	\$ -	\$ 20,520,171	\$ 21,023,587
(18) Certificated benefits	\$ 199,551	\$ 4,319,370			\$ 51,931	\$ -	\$ 4,570,852	\$ 4,398,656
(19) Non-certificated salaries and wages	\$ 1,073,197	\$ 5,793,416	\$ 3,056,208	\$ 1,177,731	\$ 1,342,162	\$ 1,585,703	\$ 14,028,417	\$ 13,456,320
(20) Non-certificated benefits	\$ 249,130	\$ 1,393,351	\$ 779,933	\$ 254,254	\$ 328,008	\$ 436,302	\$ 3,440,978	\$ 3,213,802
(21) SUB - TOTAL	\$ 3,258,972	\$ 29,946,410	\$ 3,836,141	\$ 1,431,985	\$ 2,064,905	\$ 2,022,005	\$ 42,560,418	\$ 42,092,365
(22) Services, contracts and supplies	\$ 160,810	\$ 8,625,984	\$ 5,146,346	\$ 2,231,373	\$ 1,138,250	\$ 2,688,361	\$ 19,991,124	\$ 17,507,115
(23) Amortization of supported tangible capital assets	\$ -	\$ 287,570	\$ 2,792,599	\$ -	\$ 5,389	\$ 405,915	\$ 3,491,473	\$ 3,528,545
(24) Amortization of unsupported tangible capital assets	\$ -	\$ 129,168	\$ 172,637	\$ 401,963	\$ 133,176	\$ 159,777	\$ 996,721	\$ 1,126,007
(25) Supported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(27) Other interest and finance charges	\$ -	\$ 328	\$ 328	\$ 2,360	\$ 1,285	\$ -	\$ 4,301	\$ 4,759
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ 30,742	\$ -	\$ -	\$ 30,742	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) TOTAL EXPENSES	\$ 3,419,782	\$ 38,989,460	\$ 11,948,051	\$ 4,098,423	\$ 3,343,005	\$ 5,276,058	\$ 67,074,779	\$ 64,258,791
(31) OPERATING SURPLUS (DEFICIT)	\$ (168,412)	\$ 4,280,645	\$ (1,681,187)	\$ (309,618)	\$ (1,595,006)	\$ (361,802)	\$ 164,620	\$ 1,961,766

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES
for the Year Ended August 31, 2018 (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	2018 TOTAL Operations and Maintenance	2017 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 1,887,766	\$ 1,042,810	\$ -	\$ -	\$ 125,632			\$ 3,056,208	\$ 3,193,710
Uncertificated benefits	\$ 505,837	\$ 247,326	\$ -	\$ -	\$ 26,769			\$ 779,932	\$ 776,255
Sub-total Remuneration	\$ 2,393,603	\$ 1,290,136	\$ -	\$ -	\$ 152,401			\$ 3,836,140	\$ 3,969,965
Supplies and services	\$ 206,382	\$ 2,373,783	\$ -	\$ 551,184	\$ 281,393			\$ 3,412,742	\$ 2,924,063
Electricity			\$ 781,268					\$ 781,268	\$ 766,555
Natural gas/heating fuel			\$ 505,064					\$ 505,064	\$ 508,152
Sewer and water			\$ 106,568					\$ 106,568	\$ 108,685
Telecommunications			\$ 46,627					\$ 46,627	\$ 49,583
Insurance					\$ 214,461			\$ 214,461	\$ 191,144
ASAP maintenance & renewal payments							\$ -	\$ -	\$ -
Amortization of tangible capital assets									
Supported							\$ 2,792,599	\$ 2,792,599	\$ 2,752,655
Unsupported						\$ 172,637		\$ 172,637	\$ 185,848
Total Amortization						\$ 172,637	\$ 2,792,599	\$ 2,965,236	\$ 2,938,503
Interest on capital debt									
Supported							\$ -	\$ -	\$ -
Unsupported						\$ -		\$ -	\$ -
Lease payments for facilities				\$ 79,617				\$ 79,617	\$ 77,157
Other interest charges						\$ 328		\$ 328	\$ 368
Losses on disposal of capital assets						\$ -		\$ -	\$ -
TOTAL EXPENSES	\$ 2,599,985	\$ 3,663,919	\$ 1,439,527	\$ 630,801	\$ 648,255	\$ 172,965	\$ 2,792,599	\$ 11,948,051	\$ 11,534,175

SQUARE METRES		
School buildings		54,197.0
Non school buildings		1,913.8

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 OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS
for the Year Ended August 31, 2018 (in dollars)**

<u>Cash & Cash Equivalents</u>	2018			2017
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash		\$ 11,843,563	\$ 11,843,563	\$ 7,441,624
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%	\$ 11,843,563	\$ 11,843,563	\$ 7,441,624

<u>Portfolio Investments</u>	2018				2017
	Average Effective (Market) Yield	Cost	Fair Value	Balance	Balance
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed investment 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:

	2018	2017
Under 1 year	100.0%	100.0%
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%	100.0%

SCHEDULE 6

School Jurisdiction Code: 1280

**SCHEDULE OF CAPITAL ASSETS
for the Year Ended August 31, 2018 (in dollars)**

	2018						2017
	Land	Construction In Progress*	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			10-40 Years	5 Years	5-12 Years	5 Years	
Historical cost							
Beginning of year	\$ 538,792	\$ 627,403	\$ 145,997,261	\$ 7,763,544	\$ 8,582,223	\$ 5,245,767	\$ 168,754,990
Prior period adjustments	-	-	-	-	-	-	-
Additions	-	-	1,793,439	232,744	1,179,947	-	3,206,130
Transfers in (out)	-	(627,403)	627,403	-	-	-	-
Less disposals including write-offs	-	-	(146,233)	(53,494)	(803,101)	-	(1,002,828)
Historical cost, August 31, 2018	\$ 538,792	\$ -	\$ 148,271,870	\$ 7,942,794	\$ 8,959,069	\$ 5,245,767	\$ 170,958,292
Accumulated amortization							
Beginning of year	\$ -	\$ -	\$ 79,541,866	\$ 7,116,701	\$ 6,493,059	\$ 4,558,931	\$ 97,710,557
Prior period adjustments	-	-	-	-	-	-	-
Amortization	-	-	3,370,351	337,290	547,453	233,099	4,488,193
Other additions	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	(146,233)	(20,884)	(768,007)	-	(935,124)
Accumulated amortization, August 31, 2017	\$ -	\$ -	\$ 82,765,984	\$ 7,433,107	\$ 6,272,505	\$ 4,792,030	\$ 101,263,626
Net Book Value at August 31, 2018	\$ 538,792	\$ -	\$ 65,505,886	\$ 509,687	\$ 2,686,564	\$ 453,737	\$ 69,694,666
Net Book Value at August 31, 2017	\$ 538,792	\$ 627,403	\$ 66,455,395	\$ 646,843	\$ 2,089,164	\$ 686,836	\$ 71,044,433

	2018	2017
Total cost of assets under capital lease	\$ -	\$ -
Total amortization of assets under capital lease	\$ -	\$ -

SCHEDULE 7

School Jurisdiction Code: 1280

**SCHEDULE OF REMUNERATION AND MONETARY INCENTIVES
for the Year Ended August 31, 2018 (in dollars)**

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's / Other Paid	Other Accrued Unpaid Benefits (1)	Expenses
Official Trustee: Lois Byers	0.16	\$25,200	\$0	\$0			\$0	\$3,128
Chair: Maddy Daniels	0.84	\$51,071	\$4,700	\$0			\$0	\$47,172
Other Trustee: Cathy Wanyandie	0.84	\$17,000	\$4,700	\$0			\$0	\$18,512
Other Trustee: Randy Anderson	0.84	\$18,275	\$963	\$0			\$0	\$18,172
Other Trustee: Jesse Lamouche	0.84	\$20,225	\$2,443	\$0			\$0	\$18,868
Other Trustee: Louis Cardinal	0.84	\$11,650	\$887	\$0			\$0	\$11,386
Other Trustee: Silas Yellowknee	0.84	\$13,400	\$4,662	\$0			\$0	\$7,748
Other Trustee: Robin Guild	0.84	\$5,900	\$963	\$0			\$0	\$7,191
Other Trustee: Loretta Gladue	0.84	\$10,925	\$2,405	\$0			\$0	\$14,285
Other Trustee: Rubi Sakeskanip	0.84	\$16,425	\$4,700	\$0			\$0	\$24,842
Other Trustee: Jules Nokohoo	0.84	\$19,800	\$3,620	\$0			\$0	\$22,801
Other Trustee: Karen Telford	0.84	\$19,125	\$4,700	\$0			\$0	\$18,578
Subtotal	9.40	\$228,996	\$34,743	\$0			\$0	\$212,683
Atkinson, Gord	1.00	\$190,000	\$37,849	\$0	\$0	\$0	\$15,712	\$44,900
Rasmuson, Trudy	1.00	\$137,264	\$31,997	\$0	\$0	\$0	\$13,173	\$16,901
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Certificated		\$20,330,171	\$4,517,291	\$0	\$0	\$0	\$0	\$0
School based	194.10							
Non-School based	15.00							
Non-certificated		\$13,687,357	\$3,361,065	\$0	\$0	\$0	\$0	\$0
Instructional	154.15							
Plant Operations & Maintenance	51.80							
Transportation	38.80							
Other	53.12							
TOTALS	518.37	\$34,573,788	\$7,982,945	\$0	\$0	\$0	\$28,885	\$274,484

(1) Other Accrued Unpaid Benefits Include: Vacation Payable

Official Trustee remuneration is classified as Services, contracts, and supplies as these services were provided on a contract basis.

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-5.1, Statutes of Alberta, 2017.

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. The Division is a registered charity under the *Income Tax Act (Canada)* and is therefore exempt from the payment of income taxes.

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 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 improvements.

- 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.
- Investment income includes interest and is recognized when earned and collection is reasonably assured.

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 \$406,756 (2017 - \$502,555) and \$2,260,445 (2017 - \$3,684,664) 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, other financial assets, 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. Accounting Policy

The Division has prospectively adopted the following standards from September 1, 2017: PS3210 Assets, PS3320 Contingent Assets, PS3380 Contractual Rights, PS 2200 Related Party Disclosures, and PS 3420 Inter-Entity Transactions, which are reflected in Schedule 6, and Note 17.

15. Future Accounting Changes

The Public Sector Accounting Board has issued the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**

This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

- **PS 3450 Financial Instruments (effective April 1, 2021)**

Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3401 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**

Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

Management is currently assessing the impact of these standards on the financial statements.

Note 3 Accounts Receivable (Net after Allowances)

	2018		2017
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value
Alberta Education – Grants	\$100,458		\$97,447
Alberta Education – Capital	275,769		574,580
Other Alberta School Jurisdictions	13,044	(13,044)	226
Alberta Health Services	36,594		72,000
Federal Government	601,893		812,476
First Nations	2,834,572	(310,768)	3,588,371
Other Alberta Government	2,684		5,480
Other	532,246	(142,600)	315,604
Post-secondary Institutions	35,393	(18,005)	64,580
Total	\$4,432,653	\$(484,417)	\$3,948,236

Note 4 Other Financial Assets

Other financial assets consist of advances to Hot Lunch Programs and damage deposits totaling \$84,579 (2017 – \$45,643).

Note 5 Other Non-Financial Assets:

Other non-financial assets consist of shares in a purchasing group in the amount of \$10 (2017 inventory of supplies - \$39,267).

Note 6 Prepaid Expenses

Prepaid expenses consist of the following:

	2018	2017
Lease and rent	\$4,849	\$21,887
Memberships, subscriptions, and fees	103,892	108,209
Property taxes	21,152	23,920
Other supplies	325,254	284,989
Total	\$455,147	\$439,005

Note 7 Bank Indebtedness

The Division has negotiated a line of credit in the amount of \$3,000,000 (2017 - \$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, 2018 (2017 - \$0).

Note 8 Contractual Obligations

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

	Building Leases	Service Providers	Equipment Leases
2018-19	\$45,087	\$31,400	\$184,339
2019-20	19,562		184,339
2020-21			
Total	\$64,649	\$31,400	\$368,678

Note 9 Accounts Payable and Accrued Liabilities

	2018	2017
Alberta Education	\$0	\$199,379
Federal Government	3,989	3,989
First Nations	218,111	394,366
Other Alberta School Jurisdictions	65,594	68,164
Post-secondary Institutions	200	-
Accrued Vacation Pay Liability	533,517	552,209
Other Salaries & Benefit Costs	997,439	753,521
Other Trade Payables and Accrued Liabilities	1,017,624	1,345,490
Total	\$2,836,474	\$3,317,118

NORTHLAND SCHOOL DIVISION NO. 61
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

Note 10 Deferred Revenue

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug.31, 2017	ADD: 2017/2018 Restricted Funds Received/ Receivable	DEDUCT: 2017/2018 Restricted Funds Expended (Paid/Payable)	ADD (DEDUCT): 2017/2018 Adjustments For Returned Funds	DEFERRED REVENUE as at Aug. 31, 2018
Unexpended Deferred Operating Revenue					
Alberta Education:					
Infrastructure Maintenance Renewal	\$1,586,989	\$774,134	\$(714,820)		\$1,646,303
Regional Collaborative Service Delivery	282,614	165,507	(5,904)		442,217
Other Alberta Education Deferred Revenue	646,358	6,106,850	(2,198,839)		4,554,369
Other Deferred Revenue:					
School Generated Funds	39,417	76,120	(25,324)		90,213
Donations	867,657	370,218	(776,562)	(18,888)	442,425
Indigenous and Northern Affairs Canada	659,271		(189,022)		470,249
Total Unexpended Deferred Operating Revenue	\$4,082,306	\$7,492,829	\$(3,910,471)	\$(18,888)	\$7,645,776
Unexpended Deferred Capital Revenue	88,356				88,356
Expended Deferred Capital Revenue	64,805,870	1,724,960	(3,491,473)		63,039,357
Total	\$68,976,532	\$9,217,789	\$(7,401,944)	\$(18,888)	\$70,773,489

Note 11 Employee Future Benefit Liabilities

Employee future benefit liabilities consist of accumulated sick pay liability in the amount of \$6,001 (2017 - \$6,001).

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 \$889,627 for the year ended August 31, 2018 (2017 - \$934,504). For the year ended August 31, 2018, the amount contributed to the Teachers' Retirement Fund by the Province was \$2,506,792 (2017 - \$2,317,936).

As of December 31, 2017 the Local Authorities Pension Plan reported an actuarial surplus of \$4,835,515,000 (2016 - a deficiency of \$637,357,000). At August 31, 2017 the Teachers' Retirement Fund reported an actuarial surplus of \$1,890,528,000 (2016 - \$1,227,749,000).

NORTHLAND SCHOOL DIVISION NO. 61
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

Note 13 School Generated Funds

	2018	2017
Unexpended School Generated Funds, Opening Balance August 31	\$523,831	\$626,655
Current Year Activities – Gross Receipts:		
Fundraising	270,707	292,060
Gifts and donations	109,021	246,047
Other sales and services		
Total gross receipts	379,728	538,107
Current Year Activities – Uses of Funds		
Equipment and Supplies	15,324	-
Extra-Curricular Activities	314,819	398,554
Field Trips	59,446	137,963
Fundraising (Direct Costs)	82,984	104,414
Other Activities		
Total Uses of Funds	472,573	640,931
Unexpended School Generated Funds, Closing Balance August 31	\$430,986	\$523,831
Balance included in Deferred Revenue	90,213	39,417
Balance included in Accumulated Surplus	340,773	484,414
Total	\$430,986	\$523,831

NORTHLAND SCHOOL DIVISION NO. 61
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2018

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:

	2018	2017
Unrestricted surplus	\$3,494,493	\$2,322,399
Operating reserves		
Accumulated surplus (deficit) from operations		
Investment in tangible capital assets	6,655,299	6,238,554
Capital reserves	2,260,445	3,684,664
Accumulated re-measurement gains (losses)		
Accumulated surplus (deficit)	\$12,410,237	\$12,245,617

Accumulated surplus from operations (ASO) include school generated funds of \$340,773 (2017 - \$484,414). 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:

	2018	2017
Accumulated surplus (deficit) from operations	\$12,410,237	\$12,245,617
School Generated funds included in accumulated surplus (Note 13)	(340,773)	(484,414)
Adjusted accumulated surplus (deficit)	\$12,069,464	\$11,761,203

Adjusted accumulated surplus represents unspent funding available to support the Division's operations for the 2018-2019 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 \$21,530,453 for tuition fees (2017 - \$20,589,996).

Note 17 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the Division and their close family members.

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	\$376,227	\$0	\$0	\$10,301
Prepaid expenses/Deferred revenue		6,642,889		
Unexpended deferred capital revenue		22,679		
Expended deferred capital revenue		63,039,357	3,491,473	
Grant revenues and expenses			35,612,446	
ATRF payments made on Division's behalf			2,506,792	
Other revenues and expenses				
Other Related Parties:				
Other Alberta school jurisdictions		65,594		597,869
Alberta Community and Social Services				1,275
Alberta Health Services	36,594		396,753	
ATB Financial			84,934	929
Other Government of Alberta Ministries	2,684		36,427	854
Post-secondary institutions	17,388	200	34,376	8,095
Total 2017/2018	\$432,893	\$69,770,719	\$42,163,201	\$619,323
Total 2016/2017	\$814,313	\$67,238,499	\$42,297,993	\$742,892

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 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.

None of these contingent liabilities involve related parties.

Note 20 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, 2017, one customer (2017 – one) accounted for 32% (2017 – 45%) 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 21 Subsequent Events

On September 1, 2018, the operation of three schools (Little Buffalo School, Peerless Lake School and Kateri School) of the Division were transferred to the Kee Tas Kee Now Tribal Council Education Authority (KTCEA). During the year ended August 31, 2018, these schools generated revenues of \$8,681,084 and had direct operating expenses of \$5,321,563. The Division is currently in negotiation with the KTCEA regarding the transfer of tangible capital assets with a net book value of \$2,228,102 and expended deferred capital revenue of \$1,775,838 from the Division to the KTCEA.

Note 22 Budget Amounts

The budget was prepared by the Division's management with the Board of Trustees approval given on June 22, 2017.

Note 23 Approval of Financial Statements

These financial statements were prepared by management and approved by the Board of Trustees on November 30, 2018.