



MEYERS NORRIS PENNY LLP

**BLACK GOLD REGIONAL DIVISION NO. 18  
FINANCIAL STATEMENTS**

**AUGUST 31, 2009**

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2009**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Black Gold Regional Division No. 18**

Legal Name of School Jurisdiction

**3rd Floor, 1101 5th Street, Nisku, Alberta T9E 7N3**

Mailing Address

**Telephone - 780-955-6059; Fax - 780-955-6050**

Telephone and Fax Numbers

**SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of **Black Gold Regional Division No. 18** presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

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

***Board of Trustees Responsibility***

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

***External Auditors***

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

***Declaration of Management and Board Chairman***

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

**BOARD CHAIR**

**Barbara Martinson**

Name



Signature

**SUPERINTENDENT**

**Stuart Evans**

Name



Signature

**SECRETARY TREASURER OR TREASURER**

**M. Ruth Andres**

Name



Signature

**November 25, 2009**

Board-approved Release Date

**TABLE OF CONTENTS**

	<b>Page</b>
<b>AUDITORS' REPORT INSERT</b>	<b>3</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>4</b>
<b>STATEMENT OF REVENUES AND EXPENSES</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>7</b>
<b>STATEMENT OF CAPITAL ALLOCATIONS</b>	<b>8</b>
<b>NOTES TO THE FINANCIAL STATEMENTS INSERT</b>	<b>9</b>



MEYERS NORRIS PENNY LLP

## AUDITORS' REPORT

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To the Board of Trustees of

### BLACK GOLD REGIONAL DIVISION NO. 18

We have audited the statement of financial position of the **Black Gold Regional Division No. 18** as at August 31, 2009 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the school jurisdiction's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school jurisdiction as at August 31, 2009 and the results of its operations, changes in cash flows, net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

*Meyers Norris Penny LLP*

Leduc, Alberta  
November 12, 2009

**CHARTERED ACCOUNTANTS**

**STATEMENT OF FINANCIAL POSITION**  
as at August 31, 2009

(in dollars)

	2009	2008 (Note) Restated
<b>ASSETS</b>		
Current assets		
Cash and temporary investments	\$10,477,027	\$12,911,695
Accounts receivable (net after allowances) (Note 4)	\$1,028,913	\$1,775,911
Prepaid expenses	\$109,274	\$65,641
Other current assets	\$454,312	\$357,811
<b>Total current assets</b>	\$12,069,526	\$15,111,058
School generated assets		
Trust assets (Note 5)	\$821,159	\$913,916
Long term accounts receivable	\$36,800	\$73,600
Long term investments	\$6,022,307	\$0
Capital assets (Note 6)		
Land	\$2,394,945	\$2,394,945
Construction in Progress	\$2,734,174	\$36,802
Buildings	\$99,902,130	
Less: accumulated amortization	(\$46,813,947)	\$56,099,459
Equipment	\$6,358,345	
Less: accumulated amortization	(\$3,383,718)	\$2,836,368
Vehicles	\$1,007,778	
Less: accumulated amortization	(\$533,086)	\$544,498
<b>Total capital assets</b>	\$61,666,621	\$61,912,072
<b>TOTAL ASSETS</b>	\$80,840,868	\$78,233,870
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness (Note 7)	\$0	\$0
Accounts payable and accrued liabilities (Note 8)	\$4,808,661	\$4,437,232
Deferred revenue (Note 9)	\$1,894,773	\$1,062,104
Deferred capital allocations (Note 11)	\$1,712,677	\$1,868,075
Current portion of long term debt	\$787,021	\$1,073,016
<b>Total current liabilities</b>	\$9,203,132	\$8,440,427
School generated liabilities		
Trust liabilities (Note 5)	\$821,159	\$913,916
Employee future benefit liabilities	\$83,600	\$68,000
Long term debt (Note 10)		
Supported: Debentures and other supported debt	\$2,921,720	\$3,994,736
Less: Current portion	(\$787,021)	(\$1,073,016)
Unsupported: Debentures and Capital Loans	\$0	\$0
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 12)	\$51,623,173	\$50,535,747
<b>Total long term liabilities</b>	\$54,887,086	\$54,662,607
<b>TOTAL LIABILITIES</b>	\$64,090,218	\$63,103,034
<b>NET ASSETS</b>		
Unrestricted net assets	\$432,010	\$396,382
Operating Reserves	\$7,255,829	\$5,230,979
Accumulated Operating Surplus (Deficit)	\$7,687,839	\$5,627,361
Investment in capital assets	\$7,121,727	\$7,381,589
Capital Reserves	\$1,941,084	\$2,121,886
<b>Total Capital Funds</b>	\$9,062,811	\$9,503,475
<b>Total net assets</b>	\$16,750,650	\$15,130,836
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$80,840,868	\$78,233,870

**Note:** Please input "(Restated)" in 2008 column heading where comparatives are not taken from the finalized 2007-2008 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF REVENUES AND EXPENSES**  
**for the Year Ended August 31, 2009**  
(in dollars)

	Actual 2009	Budget 2009 (Note)	Actual 2008 (Note)
<b>REVENUES</b>			
Government of Alberta	\$75,092,562	\$73,672,121	\$73,330,522
Federal Government and First Nations	\$163,039	\$120,000	\$157,571
Other Alberta school authorities	\$469	\$0	\$1,330
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$615,438	\$596,626	\$539,590
Transportation fees	\$129,746	\$115,000	\$119,102
Other sales and services	\$390,356	\$122,050	\$559,890
Investment income	\$202,996	\$230,000	\$464,100
Gifts and donations	\$22,013	\$0	\$12,133
Rental of facilities	\$94,872	\$107,897	\$168,881
Net school generated funds	\$1,292,673	\$200,000	\$1,157,596
Gains on disposal of capital assets	\$15,376	\$0	\$0
Amortization of capital allocations	\$3,082,799	\$3,066,303	\$2,841,530
Other revenue	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$81,102,339</b>	<b>\$78,229,997</b>	<b>\$79,352,245</b>
<b>EXPENSES</b>			
Certificated salaries	\$41,722,082	\$41,905,168	\$40,188,518
Certificated benefits	\$4,453,757	\$4,325,596	\$4,372,351
Non-certificated salaries and wages	\$11,954,275	\$11,895,027	\$11,270,222
Non-certificated benefits	\$2,706,953	\$2,694,190	\$2,589,141
Services, contracts and supplies	\$13,285,567	\$13,597,246	\$14,734,073
Net school generated funds	\$1,292,673	\$200,000	\$1,157,596
<b>Capital and debt services</b>			
Amortization of capital assets			
Supported	\$3,082,799	\$3,066,303	\$2,841,530
Unsupported	\$662,491	\$652,546	\$532,151
<b>Total Amortization of capital assets</b>	<b>\$3,745,290</b>	<b>\$3,718,849</b>	<b>\$3,373,681</b>
Interest on capital debt			
Supported	\$333,149	\$333,699	\$466,229
Unsupported	\$0	\$0	\$0
<b>Total Interest on capital debt</b>	<b>\$333,149</b>	<b>\$333,699</b>	<b>\$466,229</b>
Other interest and charges	\$0	\$0	\$0
Losses on disposal of capital assets	\$3,085	\$0	\$9,456
<b>Other expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenses</b>	<b>\$79,496,831</b>	<b>\$78,669,775</b>	<b>\$78,161,267</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM</b>	<b>\$1,605,508</b>	<b>(\$439,778)</b>	<b>\$1,190,978</b>
Extraordinary Item	\$0	\$0	\$0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$1,605,508</b>	<b>(\$439,778)</b>	<b>\$1,190,978</b>

**Note:** Please input "(Restated)" where Actual 2008 comparatives are not as presented in the finalized 2007-2008 Audited Financial Statements filed with Alberta Education. Budget 2009 comparatives presented are final budget amounts formally approved by the Board.

**STATEMENT OF CASH FLOWS**  
for the Year Ended August 31, 2009

(in dollars)

	2009	2008 (Note)
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATIONS</b>		
Excess (deficiency) of revenues over expenses	\$1,605,508	\$1,190,978
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$3,082,799)	(\$2,841,530)
Total amortization expense	\$3,745,290	\$3,373,681
Gains on disposal of capital assets	(\$15,376)	\$0
Losses on disposal of capital assets	\$3,085	\$9,456
Changes in:		
Accounts receivable	\$746,998	(\$600,141)
Prepays and other current assets	(\$140,134)	\$640,456
Long term accounts receivable	\$36,800	\$36,800
Long term investments	(\$6,022,307)	\$0
Accounts payable and accrued liabilities	\$371,429	\$640,553
Deferred revenue	\$832,669	(\$636,086)
Employee future benefit liabilities	\$15,600	\$8,600
Other (describe) Net capital allocations/holdback non-cash transactions	(\$468,313)	\$433,679
<b>Total cash flows from Operations</b>	<b>(\$2,371,550)</b>	<b>\$2,256,446</b>
<b>B. INVESTING ACTIVITIES</b>		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$2,697,372)	(\$1,172,105)
Equipment	(\$477,329)	(\$626,794)
Vehicles	(\$67,311)	(\$175,834)
Net proceeds from disposal of capital assets	\$138,138	\$100
Other (describe) Net holdback non-cash transactions	\$474,482	(\$35,356)
<b>Total cash flows from Investing activities</b>	<b>(\$2,629,392)</b>	<b>(\$2,009,989)</b>
<b>C. FINANCING ACTIVITIES</b>		
Capital allocations	\$2,572,444	\$584,820
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$1,073,016)	(\$1,538,066)
Add back: supported portion	\$1,073,015	\$1,538,066
Other (describe) Net capital allocations non-cash transactions	(\$6,169)	(\$398,323)
<b>Total cash flows from financing activities</b>	<b>\$2,566,274</b>	<b>\$186,497</b>
<b>Net cash flows from during the year</b>	<b>(\$2,434,668)</b>	<b>\$432,954</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/08</b>	<b>\$12,911,695</b>	<b>\$12,478,741</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/09</b>	<b>\$10,477,027</b>	<b>\$12,911,695</b>

**Note:** Please input "(Restated)" where Actual 2008 comparatives are not as presented in the finalized 2007-2008 Audited Financial Statement filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS  
for the Year Ended August 31, 2009**

School Jurisdiction Code: 2245

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL NET ASSETS  Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS											
				TOTAL OPERATING RESERVES  Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES  Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Admin.		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
<b>Balance at August 31, 2008</b>	\$15,130,836	\$7,381,589	\$396,382	\$5,230,979	\$2,121,886	\$2,382,202	\$792,586	\$1,438,031	\$1,006,805	\$608,617	\$322,495	\$676,646	\$0	\$125,483	\$0
<u>Prior period adjustments</u> (describe)															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Balance, Aug.31, 2008</b>	\$15,130,836	\$7,381,589	\$396,382	\$5,230,979	\$2,121,886	\$2,382,202	\$792,586	\$1,438,031	\$1,006,805	\$608,617	\$322,495	\$676,646	\$0	\$125,483	\$0
Excess (deficiency) of revenue over expenses	\$1,605,508		\$1,605,508												
Board funded capital additions		\$514,170	(\$71,425)	(\$76,466)	(\$366,279)	(\$11,905)	(\$298,968)	(\$49,372)	(\$67,311)	(\$15,189)	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	(\$111,541)	(\$15,247)		\$126,788		\$105,169		\$21,619		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$2,956		\$11,350		\$11,350		\$0		\$0		\$0		\$0
Direct credits to net assets	\$0	\$0													
Amortization of capital assets		(\$3,745,290)	\$3,745,290												
Amortization of capital allocations		\$3,082,799	(\$3,082,799)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			(\$2,347,555)	\$2,347,555		\$1,904,851		\$165,597		\$40,551		\$236,556		\$0	
Net transfers from operating reserves			\$246,239	(\$246,239)		(\$174,746)		(\$71,493)		\$0		\$0		\$0	
Net transfers to capital reserves			(\$47,339)		\$47,339		\$0		\$0		\$47,339		\$0		\$0
Net transfers from capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Balance at August 31, 2009</b>	\$16,736,344	\$7,121,727	\$432,010	\$7,255,829	\$1,941,084	\$4,100,402	\$610,137	\$1,482,763	\$961,113	\$633,979	\$369,834	\$913,202	\$0	\$125,483	\$0



**STATEMENT OF CAPITAL ALLOCATIONS  
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)  
for the Year Ended August 31, 2009  
(in dollars)**

	<b>Deferred Capital Allocations</b>	<b>Unamortized Capital Allocations</b>
<b>Balance at August 31, 2008</b>	\$1,868,075	\$50,535,747
<b>Prior period adjustments</b>	\$0	\$0
<b>Adjusted balance, August 31, 2008</b>	\$1,868,075	\$50,535,747
<b>Add:</b>		
<b>Restricted capital allocations from:</b> Alberta Education including school and modular projects	\$2,516,018	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$30,470	
<b>Interest earned on provincial government capital allocations</b>	\$25,956	
<b>Other capital grants and donations</b>	\$0	
<b>Net proceeds on disposal of supported capital assets</b>	\$0	
<b>Insurance proceeds (and related interest)</b>	\$0	
<b>Donated capital assets (amortizable, @ fair market value)</b>		\$383,674
<b>Transferred in capital assets (amortizable, @ net book value)</b>		\$0
<b>Current Year Debenture Principal Repayment</b>		\$1,073,015
<b>Expended capital allocations - current year</b>	(\$2,727,842)	\$2,727,842
<b>Deduct:</b>		
<b>Net book value of supported capital assets dispositions, write-offs, or transfer; Other</b>	\$0	\$14,306
<b>Capital allocations amortized to revenue</b>		\$3,082,799
<b>Balance at August 31, 2009</b>	\$1,712,677	\$51,623,173

\* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded from this Statement, since those contributions are not externally restricted to capital.

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**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**1. Authority and Purpose**

The School Jurisdiction delivers education programs under the authority of the School Act, Revised Statutes of Alberta 2000, Chapter S-3. It is not taxable under Section 149(1) of the *Income Tax Act*.

The School Jurisdiction receives instruction and support allocations under Regulation 77/2003. The Regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and administration expenses.

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**2. Significant Accounting Policies**

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

***Revenue Recognition***

Revenue is recognized as follows:

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.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with.

Grants received for construction and acquisition of capital assets are recognized as revenue on the same basis that the cost of the assets is amortized.

***Cash and Cash Equivalents***

Cash and cash equivalents are made up of the following:

	<u>2009</u>	<u>2008</u>
Bank balances	\$ 8,473,001	\$ 12,911,395
GIC - current	2,003,726	-
Cash on hand	<u>300</u>	<u>300</u>
	<u>\$ 10,477,027</u>	<u>\$ 12,911,695</u>

**2. Significant Accounting Policies (continued)**

***Prepaid Expenses***

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

***School Generated Funds***

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

***Long Term Investments***

Long term GIC's are recorded at fair value, with changes to fair value recorded as investment income or loss.

***Capital Assets***

Capital assets are recorded at cost, and are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Buildings	10 to 40 years
Equipment	5 and 10 years
Vehicles	5 and 10 years
Computer Hardware and Software	5 years
Construction in Progress	not amortized

Capital assets with costs in excess of \$5,000 are capitalized. Capital allocations received for asset additions are amortized into revenue over the same period as the amortization expense.

***Vacation Pay***

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

## 2. Significant Accounting Policies (*continued*)

### *Pensions*

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

The current service and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the Black Gold Regional Division does not make pension contributions for certificated staff.

The Regional Division participates in the multi-employer pension plan, Local Authorities Pension Plan. The expense for this pension plan is equivalent to the annual contributions of \$684,791 for the year ended August 31, 2009 (2008 - \$589,436). At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of \$4,413,971,000 (2007 - deficiency of \$1,183,334,000).

The Division is a member of the Supplemental Integrated Pension Plan (SiPP) and Supplementary Executive Retirement Program (SERP). The plan provides supplementary pension plan benefits to a prescribed class of employees in addition to Local Authorities Pension Plan or Alberta Teacher Retirement Fund. There are four employees who are eligible to participate in the plan; four are currently participating.

### *Employee Future Benefits*

The jurisdiction accrues its obligations under employee future benefit plans and expenses the related costs. As at August 31, 2009, the recorded obligation is \$83,600 (2008 - \$68,000). The total expense recorded in the financial statements is \$57,534 (2008 - \$43,711).

### *Financial Instruments*

The School Division's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, school generated assets and liabilities, trust assets and liabilities, long term accounts receivable, long term investments, employee future benefit liabilities and long-term debt. It is management's opinion that the School Division is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The jurisdiction has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the *Trustees Act*.

#### (i) Held for trading

The Division has classified cash and temporary investments, school generated assets, trust assets and long term investments as held for trading. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date.

Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transaction costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in income.

#### (ii) Available for sale

The Division has not classified any financial assets as available for sale.

**2. Significant Accounting Policies (continued)**

(iii) Loans and receivables

The Division has classified accounts receivable and long term accounts receivable as loans and receivables. The assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Loans and receivables are subsequently measure at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measure at initial recognition less any reduction for uncollectability. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

(iv) Held to maturity

The Division has not classified any financial assets as held to maturity.

(v) Other financial liabilities

The Division has classified accounts payable and accrued liabilities, employee future benefit liabilities, school generated liabilities, trust liabilities and long term debt as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measure at amortized cost using the effective interest method. Under this method, estimate future cash payments are discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measure at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition.

***Operating and Capital Reserves***

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

***Contributed Services***

Volunteers contribute a considerable number of hours per year to various schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Because of the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

**2. Significant Accounting Policies (continued)**

***Measurement Uncertainty***

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

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**3. Change in accounting policy**

***Financial Instruments***

Effective September 1, 2008, the Division adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards

CICA 3855 *Financial Instruments – Recognition and Measurement* establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3861 *Financial Instruments – Disclosure and Presentation* discusses the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

As described in Accounting Policies, Note 2, the Division recognizes it's held for trading financial assets at their fair value. Prior to this classification, required at the time the Division adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any permanent impairment. There is no effect of this change in accounting policy in the current period. The new requirements were applied prospectively and prior periods have not been restated.

As described in Accounting Policies, Note 2, the Division's loans and receivable financial assets, and its other financial liabilities, are recognized at their amortized cost, using the effective interest method. Prior to this classification, these items were recognized at their historical cost, adjusted for any permanent impairment. There is no effect of this change in accounting policy in the current period.

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**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**4. Accounts Receivable**

	<u>2009</u>	<u>2008</u>
Alberta Education	\$ 364,900	\$ 1,160,063
Federal Government	335,178	322,330
Other	201,308	113,430
Alberta Finance	<u>127,527</u>	<u>180,088</u>
	<u>\$ 1,028,913</u>	<u>\$ 1,775,911</u>

Long-term accounts receivable arose upon the sale of the interest and right of occupancy to the School Board Space in the Leduc Civic Center Complex, and will be collected in equal instalments over the next two years. The current portion of \$36,800 is included in the amount "other", above. Other current accounts receivable which have been outstanding for more than one year total \$0 (2008 - \$465,197).

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**5. Trust Assets and Trust Liabilities**

***Deferred Salary Leave Plan***

The Black Gold Regional Division No. 18 has established a Deferred Salary Leave Plan, whereby eligible employees are able to, at their option; defer a portion of their salary. These funds are held in trust in separate bank accounts. At August 31, 2009 total funds in the plan were \$27,077 (2008 - Nil). There is currently one individual that is contributing to this program.

***Scholarship Trusts***

The Division also manages trust funds which will be used to pay school scholarships. At August 31, 2009 total funds in trust were \$79,662 (2008 - \$78,708).

***Student Health Partnership Trust***

The Division is the banker board for the Leduc and Area Student Health Partnership. As of August 31, 2009, the Division held \$117,716 in trust for this initiative (2008 - \$144,515).

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**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**6. Tangible capital assets**

	Land not amortized	Construction In Progress - New Building	Buildings 10-40 Years	Equipment - Computer Hardware & Software 5 Years	Other Equipment 5-10 Years	Vehicles 5-10 Years	Total Aug. 31, 2009	Total Aug. 31, 2008
Estimated Useful life		not amortized	10-40 Years	5 Years	5-10 Years	5-10 Years		
<b>Historical cost</b>								
September 1, 2008	\$2,394,945	-	\$99,938,932	\$940,544	\$5,189,302	\$1,125,412	\$109,589,135	\$109,003,108
Additions	-	-	2,697,372	17,488	843,515	67,311	3,625,686	2,227,106
Transfers in (out)	-	2,734,174	(2,734,174)	-	-	-	-	-
Less disposals including write-offs	-	-	-	(513,707)	(118,797)	(184,945)	(817,499)	(1,641,078)
August 31, 2009	\$2,394,945	\$2,734,174	\$99,902,130	\$444,325	\$5,914,020	\$1,007,778	\$112,397,372	\$109,589,136
<b>Accumulated amortization</b>								
September 1, 2008	-	-	\$43,802,672	\$680,274	\$2,613,204	\$580,914	\$47,677,065	\$45,934,904
Amortization expense	-	-	3,011,275	81,087	536,488	116,440	3,745,290	3,371,292
Transfers in (out)	-	-	-	-	-	-	-	-
Effect of disposals	-	-	-	(513,707)	(13,628)	(164,268)	(691,603)	(1,629,132)
August 31, 2009	-	-	\$46,813,947	\$247,654	\$3,136,064	\$533,086	\$50,730,751	\$47,677,064
<b>Net Book Value at August 31, 2009</b>	\$2,394,945	\$2,734,174	\$53,088,183	\$196,671	\$2,777,956	\$474,692	\$61,666,621	\$61,912,072





**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**7. Bank Indebtedness**

The jurisdiction has negotiated a line of credit in the amount of \$3,000,000 that bears interest at the bank prime rate. There was no balance outstanding on the line of credit at August 31, 2009.

**8. Accounts Payable and Accrued Liabilities**

	<u>2009</u>	<u>2008</u>
Alberta Finance	\$ 127,527	\$ 180,088
Federal Government	860,460	1,308,197
Other Trade Payables and Accrued Liabilities	3,820,674	2,923,463
Other Alberta School Boards	-	25,484
	<u>\$ 4,808,661</u>	<u>\$ 4,437,232</u>

**9. Deferred Revenue**

The following amounts have been deferred and will be recognized as income to match the expenditures as incurred.

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2008	ADD: 2008/2009 Restricted Funds Received/ Receivable	DEDUCT: 2008/2009 Restricted Funds Expended (Paid/Payable)	ADD (DEDUCT): 2008/2009 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2009
<b>Alberta Education Restricted Operational Funding:</b>	\$0	\$0	\$0	\$0	\$0
Alberta Initiative for School Improvement	\$122,356	\$1,138,293	(\$1,260,649)	\$0	\$0
Children and Youth with Complex Needs	\$0	\$58,230	(\$21,447)	\$0	\$36,783
Francophone Student Health Services	\$0	\$0	\$0	\$0	\$0
Infrastructure Maintenance Renewal	\$350,012	\$1,476,153	(\$997,003)	\$18,790	\$847,952
Institutional Education Programs	\$0	\$0	\$0	\$0	\$0
Portable/Modular Unit Relocation	\$0	\$0	\$0	\$0	\$0
Regional Consortium	\$0	\$0	\$0	\$0	\$0
Regional Educational Consulting Services	\$0	\$0	\$0	\$0	\$0
Small Class Size Initiative	\$0	\$0	\$0	\$0	\$0
Student Health Initiative (School Authorities)	\$0	\$0	\$0	\$0	\$0
SuperNet Service	\$0	\$0	\$0	\$0	\$0
Other Alberta Education deferred revenue	\$239,380	\$961,102	(\$349,626)	(\$12,654)	\$838,202
<b>Other Government of Alberta Restricted Funding:</b>	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
<b>Other Deferred Revenue:</b>	\$0	\$0	\$0	\$0	\$0
Transportation Revenue & Other	\$62,916	\$72,830	(\$62,916)	\$0	\$72,830
Skills Canada	\$287,440	\$0	(\$188,434)	\$0	\$99,006
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,062,104</b>	<b>\$3,706,608</b>	<b>(\$2,880,075)</b>	<b>\$6,136</b>	<b>\$1,894,773</b>

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**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

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**10. Long Term Debt**

Debenture Debt - Supported

The debenture debt bears interest at rates varying between 8.375% and 12%. Interest paid on long-term debt during 2009 was \$385,710 (2008 - \$543,372).

Debenture payments due over the next five years and beyond are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009-2010	\$ 787,021	\$ 278,696	\$ 1,065,717
2010-2011	694,181	202,464	896,645
2011-2012	671,483	136,665	808,148
2012-2013	456,734	73,589	530,323
2013-2014	213,204	30,659	243,863
2014 to maturity	<u>99,097</u>	<u>9,662</u>	<u>108,759</u>
	<u>\$ 2,921,720</u>	<u>\$ 731,735</u>	<u>\$ 3,653,455</u>

The debenture debt is fully supported by Alberta Finance. The current portion of long-term debt consists entirely of amounts payable by Alberta Finance on supported debt, therefore the working capital (current assets minus current liabilities) is understated by \$787,021.

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**11. Deferred Capital Allocations**

Deferred capital allocations represent externally restricted supported capital funds provided for a specific capital purpose that have been received or are receivable by the Division, but the related expenditure has not yet been made at year-end. These unspent deferred capital allocations are not amortized until the expenditure has been made and it is at that time that the balance is transferred to the unamortized capital allocations account.

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**12. Unamortized Capital Allocations**

Unamortized capital allocations represent externally restricted supported capital funds that have been spent, but have yet to be amortized over the useful life of the applicable capital asset to which the restricted capital allocations apply. The unamortized capital allocations account balance is increased by transfers of previously deferred capital allocations now spent, as well as fully-supported debentured capital funds, as the principal is repaid. Since the receipt of the funding does not coincide with the amortization of the cost, the unamortized portion of the grants are recorded as a liability on the statement of financial position.

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**13. Contingencies**

The jurisdiction is a member of a reciprocal insurance exchange called ASBIE. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenses in the financial statements, as the value of equity is subject to liability claims.

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**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**14. Related Party Transactions**

Effective 2005/2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

All related-party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	Balances		Transactions	
	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>
<b>Government of Alberta:</b>				
Education	\$ 364,900	\$2,845,194	\$74,745,327	\$297,983
Finance	127,527	3,049,247	333,149	333,149
Other Gov't of Alberta departments	14,086	100,000	14,086	-
<b>Other:</b>				
Post-secondary institutions	-	-	-	664
Other Alberta school jurisdictions	-	-	-	250,892
<b>TOTAL 2008-2009</b>	<b>\$ 506,513</b>	<b>\$5,994,441</b>	<b>\$75,092,562</b>	<b>\$882,688</b>
<b>TOTAL 2007-2008</b>	<b>\$1,349,102</b>	<b>\$6,317,187</b>	<b>\$73,330,522</b>	<b>\$873,634</b>

**15. Budget Amounts**

The budget was prepared by the school jurisdiction and approved by the Board of Trustees. It is presented for information purposes only and has not been audited.

**16. Economic Dependence on Related Third Party**

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

In August, 2009, Alberta Education announced that there will be a "fiscal correction" to the previously announced Education Budget for 2009-2010. The correction will result in a monthly reduction of grant payments from September 2009 – March 2010. The total reduction is based on the accumulated operating surplus reported at August 31, 2008 and amounts to \$390,475.

**BLACK GOLD REGIONAL DIVISION NO. 18**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2009**

**17. Disclosure of Salaries and Benefits**

The remuneration disclosed includes both the taxable and non-taxable portion of trustees' remuneration.

<b>Board Members:</b>	<b>FTE</b>	<b>Remuneration</b>	<b>Benefits</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>ERIP's / Other</b>	<b>Expenses</b>
Barb Martinson	1.0	\$29,168	\$5,204	\$0			8,597.00
Sam Kobeluck	1.0	\$21,946	\$5,044	\$0			10,042.00
Sandy Koroll	1.0	\$21,416	\$1,145	\$0			6,588.00
Johnette Lemke	1.0	\$21,999	\$4,986	\$0			6,969.00
Lorna Misselbrook	1.0	\$20,314	\$4,944	\$0			4,896.00
Kirk Popik	1.0	\$12,576	\$1,470	\$0			4,216.00
Christine Robertson	1.0	\$13,824	\$4,726	\$0			3,183.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
	0.0	\$0	\$0	\$0			0.00
<b>Subtotal</b>	<b>7.0</b>	<b>\$141,243</b>	<b>\$27,519</b>	<b>\$0</b>			<b>44,491.00</b>
Norman Yanitski	1.0	\$166,204	\$20,040	\$0	\$0	\$0	9,594.00
Ruth Andres	1.0	\$135,615	\$31,895	\$0	\$0	\$0	8,668.00
Certificated Teachers	510.0	\$41,555,878	\$4,433,717	\$0	\$0	\$0	
Non-certificated - Other	343.0	\$11,677,417	\$2,647,539	\$0	\$0	\$0	
<b>TOTALS</b>		<b>\$53,676,357</b>	<b>\$7,160,710</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**18. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.