BLACK GOLD REGIONAL DIVISION NO. 18
FINANCIAL STATEMENTS

AUGUST 31, 2012

School Jurisdiction Code: 2245

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

[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 - 780-955-6025, 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

Name	Signature
Sandra Koroll	Sandra Koroll

SUPERINTENDENT

Name	Signature
Norman Yanitski	N W Yanitski

SECRETARY TREASURER OR TREASURER

Name	Signature
M. Ruth Andres	M Andres

28-Nov-12

Board-approved Release Date

c.c. **ALBERTA EDUCATION, Financial Reporting & Accountability Branch**
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: Robert.Mah@gov.ab.ca
PHONE: (780) 427-3855 (Toll free 310-0000) FAX: (780) 422-6996

School Jurisdiction Code: 2245

TABLE OF CONTENTS

Independent Auditors' Report

To the Board of Trustees of Black Gold Regional Division No.18:

We have audited the accompanying financial statements of Black Gold Regional Division No. 18, which comprise the statement of financial position as at August 31, 2012, and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 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 from 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 controls 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 controls. 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, the financial statements present fairly, in all material respects, the financial position of Black Gold Regional Division No. 18 as at August 31, 2012 and the results of its operations, cash flows, and changes in net assets and capital allocations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

MNP LLP

Leduc, Alberta

November 28, 2012

CHARTERED ACCOUNTANTS

ACCOUNTING › CONSULTING › TAX
200, 5019 – 49TH AVENUE, LEDUC, AB T9E 6T5
P: 780.986.2626 F: 780.986.2621 **mnp.ca**

School Jurisdiction Code: 2245

STATEMENT OF FINANCIAL POSITION

as at August 31, 2012

(in dollars)

			2012	2011 Restated
ASSETS				
Current assets				
Cash and temporary investments	(Note 3)		$11,332,089	$10,565,716
Accounts receivable (net after allowances)	(Note 4)		$2,020,473	$1,398,069
Prepaid expenses			$277,789	$176,797
Other current assets			$298,693	$302,125
Total current assets			$13,929,044	$12,442,707
Trust assets	(Note 5)		$277,268	$307,904
Long term accounts receivable			$0	$0
Long term investments	(Note 6)		$4,043,096	$7,207,635
Capital assets				
Land			$2,394,945	$2,394,945
Construction in progress			$0	$0
Buildings		$114,432,011		
Less: accumulated amortization		($56,131,026)	$58,300,985	$59,334,523
Equipment		$7,783,770		
Less: accumulated amortization		($4,647,998)	$3,135,772	$2,803,723
Vehicles		$1,184,707		
Less: accumulated amortization		($727,284)	$457,423	$552,782
Total capital assets	(Note 7)		$64,289,125	$65,085,973
TOTAL ASSETS			$82,538,533	$85,044,219
LIABILITIES				
Current liabilities				
Bank indebtedness	(Note 8)		$0	$0
Accounts payable and accrued liabilities	(Note 9)		$4,896,402	$4,336,576
Deferred revenue	(Note 10)		$1,157,969	$1,485,297
Deferred capital allocations	(Note 11)		$540,236	$1,960,927
Current portion of long term debt			$456,734	$671,484
Total current liabilities			$7,051,341	$8,454,284
Trust liabilities	(Note 5)		$277,268	$307,904
Employee future benefit liabilities			$157,472	$131,200
Long term debt	(Note 12)			
Supported: Debentures and other supported debt			$769,034	$1,440,518
Less: Current portion			($456,734)	($671,484)
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 13)		$56,673,817	$57,042,472
Total long term liabilities			$57,420,857	$58,250,610
TOTAL LIABILITIES			$64,472,198	$66,704,894
NET ASSETS				
Unrestricted net assets			$570,687	$466,327
Operating reserves			$8,377,401	$9,130,227
Accumulated operating surplus (deficit)			$8,948,088	$9,596,554
Investment in capital assets			$6,846,273	$6,602,983
Capital reserves			$2,271,974	$2,139,788
Total capital funds			$9,118,247	$8,742,771
Total net assets			$18,066,335	$18,339,325
TOTAL LIABILITIES AND NET ASSETS			$82,538,533	$85,044,219

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

School Jurisdiction Code: 2245

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2012

(in dollars)

		Actual 2012	Budget 2012	Actual 2011 Restated
REVENUES				
Government of Alberta		$91,053,526	$90,303,914	$87,509,693
Federal Government and/or First Nations		$0	$0	$29,321
Other Alberta school authorities		$3,854	$0	$0
Out of province authorities		$0	$0	$0
Alberta Municipalities-special tax levies		$0	$0	$0
Fees	**(Note 14)**	$2,896,274	$1,369,192	$2,961,567
Other sales and services		$621,734	$305,031	$534,927
Investment income		$345,900	$265,224	$348,264
Gifts and donations		$167,052	$0	$276,060
Fundraising		$1,501,981	$2,860,138	$1,179,880
Rental of facilities		$99,015	$91,576	$116,146
Gains on disposal of capital assets		$16,746	$0	$12,806
Amortization of capital allocations		$3,446,061	$3,449,952	$3,176,165
Other revenue		$0	$0	$0
Total Revenues		$100,152,143	$98,645,027	$96,144,829
EXPENSES				
Certificated salaries	(Note 20)	$50,224,988	$50,398,991	$47,125,651
Certificated benefits	(Note 20)	$10,086,765	$10,288,925	$9,519,323
Non-certificated salaries and wages	(Note 20)	$13,823,342	$13,824,979	$13,348,530
Non-certificated benefits	(Note 20)	$3,482,818	$3,573,031	$3,188,624
Services, contracts and supplies		$18,543,286	$17,728,045	$17,819,100
Capital and debt services				
Amortization of capital assets				
Supported		$3,446,061	$3,449,952	$3,176,165
Unsupported		$689,272	$678,512	$677,959
Total Amortization of capital assets		$4,135,333	$4,128,464	$3,854,124
Interest on capital debt				
Supported		$109,034	$109,034	$172,446
Unsupported		$0	$0	$0
Total Interest on capital debt		$109,034	$109,034	$172,446
Other interest and charges		$19,011	$0	$16,758
Losses on disposal of capital assets		$556	$0	$0
Other expense		$0	$0	$0
Total Expenses		$100,425,133	$100,051,469	$95,044,556
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM		($272,990)	($1,406,442)	$1,100,273
Extraordinary Item		$0	$0	$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		($272,990)	($1,406,442)	$1,100,273

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

School Jurisdiction Code: 2245

STATEMENT OF CASH FLOWS

for the Year Ended August 31, 2012

(in dollars)

	2012	2011 Restated
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	($272,990)	$1,100,273
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	($3,446,061)	($3,176,165)
Total amortization expense	$4,135,333	$3,854,124
Gains on disposal of capital assets	($16,746)	($12,806)
Losses on disposal of capital assets	$556	$0
Changes in:		
Accounts receivable	($622,404)	($596,964)
Prepaids and other current assets	($97,560)	$248,312
Long term accounts receivable	$0	$0
Long term investments	$3,164,539	($3,132,714)
Accounts payable and accrued liabilities	$559,826	($660,022)
Deferred revenue	($327,328)	($417,670)
Employee future benefit liabilitiies	$26,272	$25,600
Other (describe) Net capital allocations/accounts payable non-cash transact	($134,180)	$870,963
Total cash flows from Operations	$2,969,257	($1,897,069)
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	$0	$0
Buildings	($2,510,677)	($2,346,385)
Equipment	($453,979)	($638,528)
Vehicles	($31,739)	($148,466)
Net proceeds from disposal of capital assets	$16,190	$25,844
Other (describe) Net capital accounts payable non-cash transactions	$516,019	($784,743)
Total cash flows from Investing activities	($2,464,186)	($3,892,278)
C. FINANCING ACTIVITIES		
Capital allocations	$643,140	$323,742
Issue of long term debt	$0	$0
Repayment of long term debt	($671,484)	($694,181)
Add back: supported portion	$671,484	$694,181
Other (describe) Net capital allocations non-cash transactions	($381,838)	($86,220)
Total cash flows from financing activities	$261,302	$237,522
Net cash flows from during the year	$766,373	($5,551,825)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	$10,565,716	$16,117,541
Cash and temporary investments, net of bank indebtedness, at Aug. 31/12	$11,332,089	$10,565,716

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

School Jurisdiction Code: 2245

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

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
				INTERNALLY RESTRICTED NET ASSETS											
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED 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 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, 2011	$18,339,325	$6,602,983	$466,327	$9,130,227	$2,139,788	$5,585,191	$653,664	$1,381,037	$1,049,567	$1,025,144	$436,557	$1,013,372	$0	$125,483	$0
Prior period adjustments (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
Adjusted Balance, Aug. 31, 2011	$18,339,325	$6,602,983	$466,327	$9,130,227	$2,139,788	$5,585,191	$653,664	$1,381,037	$1,049,567	$1,025,144	$436,557	$1,013,372	$0	$125,483	$0
Excess (deficiency) of revenues over expenses	($272,990)		($272,990)												
Board funded capital additions		$951,312	($24,985)	($177,988)	($748,339)	($177,988)	($132,824)	$0	($521,609)	$0	($93,906)	$0	$0	$0	$0
Disposal of unsupported capital assets	$0	($18,750)	($16,189)		$34,939		$17,845		$17,094		$0		$0		$0
Disposal of supported capital assets (board funded portion)	$0	$0	($1)		$1		$0		$1		$0		$0		$0
Direct credits to net assets	$0	$0	$0												
Amortization of capital assets		($4,135,333)	$4,135,333												
Amortization of capital allocations		$3,446,061	($3,446,061)												
Debt principal repayments (unsupported)		$0	$0												
Net transfers to operating reserves			($752,262)	$752,262		$726,118		$0		$26,144		$0		$0	
Net transfers from operating reserves			$1,327,100	($1,327,100)		($867,718)		($459,382)		$0		$0		$0	
Net transfers to capital reserves			($845,585)		$845,585		$280,216		$260,532		$75,688		$229,149		$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
Balance at August 31, 2012	$18,066,335	$6,846,273	$570,687	$8,377,401	$2,271,974	$5,265,603	$818,901	$921,655	$805,585	$1,051,288	$418,339	$1,013,372	$229,149	$125,483	$0

School Jurisdiction Code: 2245

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

		Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2011		$1,960,927	$57,042,472
Prior period adjustments		$0	$0
Adjusted balance, August 31, 2011		$1,960,927	$57,042,472
Add:			
Restricted capital allocations from:	Alberta Education school building and modular projects	$621,594	
	Other Government of Alberta	$0	
	Federal Government and First Nations	$0	
	Other sources	$0	
Interest earned on provincial government capital allocations		$21,546	
Other capital grants and donations		$0	
Net proceeds on disposal of supported capital assets		$0	
Insurance proceeds (and related interest)		$0	
Donated capital assets (amortizable, @ fair market value)			$621,955
P3, other ASAP and Alberta Infrastructure managed projects			$0
Transferred in capital assets (amortizable, @ net book value)			$0
Current year supported debenture principal repayment			$671,484
Expended capital allocations - current year		($2,063,831)	$2,063,831
Deduct:			
Net book value of supported capital assets dispositions, write-offs, or transfer; Other		$0	$279,864
Capital allocations amortized to revenue			$3,446,061
Balance at August 31, 2012		$540,236	$56,673,817

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

1. Authority and Purpose

The Regional Division 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 Regional Division receives instruction and support allocations under Education Grants Regulation (AR 120/2008). The Regulation allows for the setting of conditions and use of grant monies. The Regional Division is limited on certain funding allocations and administration expenses.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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.

The School Division amortizes grants received for construction and acquisition of capital assets as revenue on the same basis that the cost of the assets is amortized as expense. Since the receipt of the grants 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. These capital allocations are recorded as deferred capital contributions until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired by the grant.

Cash and Temporary Investments

Cash and temporary investments include balances with banks and short-term investments.

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash (school generated assets).

MNP

2. Significant Accounting Policies *(continued)*

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less selling costs.

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.).

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	5 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.

Long-lived Assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Regional Division performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when the fair value is less than the asset’s carrying amount. Any impairment is included in excess of revenues over expenses for the year.

Prices for similar items are used to measure fair value of long-lived assets.

Vacation Pay

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

MNP

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 Government portion of the current service contribution to the Alberta Teachers Retirement Fund on behalf of the Regional Division is included in both revenues and expenses. For the school year ended August 31, 2012, the amount contributed by the Government was $4,882,916 (2011 - $4,600,300).

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 $926,760 for the year ended August 31, 2012 (2011 - $861,263). At December 31, 2011, the Local Authorities Pension Plan reported a deficiency of $4,639,390,000 (2010 deficiency of $4,635,000,000).

The Regional 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; all are currently participating.

Employee Future Benefits

The Regional Division accrues its obligations under employee future benefit plans and expenses the related costs. As at August 31, 2012, the recorded obligation is $157,472 (2011 - $131,200). The total expense recorded in the financial statements is $64,552 (2011 - $59,222).

Financial Instruments

The Regional Division's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, trust assets and liabilities, long term investments, employee future benefit liabilities and long-term debt. It is management's opinion that the Regional 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 Regional Division 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 Regional Division has classified cash and temporary investments, trust assets and liabilities 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.

2. Significant Accounting Policies *(continued)*

(ii) Available for sale

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

(iii) Loans and receivables

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

(v) Other financial liabilities

The Regional Division has classified accounts payable and accrued liabilities, employee future benefit 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 measured 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 measured 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 Regional Division, to set aside funds for operating and for future capital expenditures. Such reserves are appropriations of unrestricted net assets.

2. Significant Accounting Policies *(continued)*

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.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Future Accounting Policies

The Regional Division will adopt public sector accounting standards for the year ending August 31, 2013 with retrospective application and restatement of the prior school year. The transition is intended to enhance the public accountability and comparability of the financial reporting of the government controlled entities with those of other government organizations. The Regional Division has not yet determined the impact of the adoption of the new standards on its financial statements.

3. Cash and Temporary Investments

	2012			2011		
	Average Effective (Market) Yield	**Cost**	**Fair Value**	**Average Effective (Market) Yield**	**Cost (Restated)**	**Fair Value (Restated)**
Cash and cash equivalents		$8,283,350	$8,283,350		$7,542,464	$7,542,464
Fixed-income securities						
Government of Canada, direct and guaranteed		3,050,000	3,048,739		3,000,000	3,023,252
Provincial, direct and guaranteed		0	0		0	0
Corporate		0	0		0	0
Municipal		0	0		0	0
Pooled investment funds		0	0		0	0
Total fixed-income securities		0	0		0	0
Total cash and temporary investments		$11,333,350	$11,332,089		$10,542,464	$10,565,716

Effective average yield of cash and cash equivalents is not disclosed as the information is confidential.

MNP

4. Accounts Receivable

	2012	2011
Alberta Education	**$ 1,140,664**	$ 749,028
Federal Government	**475,433**	190,980
Other	**369,326**	395,381
Alberta Finance	**35,050**	62,680
	$ 2,020,473	$ 1,398,069

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, 2012 total funds in the plan were $81,206 (2011 - $42,214). There are currently two individuals that are contributing to this program.

Scholarship Trusts

The Regional Division also manages trust funds which will be used to pay school scholarships. At August 31, 2012 total funds in trust were $79,031 (2011 - $81,557).

Student Health Partnership Trust

The Regional Division is the banker board for the Leduc and Area Student Health Partnership. As of August 31, 2012, the Regional Division held $117,031 in trust for this initiative (2011 – $110,454).

Fundraising Society Trust

The Regional Division managed the funds for the Bellevue Playground Society which was established for the construction of the Bellevue playground. At August 31, 2012, the total funds in trust were nil (2011 - $73,679).

6. Long Term Investments

	2012			2011		
	Average Effective (Market) Yield	**Cost**	**Fair Value**	**Average Effective (Market) Yield**	**Cost**	**Fair Value**
Fixed Income Securities						
Government of Canada, direct and guaranteed	2.34%	$4,000,000	$4,043,096	3.06%	$7,050,000	$7,207,635
Provincial, direct and guaranteed	%	0	0	%	0	0
Municipal	%	0	0	%	0	0
Corporate	%	0	0	%	0	0
Pooled investment funds	%	0	0	%	0	0
Total Fixed Income Securities	%	0	0	%	0	0
Equities						
Canadian	%	0	0	%	0	0
Foreign	%	0	0	%	0	0
Real Estate	%	0	0	%	0	0
Absolute return strategies	%	0	0	%	0	0
Total Equities	%	0	0	%	0	0
Total Long Term Investments	2.34%	$4,000,000	$4,043,096	3.06%	$7,050,000	$7,207,635

The following is the maturity structure based on the principal amount:

	2012	2011
1 to 5 years	100%	100%
6 to 10 years	-	-
11 to 20 years	-	-
Over 20 years	-	-
	100%	100%

MNP

7. Tangible capital assets

	Land	Construction In Progress - New Buildings	Buildings	Equipment - Computer Hardware & Software	Other Equipment	Vehicles	Total Aug. 31, 2012	Total Aug. 31, 2011
Estimated Useful Life			5 – 40 years	5 years	5 – 10 years	5 – 10 years		
Historical Cost								
September 1, 2011	$2,394,945	$0	$112,217,082	$450,928	$6,565,808	$1,189,290	$122,818,053	$120,067,754
Additions	-	-	2,560,168	177,988	863,262	35,681	3,637,099	3,200,125
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	(345,239)	-	(274,216)	(40,264)	(659,719)	(449,827)
August 31, 2012	$2,394,945	$ -	$114,432,011	$628,916	$7,154,854	$1,184,707	$125,795,433	$122,818,053
Accumulated Amortization								
September 1, 2011	-	-	$52,882,559	$378,612	$3,834,401	$636,507	$57,732,079	$54,314,743
Amortization expense	-	-	3,313,843	33,089	661,304	127,097	4,135,333	3,854,124
Transfers in (out)	-	-	-	-	-	-	-	-
Effect of disposals	-	-	(65,376)	-	(259,408)	(36,320)	(361,104)	(436,788)
August 31, 2012	-	-	$56,131,026	$411,701	$4,236,297	$727,284	$61,506,308	$57,732,079
Net Book Value at August 31, 2012	$2,394,945	$ -	$58,300,985	$217,215	$2,918,557	$457,423	$64,289,125	$65,085,973

MNP

8. Bank Indebtedness

The Regional Division has negotiated a line of credit in the amount of $2,000,000. There was no balance outstanding on the line of credit at August 31, 2012. This amount is secured by a general security agreement.

9. Accounts Payable and Accrued Liabilities

	2012	2011
Alberta Finance	**$ 35,050**	$ 62,680
Federal Government	**1,001,498**	965,981
Other Trade Payables and Accrued Liabilities	**3,859,854**	3,307,915
	$ 4,896,402	$ 4,336,576

10. 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, 2011 (Restated)	ADD: 2011/2012 Restricted Funds Received/ Receivable	DEDUCT: 2011/2012 Restricted Funds Expended (Paid/Payable)	ADD (DEDUCT): 2011/2012 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2012
Alberta Education Restricted Operational Funding:	$0	$0	$0	$0	$0
Alberta Initiative for School Improvement	$62,372	$970,514	($968,757)	$0	$64,129
Children and Youth with Complex Needs	$3,000	$65,000	($68,000)	$0	$0
Francophone Student Health Services	$0	$0	$0	$0	$0
Infrastructure Maintenance Renewal	$252,299	$1,517,870	($1,754,417)	$0	$15,752
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	$288,482	$99,760	($350,723)	$0	$37,519
Other Government of Alberta Restricted Funding:	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0
Other Deferred Revenue:	$0	$0	$0	$0	$0
Transportation Revenue and Other	$79,977	$93,292	($79,978)	$0	$93,291
School Generated Funds	$799,167	$3,999,317	($3,859,566)	$0	$938,918
Instructional Resource Fees	$0	$8,360	$0	$0	$8,360
	$0	$0	$0	$0	$0
Total	$1,485,297	$3,693,714	($4,021,042)	$0	$1,157,969

MNP

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 Regional 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.

12. 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 2012 was $136,665 (2011 - $202,464).

Debenture payments due over the next three years are:

	Principal	Interest	Total
2012 - 2013	$ 456,734	$ 73,589	$ 530,323
2013 - 2014	213,203	30,659	243,862
2014 - 2015	99,097	9,662	108,759
	$ 769,034	$ 113,910	$ 882,944

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 $456,734.

13. 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.

14. Fees

Item	Gross Receipts
Transportation fees *	$164,185
Fees charged for instruction material and supplies **	1,367,359
Other fees	1,364,730
Total	$2,896,274

*Charged under *School Act*, Section 51 (3)

**Charged under *School Act* Section 60 (2) (j).

MNP

15. School Generated Funds

Unexpended School Generated Revenues, Opening Balance August 31, 2011:	$ 799,167
Current Year Activities – Gross Receipts:	
Fees	2,185,890
Fundraising	1,529,750
Gifts and donations	172,918
Grants to schools	23,458
Other sales and services	87,301
Total gross receipts	$3,999,317
Current Year Activities – Total Direct Costs Including Cost of Goods Sold to Raise Funds	(1,030,213)
Current Year Activities –Uses of Funds	(2,829,353)
Unexpended School Generated Revenues, Closing Balance August 31, 2012:	$ 938,918

16. Contingencies

The Regional Division 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.

17. 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	
	Assets	**Liabilities**	**Revenues**	**Expenses**
Government of Alberta:				
Education	$ 1,140,664	$117,398	$90,515,932	$5,082,185
Finance	35,050	804,084	109,034	120,278
Other Gov't of Alberta departments	35,945	-	378,481	-
Other:				
Post-secondary institutions	-	-	50,079	2,191
Other Alberta school jurisdictions	7,000	-	3,854	166,456
TOTAL 2011-2012	$ 1,218,659	$921,482	$91,057,380	$5,371,110
TOTAL 2010-2011	$ 843,282	$3,521,103	$87,509,693	$5,215,115

MNP

18. Budget Amounts

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

19. Economic Dependence on Related Third Party

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

20. Remuneration and monetary incentives

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

	FTEs	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's /Other	Total	Expenses
Chairperson:								
Koroll, Sandy	1.0	$27,412	$1,464	$0			$28,876	$11,894
Other Board Members:								
Bauckman, Lori	1.0	$21,234	$5,439				$26,673	$7,707
Eilander, Rebecca	1.0	$19,216	$5,384				$24,600	$8,994
Kobeluck, Sam	1.0	$19,848	$5,229				$25,077	$10,806
Lemke, Johnette	1.0	$20,507	$5,426				$25,933	$9,303
Martinson, Barb	1.0	$24,708	$5,348				$30,056	$10,682
Misselbrook, Lorna	1.0	$22,047	$5,471				$27,518	$7,791
Subtotal	7.0	$154,972	$33,761	$0			*$188,733*	*$67,177*
Yanitski, Norman	1.0	$188,055	$47,497	$0	$0	$0	$235,552	$16,477
Superintendent	0.0			$0	$0	$0	$0	
Andres, Ruth	1.0	$160,756	$43,541	$0	$0	$0	$204,297	$12,841
Secretary/Treasurer	0.0			$0	$0	$0	$0	
Certificated Salaries	523.2	$50,036,933	$9,870,131	$0	$0	$169,137	$60,076,201	
Uncertificated Salaries & Wages	360.3	$13,507,614	$3,405,516	$0	$0	$0	$16,913,130	
TOTALS		**$64,048,330**	**$13,400,446**	**$0**	**$0**	**$169,137**	**$77,617,913**	

MNP

21. Commitments

The Regional Division has entered into various lease agreements. Estimated annual payments over the next five years are:

2013	$311,505
2014	319,316
2015	317,741
2016	91,655
2017	91,655

21. Financial Instruments

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

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.

21. Comparative Figures

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

22. Change in Accounting Policy

The Government of Alberta remits all funds to the Alberta Teachers Retirement Fund (ATRF) on behalf of the Regional Division. Historically, this has not been recorded in the Regional Division's financial statements. During the year, the Government of Alberta required the Regional Division to report these contributions to both the revenue and the expense in the financial statements. Revenue from the Government of Alberta and certificated benefits have increased by $4,600,300 in 2011 to reflect retrospective application of this change in accounting policy.

Due to changes in presentation of school generated funds recommended by the Government of Alberta, cash and deferred revenue have both increased by $799,167 as at August 31, 2011. This had no effect on total net assets. Gross school generated funds revenue of $3,112,562 was re-allocated to fees, fundraising, gifts and donations, and other revenue by $1,556,825, $1,179,880, $255,132 and $120,725 respectively. Gross school generated funds expense of $3,112,562 was re-allocated to services, contracts and supplies. This had no effect on excess of revenues over expenses.