

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

Sturgeon School Division No. 24

Legal Name of School Jurisdiction

9820 - 104 Street Morinville AB T8R 1L8

Mailing Address

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Contact Numbers and Email Address

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Sturgeon School Division No. 24 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

Terry Jewell
Name


Signature

SUPERINTENDENT

Mary Lynne R. Campbell
Name


Signature

SECRETARY-TREASURER OR TREASURER

Cam-Van Mackie, Acting Treasurer
Name


Signature

November 28, 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 Sturgeon School Division No. 24:

We have audited the accompanying financial statements of Sturgeon School Division No. 24, which comprise the statement of financial position as at August 31, 2018, the statements of operations, cash flows, changes in 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.

Managements' 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 Sturgeon School Division No. 24 as at August 31, 2018, and results of its operations, changes in its net debt, 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 28, 2018
Edmonton, Alberta



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

		2018	2017
FINANCIAL ASSETS			
Cash and cash equivalents	(Schedule 5)	\$ 5,981,560	\$ 5,669,994
Accounts receivable (net after allowances)	(Note 3)	\$ 1,008,397	\$ 761,715
Portfolio investments	(Schedule 5)	\$ 3,118,213	\$ 5,043,750
Other financial assets	(Note 4)	\$ 37,789	\$ 31,446
Total financial assets		\$ 10,145,959	\$ 11,506,905
LIABILITIES			
Bank indebtedness	(Note 5)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 6)	\$ 2,746,662	\$ 4,072,543
Deferred revenue	(Note 7)	\$ 52,854,331	\$ 48,233,703
Employee future benefits liabilities		\$ -	\$ -
Liability for contaminated sites		\$ -	\$ -
Other liabilities		\$ -	\$ -
Debt			
Supported: Debentures and other supported debt		\$ -	\$ -
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases		\$ -	\$ -
Total liabilities		\$ 55,600,993	\$ 52,306,246
Net debt		\$ (45,455,034)	\$ (40,799,341)
NON-FINANCIAL ASSETS			
Tangible capital assets	(Schedule 6)		
Land		\$ 1,414,541	\$ 1,414,541
Construction in progress		\$ 3,575,589	\$ 25,992,466
Buildings	\$ 90,663,839		
Less: Accumulated amortization	\$ (43,862,088)	\$ 46,801,751	\$ 20,233,140
Equipment	\$ 4,503,897		
Less: Accumulated amortization	\$ (1,333,209)	\$ 3,170,688	\$ 2,418,676
Vehicles	\$ 516,819		
Less: Accumulated amortization	\$ (431,441)	\$ 85,378	\$ 100,015
Computer Equipment	\$ 182,888		
Less: Accumulated amortization	\$ (153,794)	\$ 29,094	\$ 44,117
Total tangible capital assets		\$ 55,077,041	\$ 50,202,955
Prepaid expenses		\$ 631,563	\$ 333,875
Other non-financial assets		\$ -	\$ -
Total non-financial assets		\$ 55,708,604	\$ 50,536,830
Accumulated surplus	(Schedule 1; Note 8)	\$ 10,253,570	\$ 9,737,489
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 10,253,570	\$ 9,737,489
Accumulated rereasurement gains (losses)		\$ -	\$ -
		\$ 10,253,570	\$ 9,737,489
Contractual obligations	(Note 9)		
Contingent liabilities	(Note 10)		

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	Actual 2018	Actual 2017
REVENUES			
Alberta Education	\$ 67,127,083	\$ 67,525,114	\$ 65,244,698
Other - Government of Alberta	\$ 908,280	\$ 854,007	\$ 826,932
Federal Government and First Nations	\$ 290,000	\$ 326,269	\$ 280,000
Other Alberta school authorities	\$ 21,677	\$ 21,677	\$ 21,677
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Schedule 8)	\$ 1,316,271	\$ 1,237,584	\$ 1,887,134
Other sales and services	\$ 345,552	\$ 389,143	\$ 317,681
Investment income	\$ 68,000	\$ 149,628	\$ 102,827
Gifts and donations	\$ 101,000	\$ 241,037	\$ 181,457
Rental of facilities	\$ 35,677	\$ 42,898	\$ 38,939
Fundraising	\$ 87,200	\$ 116,954	\$ 56,483
Gains on disposal of capital assets	\$ -	\$ -	\$ 43,624
Other revenue	\$ -	\$ 229,457	\$ 285,660
Total revenues	\$ 70,300,740	\$ 71,133,768	\$ 69,287,112
EXPENSES			
Instruction - ECS	\$ 11,155,258	\$ 12,184,374	\$ 11,437,324
Instruction - Grades 1 - 12	\$ 42,299,226	\$ 42,190,151	\$ 41,418,210
Plant operations and maintenance (Schedule 4)	\$ 8,243,405	\$ 7,088,637	\$ 7,388,458
Transportation	\$ 5,494,853	\$ 5,801,668	\$ 5,581,778
Board & system administration	\$ 2,681,099	\$ 2,829,470	\$ 2,553,612
External services	\$ 426,899	\$ 523,387	\$ 119,723
Total expenses	\$ 70,300,740	\$ 70,617,687	\$ 68,499,105
Operating surplus (deficit)	\$ -	\$ 516,081	\$ 788,007

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)	\$ 516,081	\$ 788,007
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 1,732,560	\$ 1,715,346
Gains on disposal of tangible capital assets	\$ -	\$ (43,624)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (1,567,406)	\$ (1,543,159)
Deferred capital revenue write-down / adjustment	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ (246,682)	\$ (294,070)
Prepays	\$ (297,688)	\$ (18,066)
Other financial assets	\$ (6,343)	\$ (5,171)
Non-financial assets	\$ -	\$ -
Accounts payable, accrued and other liabilities	\$ (1,325,881)	\$ 2,202,443
Deferred revenue (excluding EDCR)	\$ 1,556,227	\$ 1,352,358
Employee future benefit liabilities	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from operating transactions	\$ 360,868	\$ 4,164,064
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (898,097)	\$ (1,064,180)
Equipment	\$ (1,062,239)	\$ (1,194,836)
Vehicles	\$ (14,503)	\$ -
Computer equipment	\$ -	\$ -
Net proceeds from disposal of unsupported capital assets	\$ -	\$ 69,380
Other (describe)	\$ -	\$ -
Total cash flows from capital transactions	\$ (1,974,839)	\$ (2,189,636)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ 1,925,537	\$ (5,043,750)
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement (gains) losses reclassified to the statement of operations	\$ -	\$ -
Other (Describe)	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from investing transactions	\$ 1,925,537	\$ (5,043,750)
D. FINANCING TRANSACTIONS		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ -	\$ (7,938)
Other factors affecting debt (describe)	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -
Repayment of capital leases	\$ -	\$ -
Other (describe)	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from financing transactions	\$ -	\$ (7,938)
Increase (decrease) in cash and cash equivalents	\$ 311,566	\$ (3,077,260)
Cash and cash equivalents, at beginning of year	\$ 5,669,994	\$ 8,747,254
Cash and cash equivalents, at end of year	\$ 5,981,560	\$ 5,669,994

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)	\$ -	\$ 516,081	\$ 788,007
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	\$ (3,000,000)	\$ (6,606,646)	\$ (15,861,295)
Amortization of tangible capital assets	\$ 1,791,384	\$ 1,732,560	\$ 1,715,346
Net carrying value of tangible capital assets disposed of	\$ -	\$ -	\$ 25,756
Write-down carrying value of tangible capital assets	\$ -	\$ -	\$ -
Other changes	\$ -	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ (1,208,616)	\$ (4,874,086)	\$ (14,120,193)
Changes in:			
Prepaid expenses	\$ -	\$ (297,688)	\$ (18,066)
Other non-financial assets	\$ -	\$ -	\$ -
Net remeasurement gains and (losses)	\$ -	\$ -	\$ -
Endowments	\$ -	\$ -	\$ -
Increase (decrease) in net financial assets (net debt)	\$ (1,208,616)	\$ (4,655,693)	\$ (13,350,252)
Net financial assets (net debt) at beginning of year	\$ (40,799,341)	\$ (40,799,341)	\$ (27,449,089)
Net financial assets (net debt) at end of year	\$ (42,007,957)	\$ (45,455,034)	\$ (40,799,341)

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)

	2018	2017
<u>Operating surplus (deficit)</u>	\$ 516,081	\$ 788,007
<u>Effect of changes in tangible capital assets</u>		
Acquisition of tangible capital assets	\$ (6,606,646)	\$ (15,861,295)
Amortization of tangible capital assets	\$ 1,732,560	\$ 1,715,346
Net carrying value of tangible capital assets disposed of	\$ -	\$ 25,756
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes	\$ -	
Total effect of changes in tangible capital assets	\$ (4,874,086)	\$ (14,120,193)
<u>Changes in:</u>		
Prepaid expenses	\$ (297,688)	\$ (18,066)
Other non-financial assets	\$ -	\$ -
<u>Net remeasurement gains and (losses)</u>	\$ -	\$ -
<u>Endowments</u>	\$ -	\$ -
Increase (decrease) in net financial assets (net debt)	\$ (4,655,693)	\$ (13,350,252)
Net financial assets (net debt) at beginning of year	\$ (40,799,341)	\$ (27,449,089)
Net financial assets (net debt) at end of year	\$ (45,455,034)	\$ (40,799,341)

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	\$ 9,737,489	\$ -	\$ 9,737,489	\$ 2,709,169	\$ -	\$ 1,635,429	\$ 1,440,870	\$ 3,952,021
Prior period adjustments:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 9,737,489	\$ -	\$ 9,737,489	\$ 2,709,169	\$ -	\$ 1,635,429	\$ 1,440,870	\$ 3,952,021
Operating surplus (deficit)	\$ 516,081		\$ 516,081			\$ 516,081		
Board funded tangible capital asset additions				\$ 343,782		\$ (184,314)	\$ -	\$ (159,468)
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ -		\$ -		\$ -
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	\$ -		\$ -	\$ (1,732,560)		\$ 1,732,560		
Capital revenue recognized	\$ -		\$ -	\$ 1,567,406		\$ (1,567,406)		
Debt principal repayments (unsupported)	\$ -		\$ -	\$ -		\$ -		
Additional capital debt or capital leases	\$ -		\$ -	\$ -		\$ -		
Net transfers to operating reserves	\$ -		\$ -			\$ (9,631)	\$ 9,631	
Net transfers from operating reserves	\$ -		\$ -			\$ 84,822	\$ (84,822)	
Net transfers to capital reserves	\$ -		\$ -			\$ -		\$ -
Net transfers from capital reserves	\$ -		\$ -			\$ -		\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Balance at August 31, 2018	\$ 10,253,570	\$ -	\$ 10,253,570	\$ 2,887,797	\$ -	\$ 2,207,541	\$ 1,365,679	\$ 3,792,553

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	Operating Reserves	Capital Reserves
Balance at August 31, 2017	\$ 1,440,870	\$ 43,000	\$ -	\$ 601,121	\$ -	\$ 3,242,084	\$ -	\$ 65,816	\$ -	\$ -	\$ -	\$ -
Prior period adjustments:												
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 1,440,870	\$ 43,000	\$ -	\$ 601,121	\$ -	\$ 3,242,084	\$ -	\$ 65,816	\$ -	\$ -	\$ -	\$ -
Operating surplus (deficit)												
Board funded tangible capital asset additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (159,468)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets or board funded portion of supported assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 9,631		\$ -				\$ -					
Net transfers from operating reserves	\$ (84,822)		\$ -				\$ -					
Net transfers to capital reserves		\$ -		\$ -				\$ -				\$ -
Net transfers from capital reserves		\$ -		\$ -				\$ -				\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2018	\$ 1,365,679	\$ 43,000	\$ -	\$ 601,121	\$ -	\$ 3,082,616	\$ -	\$ 65,816	\$ -	\$ -	\$ -	\$ -

**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	\$ 116,517	\$ 26,290	\$ 4,903	\$ -	\$ 47,493,775
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2017	\$ 116,517	\$ 26,290	\$ 4,903	\$ -	\$ 47,493,775
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education capital funding (excl. IMR)	\$ -				
Alberta Infrastructure school building & modular projects	\$ 33,623				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ 724,246				
Other sources: Playground donations	\$ 120,477			\$ -	
Other sources: Gazebo donations	\$ 21,604			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education capital funding (excl. IMR)	\$ -				
Alberta Infrastructure school building & modular projects	\$ 614,588				
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					\$ 4,631,807
Transferred in (out) tangible capital assets (amortizable @ net book value)					\$ -
Expended capital revenue - current year	\$ (1,631,055)	\$ -	\$ -	\$ -	\$ 1,631,055
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Deduct:					
Supported tangible capital dispositions					\$ -
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 1,567,406
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2018	\$ (A)	\$ (B)	\$ (C)	\$ (D)	\$ 52,189,231
Balance of Unexpended Deferred Capital Revenue at August 31, 2018 (A) + (B) + (C) + (D)				\$	31,192

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)

	2018										2017	
	REVENUES		Instruction			Plant Operations and Maintenance		Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12										
(1) Alberta Education	\$ 11,492,968	\$ 41,206,126	\$ 6,696,910	\$ 5,096,267	\$ 2,636,984	\$ 393,859	\$ 67,525,114	\$ 65,244,698				
(2) Other - Government of Alberta	\$ 368,756	\$ 485,251	\$ -	\$ -	\$ -	\$ -	\$ 854,007	\$ 826,932				
(3) Federal Government and First Nations	\$ -	\$ 326,269	\$ -	\$ -	\$ -	\$ -	\$ 326,269	\$ 280,000				
(4) Other Alberta school authorities	\$ -	\$ 21,677	\$ -	\$ -	\$ -	\$ -	\$ 21,677	\$ 21,677				
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(8) Fees	\$ 40,250	\$ 987,387	\$ -	\$ 209,947	\$ -	\$ -	\$ 1,237,584	\$ 1,887,134				
(9) Other sales and services	\$ -	\$ 259,615	\$ -	\$ -	\$ -	\$ 129,528	\$ 389,143	\$ 317,681				
(10) Investment income	\$ -	\$ 1,512	\$ 52,500	\$ -	\$ -	\$ -	\$ 95,616	\$ 102,827				
(11) Gifts and donations	\$ -	\$ 238,037	\$ -	\$ -	\$ 3,000	\$ -	\$ 241,037	\$ 181,457				
(12) Rental of facilities	\$ -	\$ 39,864	\$ 3,034	\$ -	\$ -	\$ -	\$ 42,898	\$ 38,939				
(13) Fundraising	\$ -	\$ 116,954	\$ -	\$ -	\$ -	\$ -	\$ 116,954	\$ 56,483				
(14) Gains on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,624				
(15) Other revenue	\$ -	\$ 189,135	\$ -	\$ -	\$ 40,322	\$ -	\$ 229,457	\$ 285,660				
(16) TOTAL REVENUES	\$ 11,901,974	\$ 43,871,827	\$ 6,752,444	\$ 5,308,214	\$ 2,775,922	\$ 523,387	\$ 71,133,768	\$ 69,287,112				
EXPENSES												
(17) Certificated salaries	\$ 3,831,668	\$ 24,478,206	\$ -	\$ -	\$ 559,884	\$ 421,033	\$ 29,290,791	\$ 28,692,875				
(18) Certificated benefits	\$ 878,563	\$ 5,533,635	\$ -	\$ -	\$ 105,286	\$ 51,854	\$ 6,569,338	\$ 6,225,206				
(19) Non-certificated salaries and wages	\$ 5,076,745	\$ 6,061,489	\$ 2,028,515	\$ 155,974	\$ 1,021,489	\$ 40,232	\$ 14,384,444	\$ 13,258,949				
(20) Non-certificated benefits	\$ 1,200,793	\$ 1,596,466	\$ 526,411	\$ 35,635	\$ 188,378	\$ 10,268	\$ 3,557,951	\$ 3,384,176				
(21) SUB - TOTAL	\$ 10,987,769	\$ 37,669,796	\$ 2,554,926	\$ 191,609	\$ 1,875,037	\$ 523,387	\$ 53,802,524	\$ 51,561,206				
(22) Services, contracts and supplies	\$ 1,194,132	\$ 4,503,807	\$ 2,898,535	\$ 5,580,919	\$ 905,210	\$ -	\$ 15,082,603	\$ 15,222,190				
(23) Amortization of supported tangible capital assets	\$ -	\$ -	\$ 1,567,406	\$ -	\$ -	\$ -	\$ 1,567,406	\$ 1,543,159				
(24) Amortization of unsupported tangible capital assets	\$ 2,473	\$ 16,548	\$ 67,770	\$ 29,140	\$ 49,223	\$ -	\$ 165,154	\$ 172,187				
(25) Supported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363				
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(27) Other interest and finance charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
(30) TOTAL EXPENSES	\$ 12,184,374	\$ 42,190,151	\$ 7,088,637	\$ 5,801,668	\$ 2,829,470	\$ 523,387	\$ 70,617,687	\$ 68,499,105				
(31) OPERATING SURPLUS (DEFICIT)	\$ (282,400)	\$ 1,681,676	\$ (336,193)	\$ (493,454)	\$ (53,548)	\$ -	\$ 516,081	\$ 788,007				

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	\$ 1,534,858	\$ 333,654	\$ -	\$ -	\$ 160,003			\$ 2,028,515	\$ 2,016,093
Uncertificated benefits	\$ 417,088	\$ 67,174	\$ -	\$ -	\$ 42,149			\$ 526,411	\$ 518,640
Sub-total Remuneration	\$ 1,951,946	\$ 400,828	\$ -	\$ -	\$ 202,152			\$ 2,554,928	\$ 2,534,733
Supplies and services	\$ 164,215	\$ 256,629	\$ 76,139	\$ 829,862	\$ 200,506			\$ 1,527,351	\$ 1,935,397
Electricity			\$ 584,991					\$ 584,991	\$ 587,503
Natural gas/heating fuel			\$ 324,879					\$ 324,879	\$ 356,055
Sewer and water			\$ 92,404					\$ 92,404	\$ 71,172
Telecommunications			\$ 5,509					\$ 5,509	\$ 8,700
Insurance					\$ 363,401			\$ 363,401	\$ 301,124
ASAP maintenance & renewal payments								\$ -	\$ -
Amortization of tangible capital assets								\$ -	\$ -
Supported							\$ 1,567,406	\$ 1,567,406	\$ 1,543,159
Unsupported						\$ 67,770		\$ 67,770	\$ 50,252
Total Amortization						\$ 67,770	\$ 1,567,406	\$ 1,635,176	\$ 1,593,411
Interest on capital debt								\$ -	\$ -
Supported							\$ -	\$ -	\$ 363
Unsupported						\$ -		\$ -	\$ -
Lease payments for facilities				\$ -				\$ -	\$ -
Other interest charges								\$ -	\$ -
Losses on disposal of capital assets								\$ -	\$ -
TOTAL EXPENSES	\$ 2,116,161	\$ 657,457	\$ 1,083,922	\$ 829,862	\$ 766,059	\$ 67,770	\$ 1,567,406	\$ 7,080,637	\$ 7,388,458
SQUARE METRES									
School buildings								62,834.0	62,834.0
Non school buildings								1,910.0	1,910.0

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		\$ -	\$ 5,981,560	\$ 5,669,994
Cash equivalents				
Government of Canada, direct and guaranteed	0.00%	-	-	-
Provincial, direct and guaranteed	0.00%	-	-	-
Corporate	0.00%	-	-	-
Municipal	0.00%	-	-	-
Pooled investment funds	0.00%	-	-	-
Other, including GIC's	0.00%	-	-	-
Total cash and cash equivalents	0.00%	\$ -	\$ 5,981,560	\$ 5,669,994

See Note 5 for additional detail.

<u>Portfolio Investments</u>	2018			2017	
	Average Effective (Market) Yield	Cost	Fair Value	Balance	Balance
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed investment certificates	1.85%	-	3,118,213	3,118,213	5,043,750
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	1.85%	\$ -	\$ 3,118,213	\$ 3,118,213	\$ 5,043,750

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

	2018	2017
Under 1 year	0.0%	0.0%
1 to 5 years	100.0%	100.0%
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: 1110

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

	2018						2017	
	Land	Construction In Progress*	Buildings 25-50 Years	Equipment 5-10 Years	Vehicles 5-10 Years	Computer Hardware & Software 3-5 Years	Total	Total
Tangible Capital Assets								
Estimated useful life								
Historical cost								
Beginning of year	\$ 1,414,541	\$ 25,992,466	\$ 62,717,059	\$ 3,459,619	\$ 502,316	\$ 164,926	\$ 94,250,927	\$ 78,628,058
Prior period adjustments	-	-	-	-	-	-	-	-
Additions	-	4,993,249	536,654	1,044,278	14,503	17,962	6,606,646	15,861,299
Transfers in (out)	-	(27,410,126)	27,410,126	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	-	-	-	-
Historical cost, August 31, 2017	\$ 1,414,541	\$ 3,575,589	\$ 90,663,839	\$ 4,503,897	\$ 516,819	\$ 182,888	\$ 100,857,573	\$ 94,250,927
Accumulated amortization								
Beginning of year	\$ -	\$ -	\$ 42,483,919	\$ 1,040,943	\$ 402,301	\$ 120,809	\$ 44,047,972	\$ 42,545,296
Prior period adjustments	-	-	-	-	-	-	-	-
Amortization	-	-	1,378,169	292,266	29,140	32,985	1,732,560	1,715,350
Other additions	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	-	-	-	-
Accumulated amortization, August 31, 2017	\$ -	\$ -	\$ 43,862,088	\$ 1,333,209	\$ 431,441	\$ 153,794	\$ 45,780,532	\$ (212,674)
Net Book Value at August 31, 2018	\$ 1,414,541	\$ 3,575,589	\$ 46,801,751	\$ 3,170,688	\$ 85,378	\$ 29,094	\$ 55,077,041	\$ 44,047,972
Net Book Value at August 31, 2017	\$ 1,414,541	\$ 25,992,466	\$ 20,233,140	\$ 2,418,676	\$ 100,015	\$ 44,117	\$ 50,202,955	\$ 50,202,955

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

*Construction in Progress consists entirely of buildings and includes a Central Office Modernization project, as well as 2 new schools expected to be open on January 1 and September 1, 2020.

SCHEDULE 7

School Jurisdiction Code: **1110**

**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
Chair - Nowak, Tracy	0.17	\$3,158	\$104	\$0	\$0		\$0	\$146
Chair - Jewell, Terry	1.00	\$22,148	\$229	\$0	\$0		\$0	\$11,792
Vice Chair - Porter, Shelley	0.17	\$3,030	\$101	\$0	\$0		\$0	\$332
Vice Chair - Oatway, McLay, Tasha	0.83	\$17,710	\$626	\$0	\$0		\$0	\$9,322
Kohle, Elizabeth	1.00	\$19,260	\$661	\$0	\$0		\$0	\$6,529
Featherley, Misty	0.17	\$3,260	\$108	\$0	\$0		\$0	\$287
Miller, Wendy	0.83	\$16,250	\$563	\$0	\$0		\$0	\$6,574
Dwyer, Joe	0.83	\$17,400	\$613	\$0	\$0		\$0	\$11,113
Sherwin, Shane	0.83	\$16,800	\$586	\$0	\$0		\$0	\$10,925
Pequin, Janina								
Subtotal	6.82	\$138,718	\$4,269	\$0	\$0		\$0	\$67,408
Superintendent - Dick, Michelle	1.00	\$230,531	\$33,038	\$0	\$0	\$0	\$32,881	\$10,901
Superintendent - Campbell, Mary Lynne	0.08	\$18,636	\$5,960	\$545	\$0	\$0	\$2,152	\$136
Secretary Treasurer - Pautk, Iva	1.00	\$185,400	\$43,932	\$0	\$0	\$152,979	\$0	\$7,567
Certificated		\$29,041,624.00	\$6,494,761	\$0	\$0	\$0	\$0	\$0
School based	283.00							
Non-School based	9.50							
Non-certificated		\$14,060,326	\$3,356,771	\$0	\$0	\$0	\$0	\$0
Instructional	238.76							
Plant Operations & Maintenance	44.02							
Transportation	1.75							
Other	17.00							
TOTALS	602.93	\$43,675,235	\$9,938,732	\$545	\$0	\$152,979	\$35,033	\$86,013

(1) Other Accrued Unpaid Benefits Include: Net change to accrued vacation liability and retirement allowance.

Trustee Remuneration and Expenses are in accordance with the Trustee Remuneration and Expense Reimbursement Policy (E/II/2). Expenses include board approved activities such as Board committees and meetings, Board representation to other organizations and trustee professional development. The expenses may vary based on the respective trustee representation throughout the school year. Benefits of Superintendent include Alberta Education contributions to the Teachers Retirement Fund pension plan.

Benefits of Secretary Treasurer include the employer share of Local Authority Pension Plan and Supplementary Income Pension Plan.

1. AUTHORITY AND PURPOSE

Sturgeon School Division No. 24 (the "School Division") delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The School Division receives funding for instruction and support under Education Grants Regulation 120/2008. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the CPA Canadian public sector accounting standards (PSAS). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

b) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts.

c) Portfolio Investments

GIC's not quoted in an active market are reported at cost or amortized cost.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. A subsequent increase in value would be recognized on the Statement of Remeasurement Gains and Losses and realized on the Statement of Operations only when sold.

d) Tangible capital assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost, including amounts 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.
- 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.
- Construction-in-progress is recorded as a transfer to the applicable asset class at substantial completion.
- Buildings include land, site and leasehold improvements as well as assets under capital lease.

- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the School 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 (EDCR).
- Buildings that are demolished or destroyed are written-off.
- Tangible capital assets with costs in excess of \$5,000 are capitalized.
- Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the School Division are considered capital leases.
- Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:
 - Buildings 2.5% to 4%
 - Vehicles & Buses 10% to 20%
 - Computer Hardware & Software 20% to 33.3%
 - Other Equipment & Furnishings 10% to 20%

e) Deferred Revenue

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per *Public Sector Accounting Standard PS 3200*. These contributions are recognized by the School 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:

- 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 School 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.

- 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 tangible capital asset. Amortization over the useful life of the related tangible capital asset is due to certain stipulations related to the contributions that require that the School Division to use the asset in a prescribed manner over the life of the associated asset.

f) Employee Future Benefits

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

The School Division accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include early retirement and retirement/severance.

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

g) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included on the Statement of Operations.

h) 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 Change in Accumulated Surplus.

i) 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.

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as kindergarten and the raising of school generated funds. Contributed services are not recognized in the financial statements.

Eligibility criteria are criteria that the School Division has to meet in order to receive certain contributions. Stipulations describe how the School 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 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.

j) 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

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

k) Pensions

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

The 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 School Division is included in both revenues and expenses. For the school year ended August 31, 2018, the amount contributed by the Government of Alberta was \$3,382,671 (2017 - \$3,121,150).

The School Division participates in a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$1,313,199 for the year ended August 31, 2018 (2017 - \$1,336,579). At December 31, 2017, the Local Authorities Pension Plan reported a surplus of \$4,835,515,000 (2016 - deficiency of \$637,357,000).

l) Program Reporting

The School Division's operations have been segmented as follows:

- **ECS Instruction:** The provision of Early Childhood Services education instructional services that fall under the basic public education mandate.
- **Grade 1-12 Instruction:** The provision of instructional services for grades 1 – 12 that fall under the basic public education mandate.
- **Plant Operations and Maintenance:** The operation and maintenance of all school buildings and maintenance shop facilities.
- **Transportation:** The provision of regular and special education bus services (to and from school), whether contracted or board operated, including transportation facility expenses.
- **Board & System Administration:** The provision of board governance and system-based / central office administration.
- **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 teaching assistants as well as a proportionate share of supplies and services, school administration and instruction support, and System Instructional Support.

m) Trusts Under Administration

The School Division has property that has been transferred or assigned to it to be administered or directed by a trust agreement or statute. The School Division holds title to the property for the benefit of the beneficiary.

Trusts under administration have been excluded from the financial reporting of the School Division. Trust balances can be found in Note 11.

n) 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 School 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, portfolio investments, accounts payable and accrued liabilities, and other liabilities. It is management's opinion that the School Division is not exposed to significant credit, liquidity, or market risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

All other 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.

o) 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. Significant areas requiring the use of management estimates relate to the potential impairment of assets, rates for amortization and estimated employee future benefits.

p) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the School Division is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

q) Change in Accounting Policy

The School Division has prospectively adopted the following standards from September 1, 2017: PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights, PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions.

r) 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 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.

3. ACCOUNTS RECEIVABLE

	2018			2017
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants	\$ 25,765	\$ -	\$ 25,765	\$ 236,899
Alberta Education - Capital	-	-	-	128,574
Alberta Education - Diplomas Marking	904	-	904	226
Alberta Education - Secondments	37,346	-	37,346	-
Alberta Infrastructure - Capital Grants	688,311	-	688,311	-
Human Services	77,046	-	77,046	78,555
Federal government	81,710	-	81,710	114,072
First Nations	10,466	-	10,466	-
Other	86,849	-	86,849	203,389
Total	\$ 1,008,397	\$ -	\$ 1,008,397	\$ 761,715

4. OTHER FINANCIAL ASSETS

Other Financial assets consist of the following:

	2018	2017
Inventory	\$ 37,789	\$ 31,446

Inventory is measured at the lower of cost and net realizable value.

5. BANK INDEBTEDNESS

The School Division has negotiated an operating loan in the amount of \$3,000,000 that bears interest at 3.2%. This loan is secured by a security agreement. The balance was \$Nil at August 31, 2018 (2017 - \$Nil).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Alberta Education	\$ 896,475	\$ 764,373
Federal government	1,608	667,078
Accrued vacation pay liability	121,876	154,892
Other salaries & benefit costs	302,625	656,302
Other trade payables and accrued liabilities	1,424,078	1,829,898
Total	\$ 2,746,662	\$ 4,072,543

7. 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	\$ 227,299	\$ 1,763,620	\$ (1,554,108)	\$ -	\$ 436,811
Other Alberta Education (Bridging Program)	18,000	-	(16,555)	(1,445)	-
Other Alberta Education (School Nutrition)	-	141,000	(102,464)	-	38,536
Other Government of Alberta:					
Alberta Health	20,722	-	(20,722)	-	-
Other Deferred Revenue:					
School Generated Funds	220,025	1,098,674	(1,229,723)	-	88,976
Fees	-	-	-	-	-
Donations	2,500	-	(500)	-	2,000
Transportation Fees	92,524	184,674	(209,948)	-	67,250
Other	11,148	335	(11,148)	-	335
Total unexpended deferred operating revenue	\$ 592,218	\$ 3,188,303	\$ (3,145,168)	\$ (1,445)	\$ 633,908
Unexpended deferred capital revenue (Schedule 2)	147,709	1,514,538	(1,631,055)	-	31,192
Expended deferred capital revenue (Schedule 2)	47,493,775	6,262,862	(1,567,406)	-	52,189,231
Total	\$ 48,233,703	\$ 10,965,703	\$ (6,343,629)	\$ (1,445)	\$ 52,854,331

8. ACCUMULATED SURPLUS:

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

	2018	2017
Unrestricted surplus	\$ 2,207,541	\$ 1,635,429
Operating reserves	<u>1,365,679</u>	<u>1,440,870</u>
Accumulated surplus from operations	3,573,220	3,076,299
Investment in tangible capital assets	2,887,797	2,709,169
Capital reserves	3,792,553	3,952,021
Endowments	-	-
Accumulated remeasurement gains (losses)	-	-
Accumulated surplus	<u>\$ 10,253,570</u>	<u>\$ 9,737,489</u>

Included in Accumulated surplus from operations are school generated funds to which the School Division has no claim. Adjusted accumulated surplus represents funds owned by the School Division.

	2018	2017
Accumulated surplus from operations	\$ 3,573,220	\$ 3,076,299
Deduct: School generated funds included in accumulated surplus (Note 12)	<u>459,343</u>	<u>449,712</u>
Adjusted accumulated surplus from operations ⁽¹⁾	<u>\$ 3,113,877</u>	<u>\$ 2,626,587</u>

(1) Accumulated surplus represents funding available for use by the school jurisdiction after deducting funds committed for use by schools.

9. CONTRACTUAL OBLIGATIONS

	Building Leases	Equipment and Vehicle Leases
2018-2019	\$ 159,025	\$ 357,363
2019-2020	102,660	308,304
2020-2021	49,686	153,301
2021-2022	50,799	-
2022-2023	51,945	-
Thereafter	40,525	-
Total	\$ 454,640	\$ 818,968

- (1) **Building Leases:** The School Division is committed to two leases to operate its Learning Centers, one lease to operate a preschool program in Legal and for 2018-2019 there is one lease to provide additional space to Morinville Public School.
- (2) **Equipment and Vehicle Leases:** As at August 31, 2018, the School Division has \$818,968 (2017 - \$1,137,622) in commitments relating to equipment and vehicle leases.
- (3) The School Division has entered into an agreement with Enmax Energy for the provision of electricity services. The agreement is in effect from January 1, 2014 to December 31, 2018. Under the terms of the agreement, the School Division pays energy charges at a fixed rate for the contracted consumption amounts. The energy charges for any quantity of electricity either in excess or less than the contracted consumptions amounts are subject to variable charges and credits.

10. CONTINGENT LIABILITIES

National Defense Lease

On December 15, 2000, the School Division entered into an agreement with the Minister of National Defense. Under the terms of the agreement, the School Division leases land, on which the new Guthrie School is located, from the Minister in the amount of \$1.00 per annum for a period of twenty-five years commencing on September 1, 2000 and continuing until August 31, 2025. The School Division has the option to renew the lease for a further twenty-five year term under the same terms and conditions provided the School Division notifies the Minister at least twelve months prior to the expiry of the present lease term of its intention to exercise this option.

Lagoon and Lift Station

The School Division has two sites, the sewage lift station at Camilla School in Riviere Que Barre and the Lagoon at Namao School, which may require future remediation. Unless such remediation or upgrades occur, there would be no related provision recognized in the financial statements as there is currently no obligation to remediate these sites. The costs of future remediation or upgrades, if any, are unknown at this time.

The School Division has been named in the statement of claim regarding the Namao Lagoon. It is management's opinion that the outcome of this claim is not determinable at this time. As a result no amount has been recognized in the financial statements nor disclosed due to the fact that such disclosure could have an effect on the outcome.

Alberta School Boards' Reciprocal Exchange (ASBIE)

The School Division is a member of a reciprocal insurance exchange called ASBIE. Under the terms of its membership, the jurisdiction could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. The jurisdiction's share of the pool as at December 31, 2017 is \$190,959 (2016 - \$155,336).

11. TRUSTS UNDER ADMINISTRATION

These balances represent assets that are held in trust by the jurisdiction. They are not recorded on the statements of the School Division.

	2018	2017
Scholarship trusts	\$ 51,405	\$ 55,586

12. SCHOOL GENERATED FUNDS

	2018	2017
School Generated Funds, Beginning of Year	\$ 669,737	\$ 561,508
Gross Receipts:		
Fees	623,739	714,118
Fundraising	116,954	160,726
Gifts and donations	94,988	161,657
Grants to schools	-	-
Other sales and services	272,624	343,521
Total gross receipts	1,108,305	1,380,022
Total Related Expenses and Uses of Funds		
	89,578	101,169
Total Direct Costs Including Cost of Goods Sold to Raise Funds	1,140,145	1,170,624
School Generated Funds, End of Year		
	<u>\$ 548,319</u>	<u>\$ 669,737</u>
Balance included in Deferred Revenue	\$ 88,976	\$ 220,025
Balance included in Accumulated Surplus (Operating Reserves)	\$ 459,343	\$ 449,712

13. RELATED PARTY TRANSACTIONS

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

	Balances		Transactions	
	Financial Assets (at cost or net realizable value)	Liabilities (at amortized cost)	Revenues	Expenses
Government of Alberta (GOA):				
Alberta Education				
Accounts receivable / Accounts payable	\$ 64,015	\$ 896,475		
Prepaid expenses / Deferred operating revenue	-	475,347		
Unexpended deferred capital revenue		31,192		
Expended deferred capital revenue		49,832,562	\$ 1,567,406	
Grant revenue & expenses			62,181,177	
ATRF payments made on behalf of district			3,382,671	
Other revenues & expenses			393,860	\$ -
Alberta Infrastructure				
Accounts receivable / Accounts payable	688,311	-		
Unexpended deferred capital revenue		-		
Expended deferred capital revenue		2,356,669		
Other Alberta school jurisdictions			21,677	
Transfer of schools to / from other school jurisdictions				
Alberta Treasury Board and Finance (Principal)				
Alberta Treasury Board and Finance (Accrued interest)				
Alberta Health			20,272	
Alberta Health Services				
Enterprise and Advanced Education				
Post-secondary institutions				
Human Services	77,046		833,286	
Culture & Tourism				
TOTAL 2017/2018	<u>\$ 829,372</u>	<u>\$ 53,592,245</u>	<u>\$ 68,400,349</u>	<u>\$ -</u>
TOTAL 2016/2017	<u>\$ 444,254</u>	<u>\$ 48,671,880</u>	<u>\$ 66,093,305</u>	<u>\$ 363</u>

14. BUDGET AMOUNTS

The budget was prepared by the School Division and approved by the Board of Trustees on June 28, 2017. It is presented for information purposes only and has not been audited.