

**AUDITED
FINANCIAL STATEMENTS
and Supporting Schedules
FOR THE YEAR ENDED AUGUST 31, 2005**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

Legal Name of School Jurisdiction

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SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules NORTHERN LIGHTS SCHOOL DIVISION NO. 69

(Name of School Jurisdiction)

presented to Alberta Learning have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements and schedules, including notes, have been prepared in accordance with generally accepted accounting principles and Ministerial requirements for Alberta school jurisdictions.

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 budgetary system of control.

Board of Trustees Responsibility

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the financial statements with management in detail and the Board 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 have full and free access to school jurisdiction records.

Declaration of Management and Board Chairman

To the best of our knowledge and belief, these financial statements and supporting schedules 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 Ministerial requirements for Alberta school jurisdictions.

BOARD CHAIRMAN

WALTER HRYCAUK

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

ED WITTCHEN

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

GARY KRAWCHUK

Name

"ORIGINAL SIGNED"

Signature

9-Nov-05

Board-approved Release Date

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AUDITORS' REPORT

To the Board of Trustees of:
Northern Lights School Division No. 69

We have audited the statement of financial position of the Northern Lights School Division No. 69 (School Division) as at August 31, 2005 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the School Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the School Division as at August 31, 2005, and the results of its operations, changes in cash flows, net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules A through G is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bonnyville, Alberta
October 28, 2005


Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2005

(in dollars)

	2005	2004
ASSETS		
Current assets		
Cash and temporary investments	\$4,877,065	\$10,444,972
Accounts receivable (net after allowances)	\$4,396,196	\$2,914,743
Prepaid expenses	\$966,558	\$230,027
Other current assets	\$0	\$0
Total current assets	\$10,239,819	\$13,589,742
School generated assets	\$814,469	\$718,511
Trust assets	\$56,711	\$54,851
Long term accounts receivable	\$77,233	\$44,000
Long term investments	\$0	\$0
Capital assets		
Land	\$2,187,269	\$1,856,960
Buildings	\$56,894,435	
Less: accumulated amortization	(\$27,019,659)	\$29,874,776
Equipment	\$3,571,286	
Less: accumulated amortization	(\$2,361,225)	\$1,210,061
Vehicles	\$1,785,055	
Less: accumulated amortization	(\$1,012,436)	\$772,619
Total capital assets	\$34,044,725	\$30,821,858
TOTAL ASSETS	\$45,232,957	\$45,228,962
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$3,094,191	\$1,901,577
Deferred revenue	\$635,878	\$613,479
Deferred capital allocations	\$12,128	\$3,266,746
Current portion of all long term debt	\$1,019,958	\$1,086,295
Total current liabilities	\$4,762,155	\$6,868,097
School generated liabilities	\$814,469	\$718,511
Trust liabilities	\$56,711	\$54,851
Employee future benefits liability	\$1,500	\$0
Long term payables and accrued liabilities	\$0	\$0
Long term debt		
Supported: Debentures and other supported debt	\$8,521,117	\$9,607,412
Less: Current portion of supported debt	(\$1,019,958)	(\$1,086,295)
Unsupported: Debentures and Capital Loans	\$0	\$0
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	\$0	\$0
Unamortized capital allocations	\$21,043,978	\$17,151,919
Total long term liabilities	\$29,417,817	\$26,446,398
TOTAL LIABILITIES	\$34,179,972	\$33,314,495
NET ASSETS		
Unrestricted net assets	\$975,268	\$1,036,772
Operating Reserves	\$5,598,088	\$6,815,170
Accumulated Operating Surplus (Deficit)	\$6,573,357	\$7,851,942
Investment in capital assets	\$4,479,628	\$4,062,525
Capital Reserves	\$0	\$0
Total Capital Funds	\$4,479,628	\$4,062,525
Total net assets	\$11,052,985	\$11,914,467
TOTAL LIABILITIES AND NET ASSETS	\$45,232,957	\$45,228,962

Note: Input "(Restated)" in 2004 column heading where comparatives are not taken from the finalized 2003-2004 Audited Financial Statements.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2005

(in dollars)

	Actual 2005	Budget 2005	Actual 2004
REVENUES			
Government of Alberta	\$50,974,764	\$48,516,472	\$48,809,495
Federal Government and/or First Nations	\$2,235,263	\$2,147,869	\$2,047,645
Other Alberta school authorities	\$0	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities (excluding supplementary requisitions)	\$20,000	\$0	\$40,000
Instruction resource fees	\$12,488	\$30,000	\$15,455
Transportation fees	\$125,757	\$117,851	\$113,362
Other sales and services	\$568,676	\$375,101	\$530,627
Investment income	\$193,146	\$120,000	\$210,996
Gifts and donations	\$18,234	\$0	\$30,996
Rentals of facilities	\$29,885	\$6,300	\$15,686
Net school generated funds	\$580,978	\$600,000	\$552,312
Gains on disposal of capital assets	\$0	\$0	\$31,250
Amortization of capital allocations	\$1,622,901	\$1,588,850	\$1,533,751
Total Revenues	\$56,382,092	\$53,502,443	\$53,931,575
EXPENSES			
Certificated salaries	\$25,357,658	\$23,325,145	\$23,430,860
Certificated benefits	\$3,007,056	\$2,755,371	\$2,706,498
Uncertificated salaries and wages	\$9,046,784	\$8,135,441	\$8,273,934
Uncertificated benefits	\$2,279,504	\$1,912,098	\$2,007,183
Services, contracts and supplies	\$13,826,276	\$14,332,746	\$13,135,280
Net school generated funds	\$580,978	\$600,000	\$552,312
Capital and debt services			
Amortization of capital assets			
Supported	\$1,622,901	\$1,588,849	\$1,533,751
Unsupported	\$518,349	\$541,925	\$519,043
Total Amortization of capital assets	\$2,141,250	\$2,130,774	\$2,052,794
Interest on capital debt			
Supported	\$993,096	\$983,096	\$1,116,437
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$993,096	\$983,096	\$1,116,437
Other interest charges	\$3,270	\$3,260	\$9,303
Losses on disposal of capital assets	\$7,702	\$0	\$0
Total Expenses	\$57,243,574	\$54,177,931	\$53,284,601
SURPLUS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(\$861,482)	(\$675,488)	\$646,974
Extraordinary Item	\$0	\$0	\$0
SURPLUS (DEFICIT) OF REVENUES OVER EXPENSES	(\$861,482)	(\$675,488)	\$646,974

Note: Input "(Restated)" in Budget 2005 and/or Actuals 2004 column headings where comparatives are not taken from the respective finalized 2004-2005 Budget Report and/or finalized 2003-2004 Audited Financial Statements.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2005

(in dollars)

	2005	2004
CASH FLOWS FROM:		
A. OPERATIONS		
Surplus (deficit) of revenues over expenses for the year	(\$861,482)	\$646,974
Add (Deduct) items not requiring cash:		
Amortization of capital allocations revenue	(\$1,622,901)	(\$1,533,751)
Total amortization expense	\$2,141,250	\$2,052,794
Gains on disposal of capital assets	\$0	(\$31,250)
Losses on sale of capital assets	\$7,702	\$0
Changes in accrued accounts:		
Accounts receivable	(\$1,481,453)	(\$759,327)
Prepays and other current assets	(\$736,531)	\$487,452
Long term accounts receivable	(\$33,233)	(\$44,000)
Long term investments	\$0	\$0
Payables and accrued liabilities	\$1,192,614	(\$1,314,896)
Deferred revenue	\$22,399	(\$223,656)
Employee future benefit expense (recovery)	\$1,500	\$0
Other (describe)	\$0	\$0
Total sources (uses) of cash from Operations	(\$1,370,135)	(\$719,660)
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	(\$385,495)	(\$136,261)
Buildings	(\$4,147,407)	(\$2,859,775)
Equipment	(\$552,384)	(\$257,509)
Vehicles	(\$286,533)	(\$158,344)
Net proceeds from disposal of capital assets	\$0	\$31,250
Other (describe)	\$0	\$0
Total sources (uses) of cash from Investing activities	(\$5,371,819)	(\$3,380,639)
C. FINANCING ACTIVITIES		
Capital allocations	\$1,174,047	\$116,793
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$1,086,295)	(\$1,323,352)
Add back: supported portion	\$1,086,295	\$1,188,988
Other (describe)	\$0	\$0
Total sources (uses) of cash from Financing activities	\$1,174,047	(\$17,571)
Net sources (uses) of cash during year	(\$5,567,907)	(\$4,117,870)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/04	\$10,444,972	\$14,562,842
Cash and temporary investments, net of bank indebtedness, at Aug. 31/05	\$4,877,065	\$10,444,972

Note: 1 Input "(Restated)" in 2004 column heading where not taken from the finalized 2003-2004 Audited Financial Statements.
2 Cash and temporary investments are net of cash obligations.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2005**

School Jurisdiction 1245

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	TOTAL NET ASSETS Cols. 2+3+4	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL INTERNALLY RESTRICTED NET ASSETS Cols. 5 to 14	INTERNALLY RESTRICTED NET ASSETS									
					School Based		Infrastructure		Board & System Admin.		Transportation		External Services	
					Operating Reserves	Capital Reserves	O & M Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2004	\$11,914,467	\$4,062,525	\$1,036,772	\$6,815,170	\$3,496,012	\$0	\$2,016,342	\$0	\$841,397	\$0	\$461,419	\$0	\$0	\$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
Adjusted Balance, Aug. 31, 2004	\$11,914,467	\$4,062,525	\$1,036,772	\$6,815,170	\$3,496,012	\$0	\$2,016,342	\$0	\$841,397	\$0	\$461,419	\$0	\$0	\$0
Surplus(def) of revenue over expenses	(\$861,482)		(\$861,482)											
Board funded capital transactions		\$943,154	(\$943,154)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Direct credits to net assets	\$0	\$0												
Amortization of capital assets		(\$2,141,250)	\$2,141,250											
Amortization of capital allocations		\$1,622,901	(\$1,622,901)											
Disposal of unsupported capital assets	\$0	(\$7,702)	\$7,702	\$0		\$0		\$0		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0
Debt principal payments (unsupported)		\$0	\$0											
Net transfers to operating reserves			(\$445,473)	\$445,473	\$0		\$210,670		\$192,899		\$41,905		\$0	
Net transfers from operating reserves			\$1,662,555	(\$1,662,555)	(\$1,662,555)		\$0		\$0		\$0		\$0	
Net transfers to capital reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0
Net transfers from capital reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0
Balance at August 31, 2005	\$11,052,985	\$4,479,628	\$975,268	\$5,598,088	\$1,833,457	\$0	\$2,227,012	\$0	\$1,034,296	\$0	\$503,324	\$0	\$0	\$0

**STATEMENT OF CAPITAL ALLOCATIONS
(SUPPORTED CAPITAL FINANCING ONLY)
for the Year Ended August 31, 2005
(in dollars)**

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 20	\$3,266,746	\$17,151,919
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2004	\$3,266,746	\$17,151,919
Add:		
Capital allocations from: Infrastructure and Transportation-New/Modernization Projects	\$976,641	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$61,014	
Other capital grants and donations	\$136,392	
Proceeds on disposal of supported capital assets	\$0	
Insurance proceeds	\$0	
Donated capital assets (amortizable, at Fair Market Value)		\$0
Transferred in capital assets (amortizable, at Net Book Value)		\$0
Current Year Debenture Principal Repayment		\$1,086,295
Expended capital allocations - current year	(\$4,428,665)	\$4,428,665
Less:		
Unamortized Capital Allocation affected by a disposal through transfer out		\$0
Capital allocations amortized to revenue		\$1,622,901
Balance at August 31, 2005	\$12,128	\$21,043,978

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

1. AUTHORITY AND PURPOSE

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 block allocations for instruction and support under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The School Division is limited on administration expenses and is permitted to reallocate funding within the Alberta Learning instruction and support block areas.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and accounting policies consistent with those prescribed by Alberta Learning for Alberta school jurisdictions. 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) 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 when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

2. ACCOUNTING POLICIES (Continued)

(b) Capital assets

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

Buildings	2.5%, 4% and 10%
Equipment	10% and 20%
Vehicles	10% and 20%

Only capital assets with costs in excess of \$5,000 are capitalized. Any capital allocations received for asset additions are amortized over the same period as the related asset.

(c) School generated funds

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

(d) Vacation pay

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

(e) Contributed services

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

(f) 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. Certain insurance expenses fall into this category.

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

2. ACCOUNTING POLICIES (Continued)

(g) 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 School Division does not make pension contributions for certificated staff.

(h) Operating and Capital Reserves

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

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. TRUST ASSETS AND LIABILITIES

This balance represents cash that is held in trust by the School Division for a scholarship trust.

4. ACCOUNTS RECEIVABLE

	2005	2004
Province of Alberta	\$ 2,365,478	\$ 1,880,329
Federal Government	1,835,909	989,772
Other receivables	194,809	44,641
	<hr/>	<hr/>
	\$ 4,396,196	\$ 2,914,743

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

5. BANK INDEBTEDNESS

The School Division has negotiated a line of credit to a maximum of the lesser of \$5,000,000 or its outstanding accounts receivable as per the most recent audited financial statements, bearing interest at prime less 0.25% per annum secured by a revolving line of credit agreement and related demand promissory note in the amount of \$5,000,000, school division borrowing resolution for capital and current expenditures, Government of Alberta Department of Education Ministerial order #141/94, and an EFT transfer agreement. There was no balance outstanding on the line of credit as at year end.

6. ACCOUNTS PAYABLE

	2005	2004
Province of Alberta	\$ 494,149	\$ 501,688
Other trade payables and accrued liabilities	2,601,541	1,399,888
	<u>\$ 3,095,690</u>	<u>\$ 1,901,577</u>

7. DEFERRED REVENUE

	2005	2004
Alberta Initiative for School Improvement	\$ 171,374	\$ 265,515
Infrastructure Maintenance Program	218,448	-
Cooperative transportation grant	108,336	-
Other	137,720	121,035
Telus Collaborative Projects	-	103,639
DIA Tuition 2004	-	123,290
	<u>\$ 635,878</u>	<u>\$ 613,479</u>

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

8. LONG TERM DEBT

a) Debenture Debt - Supported

The debenture debt bears interest at rates varying between 7.5% and 12%. The debenture debt is fully supported by Alberta Finance. The current portion of long-term debt consists entirely of amounts payable by Alberta Treasury on supported debt; therefore, the working capital (current assets minus current liabilities) is understated by this amount. Debenture payments due over the next five years and beyond are as follows:

	Principal	Interest	Total
2006	\$ 1,019,958	\$ 877,083	\$ 1,897,041
2007	999,027	767,289	1,766,316
2008	892,765	660,008	1,552,773
2009	819,075	565,477	1,384,552
2010	761,185	479,790	1,240,975
Thereafter	4,029,107	1,412,648	5,441,755
	\$ 8,521,117	\$ 4,762,295	\$13,283,412

b) Capital Leases - Unsupported

Currently, there are no capital leases held by the School Division.

9. 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 School 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.

10. 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.

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

11. CONTINGENCIES

The School Division is a member of several reciprocal insurance exchanges including ALARIE, Jubilee and ASBIE. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenditures in the financial statements as the value of equity is subject to liability claims and is not an asset that the School Division can liquidate.

12. COMMITMENTS

a) Building Projects

The School Division is committed to further capital expenditures for phase II of the J.A. Williams school modernization of approximately \$1,927,009. These costs are to be fully funded by the capital allocations from Alberta Infrastructure.

b) Equipment Leases

The School Division is committed to the following minimum annual lease payments for photocopiers and computer equipment pursuant to a leases expiring July, 2007 and August, 2009:

2006	\$ 481,176
2007	481,176
2008	458,686
2009	458,686

\$ 1,879,724

13. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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

14. BUDGET AMOUNTS

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

NORTHERN LIGHTS SCHOOL DIVISION NO. 69

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

15. FINANCIAL INSTRUMENTS

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

SCHEDULE A to the AFS

School Jurisdiction Code 1245

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2004-2005

REVENUES	TOTAL	ECS to Grade 12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Admin.	External Services
(1) Alberta Education Revenues	\$44,819,081	\$37,905,597	\$0	\$4,932,007	\$1,981,477	\$0
Alberta Infrastructure and Transportation						
(2) Infrastructure Maintenance Program & Portable Relocations support	\$4,873,685	\$0	\$4,873,685			
(3) Regular Operations & Maintenance support	\$0		\$0			
(4) Other support	\$0	\$0	\$0			
(5) Total Alberta Infrastructure and Transportation Revenues	\$4,873,685	\$0	\$4,873,685			
(6) Alberta Finance	\$993,096		\$993,096			\$0
(7) Other - Government of Alberta	\$288,902	\$149,825	\$17,362	\$0	\$0	\$121,715
(8) Federal Government and/or First Nations	\$2,235,263	\$1,915,306	\$229,019	\$0	\$90,938	\$0
(9) Other Alberta school authorities	\$0	\$0	\$0	\$0	\$0	\$0
(10) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0
(11) Alberta municipalities (excl. supplementary requisitions)	\$20,000	\$20,000	\$0	\$0	\$0	\$0
(12) Instruction resource fees	\$12,488	\$12,488				
(13) Transportation fees	\$125,757			125,757		
(14) Other sales and services	\$568,676	\$389,512	\$33,098	\$0	\$3,111	142,955
(15) Investment income	\$193,146	\$140,997	\$27,040	\$17,383	\$7,726	\$0
(16) Gifts and donations	\$18,234	\$18,234	\$0	\$0		\$0
(17) Rentals of facilities	\$29,885	\$7,715	\$22,170	\$0	\$0	\$0
(18) Net school generated funds	\$580,978	\$580,978			\$0	
(19) Gains on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0
(20) Amortization of capital allocations	\$1,622,901	\$133,024	\$1,489,877	\$0		\$0
(21) TOTAL REVENUES	\$56,382,092	\$41,273,676	\$7,685,347	\$5,075,147	\$2,083,252	\$264,670
EXPENSES						
(22) Certificated salaries	\$25,357,658	\$25,105,780			\$136,500	\$115,378
(23) Certificated benefits	\$3,007,056	\$2,985,149			\$11,897	\$10,010
(24) Uncertificated salaries and wages	\$9,046,784	\$6,865,895	\$1,269,477	\$155,284	\$678,208	\$77,920
(25) Uncertificated benefits	\$2,279,504	\$1,819,720	\$284,742	\$33,843	\$135,121	\$6,078
(26) SUB - TOTAL	\$39,691,002	\$36,776,544	\$1,554,219	\$189,127	\$961,726	\$209,386
(27) Services, contracts & supplies	\$13,826,276	\$4,900,541	\$3,321,275	\$4,808,488	\$740,688	\$55,284
(28) Cost recoveries & charges to programs	\$0	(\$163,697)	\$0	\$30,000	\$133,697	\$0
(29) Net school generated funds	\$580,978	\$580,978				
Capital and debt services						
Amortization of capital assets						
(30) Supported	\$1,622,901	\$133,024	\$1,489,877	\$0	\$0	\$0
(31) Unsupported	\$518,349	\$353,242	\$116,210	\$5,627	\$43,270	\$0
(32) Total Amortization	\$2,141,250	\$486,266	\$1,606,087	\$5,627	\$43,270	\$0
Interest on capital debt						
(33) Supported	\$993,096	\$0	\$993,096	\$0	\$0	\$0
(34) Unsupported	\$0	\$0	\$0	\$0	\$0	\$0
(35) Other interest charges	\$3,270	\$0	\$0	\$0	\$3,270	\$0
(36) Losses on disposal of capital assets	\$7,702	\$0	\$0	\$0	\$7,702	\$0
(37) TOTAL EXPENSES	\$57,243,574	\$42,580,632	\$7,474,677	\$5,033,242	\$1,890,353	\$264,670
(38) SURPLUS (DEFICIT) BEFORE EXTRAORDINARY ITEM	(\$861,482)	(\$1,306,956)	\$210,670	\$41,905	\$192,899	\$0

SCHEDULE B to the AFS
ALBERTA EDUCATION REVENUES 2004-2005

	TOTAL
Base Funding	
Early Childhood Services (ECS)	1,104,490
Base Instruction (Gr 1-12)	26,890,424
Outreach Programs	208,080
Home Education	57,403
Differential Cost Funding *	14,128,378
Other Provincial Support	
Institutional Programs	133,713
Regional Consortium (6 boards) and Regional Educational Consulting Services (4 boards)	\$0
Learning Resources Credit	47,227
Federal French Funding	26,399
Provincial Priority Targeted Funding	
Class Size Initiative	993,487
Student Health Initiative (SHI)	140,352
Alberta Initiative for School Improvement (AISI)	849,176
High Speed Networking	31,373
Children and Youth with Complex Needs	\$0
Other Alberta Education Revenues (describe): Textbook & Resources , Microsoft Rebate, Video Conferencing	\$208,579
Total Alberta Education Revenues	\$44,819,081

* Differential Cost Funding is based on distribution formulas designed to address variable cost factors and incremental costs associated with other variables and specific student populations. Included in differential cost funding are allocations for students with severe disabilities, English as a second language students, Francisation and support services for immigrant students, aboriginal students, gifted & talented early childhood services children and those with mild or moderate or severe disabilities, the percentage of the student population experiencing low socio-economic status, small schools by necessity, intra-jurisdiction distances, year to year enrolment fluctuations, small school board administration, schools located in the north, boarding, transportation, stabilization of funding, and cost differences among school jurisdictions for purchasing goods and services.

**SCHEDULE C the AFS
ECS to Grade 12 INSTRUCTION PROGRAMS Expense Details - 2004-2005**

SUB-PROGRAMS & INITIATIVES	ECS to GRADE 12 Instruction						
	Certificated Remuneration	Uncertificated Remuneration	Services, Contracts & Supplies ¹	Learning Resources	Cost Recoveries & Transfers	Other Expenses ²	TOTAL EXPENSES
School Administration & All Instruction Support	\$3,072,372	\$2,639,683	\$236,279		(\$163,697)	\$200,258	\$5,984,895
Mild & Moderate Disabilities/Gifted & Talented(ECS-12)	\$395,648	\$1,589,552	\$0		\$0		\$1,985,200
ECS Program Unit (PUF)	\$0	\$555,675	\$70,764		\$0		\$626,439
Severe Disabilities (Gr 1-12)	\$1,403,604	\$3,016,391	\$306,684		\$0		\$4,726,679
English as a Second Language	55,846	\$0	\$0		\$0		\$55,846
French Language Program & Francisation (all jurisdictions)	26,399	\$0	\$0		\$0		\$26,399
First Nations, Metis and Inuit Education(ECS - Gr 12)	\$1,600,380	\$0	\$0		\$0		\$1,600,380
Home Education	\$0	\$0	\$18,956		\$0		\$18,956
Institutional Programs	\$89,593	\$69,967	\$13,856		\$0		\$173,416
Alberta Initiative for School Improvement	\$593,802	\$67,867	\$187,507	\$0	\$0		\$849,176
Student Health Initiative	\$0	\$133,997	\$6,355		\$0		\$140,352
High Speed Networking			\$31,373		\$0		\$31,373
Class Size	\$992,516	\$0	\$0	\$0	\$0		\$992,516
Children and Youth with Complex Needs(ECS - Gr 12)	\$0	\$0	\$0		\$0		\$0
All Other Student Instruction Expenses(ECS - Gr 12)	\$19,860,769	\$612,483	\$3,881,751	\$178,389	\$0	\$866,986	\$25,369,005
TOTAL EXPENSES	\$28,090,929	\$8,685,615	\$4,753,525	\$178,389	(\$163,697)	\$1,067,244	\$42,580,632

FULL-TIME-EQUIVALENCIES(Board/Contract)	FTE Certificated	FTE Uncertificated
Mild & Moderate Disabilities/Gifted & Talented (ECS - Gr 12)	5.2	55.3
ECS Program Unit (PUF)	0.0	25.6
Severe Disabilities (Gr 1-12)	18.4	95.7

Note 1 Excludes Learning Resources.

Note 2 Includes Net School Generated Funds, Amortization, Interest, and Losses on Disposal of Instruction Program Capital Assets.

**SCHEDULE D to the AFS
CALCULATION OF MAXIMUM ELIGIBLE EXPENSE LIMIT FOR
BOARD (GOVERNANCE) AND SYSTEM ADMINISTRATION - 2004-2005**

TOTAL EXPENSES		\$57,243,574
STEP 1		
Calculation of maximum expense limit PERCENTAGE for Board and System Administration expenses		
If "Total Net Enrolled Students" are 6,000 and over	= 4%	4.00%
If "Total Net Enrolled Students" are 2,000 and less	= 6%	
<p>The Maximum Expense Limit for Board and System Administration is based on an arithmetical proration for the TOTAL FTE count for grades 1 -12, net of Home Education AND Adult students, between 2,000 to 6,000 at .0005 per FTE. EXAMPLE: 4,500 FTE count grades 1-12 = 6,000 - 4,500 = 1,500 X .0005 = .75% plus 4% = maximum expense limit of 4.75%. Note: Calculation unnecessary if Total FTE is 6,000 or more, and 2,000 & less.</p>		
STEP 2		
Calculate maximum expense limit AMOUNTS for Board and System Administration expenses		
Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES		\$2,289,743
Considerations for Charter Schools and Small School Boards:		
If Charter School , enter \$56,100	\$0	\$0
If School Board , please enter your 04-05 Gr 1- 12 funded enrolment	0	
	\$0	\$0
MAXIMUM EXPENSE LIMIT		\$2,289,743
STEP 3		
Compare maximum expense limit amounts calculated in Step 2 to actual expenses (from Schedule A)		
Actual Board Governance & System Administration expenses		\$1,890,353
PLUS: transfers to Restricted - Operating (Board/System Administration)		\$192,899
LESS: transfers from Restricted - Operating (Board/System Administration)		\$0
TOTAL BOARD GOVERNANCE & SYSTEM ADMINISTRATION EXPENSES		\$2,083,252
MAXIMUM EXPENSE LIMIT		\$2,289,743
ACTUAL EXPENSES - OVER(UNDER) MAXIMUM EXPENSE LIMIT		-\$206,491

**SCHEDULE E to the AFS
SOURCE & APPLICATION OF SCHOOL GENERATED FUNDS (SGF) - 2004-2005**

Unexpended SGF - Opening Balance August 31, 2004 (Note 1)			\$718,511
Source of Net School Generated Funds:			
	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$1,201,994	\$1,018,951	\$183,043
Student fees (Non-Instructional) (Note 2)	\$372,474		\$372,474
Donations and grants to schools	\$121,419		\$121,419
Other (describe):	\$0	\$0	\$0
Net Additions to SGF	\$1,695,887	\$1,018,951	\$676,936
Net SGF Available for Discretionary Spending			\$1,395,447
Application of Net School Generated Funds:			
Extra-curricular activities			\$497,906
School beautification			\$3,017
Field Trips			\$65,633
Equipment			\$14,422
Family literacy and other community resources			\$0
Other (describe):			\$0
Net SGF Expended for Discretionary Purposes (Note 3)			\$580,978
Unexpended SGF - Closing Balance August 31, 2005 (Note 4)			\$814,469
<p>School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include fees with respect to instructional supplies or materials collected pursuant to Section 60(2)(j) of the <i>School Act</i>, and any other funds collected at the school but remitted to central office and accounted for by the jurisdiction (facility rentals, capital assets purchases, etc.)</p>			
<p>Note 1 Input "(Restated)" beside Balance at August 31, 2004 where not taken from the finalized 2003-2004 Audited Financial Statements.</p>			
<p>Note 2 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees with respect to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Amounts collected for CEU-related activities are recorded as instruction resource fees, not SGF.</p>			
<p>Note 3 Net SGF Expended for Discretionary Purposes is recorded as revenue and expense in the Statement of Revenues & Expenses.</p>			
<p>Note 4 Unexpended SGF is carried forward to the Statement of Financial Position.</p>			

**SCHEDULE F to the AFS
Operations and Maintenance Program Expenses - 2004-2005**

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed Mod./I.M.P. & Portable Relocations	Facility Planning & Operations Administration	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$492,920	\$593,732	\$0	\$0	\$182,825	\$1,269,477		\$1,269,477
Uncertificated benefits	\$119,069	\$124,807	\$0	\$0	\$40,866	\$284,742		\$284,742
Sub-total Remuneration	\$611,989	\$718,539	\$0	\$0	\$223,691	\$1,554,219		\$1,554,219
Contracted Services	\$797,680	\$243,735	\$0	\$0	\$15,995	\$1,057,410		\$1,057,410
Supplies	\$211,628	\$391,645	\$0	\$270,445	\$2,818	\$876,536		\$876,536
Electricity			\$687,637			\$687,637		\$687,637
Natural Gas/Heating Fuel			\$503,908			\$503,908		\$503,908
Sewer and Water			\$63,598			\$63,598		\$63,598
Telecommunications			\$27,315			\$27,315		\$27,315
Insurance					\$104,871	\$104,871		\$104,871
Amortization of capital assets								
Supported							\$1,489,877	\$1,489,877
Unsupported						\$116,210		\$116,210
Total Amortization						\$116,210	\$1,489,877	\$1,606,087
Interest on capital debt								
Supported							\$993,096	\$993,096
Unsupported				\$0		\$0		\$0
Other interest charges						\$0		\$0
Losses on disposal of capital assets						\$0		\$0
Cost recoveries & transfers						\$0		\$0
TOTAL EXPENSES	\$1,621,297	\$1,353,919	\$1,282,458	\$270,445	\$347,375	\$4,991,704	\$2,482,973	\$7,474,677
SQUARE METRES								
School Buildings								79,551.9
Non School Buildings								3,665.9
UNCERTIFICATED FTE'S (Board/Contract)	0.0	0.0						

Notes:

- Custodial:** All expenses related to activities undertaken to keep the school environment clean and safe.
- Maintenance:** All expenses associated with the repair, replacement 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.
- Utilities & Telecommunications:** All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.
- Expensed Block Mod/I.M.P. & Portable Relocations:** All expenses associated with non-capital activities related to Block Modernization, Infrastructure Maintenance Programs (AKA Building Quality Restoration Program) and portable relocations.
- 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 and contractors, administration of capital projects (including new schools, I.M.P., block modernization and portable relocations), administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.
- Supported Capital & Debt Services:** All expenses related to supported capital assets amortization and interest on supported capital debt.

**SCHEDULE G to the AFS
DISCLOSURE OF SALARIES AND BENEFITS - 2004-2005
(SECTION 148.1 OF THE SCHOOL ACT)**

	FTEs	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's / Other	Total	Expenses
Chairperson:								
Name Hrynyk, Arlene	1.0	\$14,055	\$511	\$0			\$14,566	\$9,765
Name	0.0	\$0	\$0	\$0			\$0	\$0
Other Board Members:								
Name Doonanco, Peter	1.0	\$7,905	\$39	\$0			\$7,944	\$5,648
Name Evans, Mary Lynn	1.0	\$11,130	\$373	\$0			\$11,503	\$7,259
Name Hycak, Walter	0.8	\$9,840	\$297	\$0			\$10,137	\$7,554
Name Kunec, Nestor	1.0	\$10,380	\$228	\$0			\$10,608	\$6,250
Name McDonald, Randy	1.0	\$12,625	\$458	\$0			\$13,083	\$11,865
Name Ryll, Adolph	0.2	\$315	\$3	\$0			\$318	\$75
Name Smaeil, Danny	0.8	\$7,065	\$251	\$0			\$7,316	\$4,347
Name Suhan, Roxanne	1.0	\$11,355	\$427	\$0			\$11,782	\$7,878
Name Todd, Rodney	0.2	\$1,080	\$13	\$0			\$1,093	\$210
Name Welwood, Heather	1.0	\$11,625	\$377	\$0			\$12,002	\$6,421
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Name	0.0	\$0	\$0	\$0			\$0	\$0
Subtotal	9.0	\$97,375	\$2,977	\$0			\$100,352	\$67,272
Superintendent Ed Wittchen	1.0	\$136,500	\$10,397	\$0	\$0	\$0	\$146,897	\$13,937
Superintendent	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Secretary/Treasurer Gary Krawchuk	1.0	\$111,092	\$17,991	\$0	\$0	\$0	\$129,083	\$3,645
Secretary/Treasurer	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board Secretary	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board Secretary	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board Treasurer	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board Treasurer	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Certificated Salaries	351.2	\$25,221,158	\$2,996,659	\$0	\$0	\$0	\$28,217,817	
Uncertificated Salaries & Wages	278.8	\$8,838,317	\$2,258,536	\$0	\$0	\$0	\$11,096,853	
TOTALS		\$34,404,442	\$5,286,560	\$0	\$0	\$0	\$39,691,002	

Note: Please refer to completion information on page 15.

SCHEDULE G1 to the AFS
DISCLOSURE OF SALARIES AND BENEFITS (SECTION 148.1 OF THE SCHOOL ACT)
COMPLETION INFORMATION

(1)	Salary and benefits consist of and agree with the amounts properly recorded in the school jurisdiction's payroll records and related object codes for salaries, wages and benefits.
(2)	Remuneration includes regular base salaries, certificated school-based employee allowances outlined in collective agreements, overtime, honoraria, deferred salary leave accruals, lump sum payments EXCEPTING TERMINATION BENEFITS (See #10A below), any other direct cash remuneration EXCEPTING PERFORMANCE PAY (See #10 below).
(3)	Certificated salaries include the aggregate of all payments for certificated staff regardless of the length, nature or definition of the employment agreement. The number of full time equivalent (FTE) staff should be measured as at September 30.
(4)	Uncertificated salaries and wages should be measured in terms of the number of FTE staff employed as at September 30.
(5)	Salary and benefits information should be the aggregate amount covering the same fiscal period as the audited financial statements.
(6)	Salary must include deferred salary accruals.
(7)	Salary includes only payments for services subject to an employer-employee relationship.
(8)	Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pensions, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
(9)	Allowances include all monies paid to an employee as miscellaneous negotiated allowances. This category will include car or travel allowances, isolation allowances, relocation expenses, sabbaticals, special leave with pay, financial and retirement planning services, and club memberships. CERTIFICATED SCHOOL-BASED EMPLOYEE ALLOWANCES , as outlined in collective agreements, are included in Remuneration - NOT Allowances.
(10)	Performance Bonuses include those monies paid to employees of the school authority that are tied to the achievement of some specified goal or objective.
(10A)	Other includes termination benefits ((severance pay, retiring allowances (ERIP's), sick leave and other settlement costs due to loss of employment).
(11)	Expenses will include the reimbursements of travel, subsistence, moving costs, conference fees, etc., paid by the employee or on his/her behalf in performing the responsibilities of employment.
(12)	The superintendent's position disclosure is in terms of one individual who is the Chief Executive Officer. Benefits for the superintendent do not include Alberta Learning contributions to the Teachers Retirement Fund pension plan.
(13)	The secretary-treasurer's position disclosure is in terms of one individual who is the Chief Financial Officer. If the board has not appointed one person to act as secretary-treasurer, then the disclosure is in terms of separate individuals appointed to the Board Treasurer and Board Secretary positions. Benefits for the secretary-treasurer include the Local Authorities Pension Plan contributions.
(13)	A position should include salary, benefits and allowances earned and expenses accrued by an individual who officially acted in a position while it was vacant or was appointed to the position. If a position was vacant and no one acted in the position, the position should not be disclosed.
(14)	Benefits and allowances need not include an amount for automobile, housing or other benefits for which a value cannot be reasonably estimated.
(15)	If a position is occupied by more than one individual during a year, each of those individual's specific expenses and salary, benefits and allowances earned by each of the individuals in the position need be disclosed separately.