

**AUDITED
FINANCIAL STATEMENTS
and Supporting Schedules
FOR THE YEAR ENDED AUGUST 31, 2006**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Palliser Regional Division No. 26

Legal Name of School Jurisdiction

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SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules of Palliser Regional Division No. 26

(Name of School Jurisdiction)

presented to Alberta Education 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

Mr. Donald Zech

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Dr. Garry Andrews

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Mr. Laurie Marston

Name

"ORIGINAL SIGNED"

Signature

29-Nov-06

Board-approved Release Date

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AUDITORS' REPORT

To the Board of Trustees of the
Palliser Regional Division No. 26

We have audited the statement of financial position of the Palliser Regional Division No. 26 as at August 31, 2006 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the school jurisdiction's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school jurisdiction as at August 31, 2006 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 purposes 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.

Lethbridge, Alberta
October 27, 2006

BDO Dunwoody LLP

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2006

(in dollars)

		2006	2005
ASSETS			
Current assets			
Cash and temporary investments		\$5,004,627	\$2,825,830
Accounts receivable (net after allowances)		\$1,297,808	\$2,158,944
Prepaid expenses		\$147,709	\$127,812
Other current assets		\$98,903	\$83,809
Total current assets		\$6,549,047	\$5,196,395
School generated assets		\$718,670	\$717,626
Trust assets		\$165,127	\$162,425
Long term accounts receivable		\$0	\$0
Long term investments		\$0	\$0
Capital assets			
Land		\$340,000	\$340,000
Buildings	\$43,250,373		
Less: accumulated amortization	(\$19,447,270)	\$23,803,103	\$24,762,424
Equipment	\$2,591,960		
Less: accumulated amortization	(\$1,753,552)	\$838,408	\$813,559
Vehicles	\$6,690,814		
Less: accumulated amortization	(\$4,067,948)	\$2,622,866	\$2,774,222
Total capital assets		\$27,604,377	\$28,690,205
TOTAL ASSETS		\$35,037,221	\$34,766,651
LIABILITIES			
Current liabilities			
Bank indebtedness		\$0	\$0
Accounts payable and accrued liabilities		\$1,919,819	\$1,117,811
Deferred revenue		\$599,893	\$639,977
Deferred capital allocations		\$12,000	\$0
Current portion of all long term debt		\$402,796	\$576,725
Total current liabilities		\$2,934,508	\$2,334,514
School generated liabilities		\$718,670	\$717,626
Trust liabilities		\$165,127	\$162,425
Employee future benefits liability		\$0	\$0
Long term payables and accrued liabilities		\$0	\$0
Long term debt			
Supported: Debentures and other supported debt		\$3,883,931	\$4,301,920
Less: Current portion of supported debt		(\$402,796)	(\$417,989)
Unsupported: Debentures and Capital Loans		\$0	\$158,736
Capital Leases		\$0	\$0
Mortgages		\$0	\$0
Less: Current portion of unsupported debt		\$0	(\$158,736)
Other long term liabilities		\$0	\$0
Unamortized capital allocations		\$17,866,934	\$18,686,056
Total long term liabilities		\$22,231,866	\$23,450,037
TOTAL LIABILITIES		\$25,166,374	\$25,784,551
NET ASSETS			
Unrestricted net assets		\$175,000	\$116,655
Operating Reserves		\$3,065,921	\$2,359,805
Accumulated Operating Surplus (Deficit)		\$3,240,921	\$2,476,460
Investment in capital assets		\$5,855,283	\$5,543,503
Capital Reserves		\$774,643	\$962,137
Total Capital Funds		\$6,629,926	\$6,505,640
Total net assets		\$9,870,847	\$8,982,101
TOTAL LIABILITIES AND NET ASSETS		\$35,037,221	\$34,766,651

Note: Input "(Restated)" in 2005 column heading where comparatives are not taken from the finalized 2004-2005 Audited Financial Statements.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2006

(in dollars)

	Actual 2006	Budget 2006	Actual 2005
REVENUES			
Government of Alberta	\$35,635,900	\$32,041,324	\$32,127,274
Federal Government and/or First Nations	\$431,438	\$390,562	\$509,995
Other Alberta school authorities	\$15,046	\$7,000	\$11,403
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities (excluding supplementary requisitions)	\$9,000	\$9,000	\$47,917
Instruction resource fees	\$271,855	\$275,132	\$403,946
Transportation fees	\$28,184	\$77,200	\$19,630
Other sales and services	\$424,189	\$509,305	\$68,760
Investment income	\$253,929	\$98,600	\$125,474
Gifts and donations	\$51,584	\$100	\$66,653
Rentals of facilities	\$391,463	\$348,313	\$404,642
Net school generated funds	\$232,077	\$305,000	\$359,041
Gains on disposal of capital assets	\$10,700	\$30,000	\$20,745
Amortization of capital allocations	\$1,291,869	\$927,569	\$1,134,218
Total Revenues	\$39,047,233	\$35,019,105	\$35,299,697
EXPENSES			
Certificated salaries	\$15,979,102	\$15,589,528	\$15,021,400
Certificated benefits	\$1,801,575	\$1,870,743	\$1,693,599
Uncertificated salaries and wages	\$8,058,403	\$7,542,449	\$7,618,276
Uncertificated benefits	\$1,585,354	\$1,508,490	\$1,472,656
Services, contracts and supplies	\$8,002,671	\$5,692,893	\$5,369,305
Net school generated funds	\$232,077	\$305,000	\$359,041
Capital and debt services			
Amortization of capital assets			
Supported	\$1,291,869	\$942,525	\$1,134,218
Unsupported	\$725,927	\$595,227	\$678,928
Total Amortization of capital assets	\$2,017,796	\$1,537,752	\$1,813,146
Interest on capital debt			
Supported	\$399,070	\$419,862	\$440,764
Unsupported	\$6,221	\$18,024	\$17,167
Total interest on capital debt	\$405,291	\$437,886	\$457,931
Other interest charges	\$17,583	\$0	\$0
Losses on disposal of capital assets	\$58,635	\$0	\$0
Total Expenses	\$38,158,487	\$34,484,741	\$33,805,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$888,746	\$534,364	\$1,494,343
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$888,746	\$534,364	\$1,494,343

Note: Input "(Restated)" in Budget 2006 and/or Actuals 2005 column headings where comparatives are not taken from the respective finalized 2005-2006 Budget Report and/or finalized 2004-2005 Audited Financial Statements filed with Alberta Education.

STATEMENT OF CASH FLOWS

for the Year Ended August 31, 2006

(in dollars)

	2006	2005
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses for the year	\$888,746	\$1,494,343
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$1,291,869)	(\$1,134,218)
Total amortization expense	\$2,017,796	\$1,813,146
Gains on disposal of capital assets	(\$10,700)	(\$20,745)
Losses on disposal of capital assets	\$58,635	\$0
Changes in accrued accounts:		
Accounts receivable	\$861,136	(\$1,253,976)
Prepays and other current assets	(\$34,991)	\$20,669
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Payables and accrued liabilities	\$802,008	(\$720,203)
Deferred revenue	(\$40,084)	\$209,318
Employee future benefit expense (recovery)	\$0	\$0
Other (describe)	\$0	\$0
Total sources (uses) of cash from Operations	\$3,250,678	\$408,335
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$54,557)	(\$4,010,597)
Equipment	(\$537,579)	(\$5,929)
Vehicles	(\$398,267)	(\$687,230)
Net proceeds from disposal of capital assets	\$10,500	\$78,742
Other (describe)	\$0	\$0
Total sources (uses) of cash from Investing activities	(\$979,903)	(\$4,625,014)
C. FINANCING ACTIVITIES		
Capital allocations	\$66,758	\$3,037,222
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$576,725)	(\$576,466)
Add back: supported portion	\$417,989	\$429,012
Other (describe)	\$0	\$0
Total sources (uses) of cash from Financing activities	(\$91,978)	\$2,889,768
Net sources (uses) of cash during year	\$2,178,797	(\$1,326,912)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/05	\$2,825,830	\$4,152,742
Cash and temporary investments, net of bank indebtedness, at Aug. 31/06	\$5,004,627	\$2,825,830

Note: 1 Input "(Restated)" in 2005 column heading where not taken from the finalized 2004-2005 Audited Financial Statements filed with Alberta Education.

2 Cash and temporary investments are net of cash obligations.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2006**

School Jurisdiction 2255

	(1)	(2)	(3)	(4)	(in dollars)										(11)	(12)	(13)	(14)
					INTERNALLY RESTRICTED NET ASSETS													
					School Based		Infrastructure		Board & System Admin.		Transportation		External Services					
TOTAL NET ASSETS Cols. 2+3+4	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL INTERNALLY RESTRICTED NET ASSETS Cols. 5 to 14	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, 2005	\$8,982,101	\$5,543,503	\$116,655	\$3,321,942	\$2,304,586	\$423,310	(\$87,106)	\$258,058	\$45,767	\$113,214	\$96,558	\$167,555	\$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, 2005	\$8,982,101	\$5,543,503	\$116,655	\$3,321,942	\$2,304,586	\$423,310	(\$87,106)	\$258,058	\$45,767	\$113,214	\$96,558	\$167,555	\$0	\$0				
Excess(def) of revenue over expenses	\$888,746		\$888,746															
Board funded capital transactions		\$937,606	(\$937,606)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Direct credits to net assets	\$0	\$0																
Amortization of capital assets		(\$2,017,796)	\$2,017,796															
Amortization of capital allocations		\$1,291,869	(\$1,291,869)															
Disposal of unsupported capital assets	\$0	(\$58,635)	\$0	\$58,635		\$58,635		\$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)		\$158,736	(\$158,736)															
Net transfers to operating reserves			(\$888,746)	\$888,746	\$120,395		\$216,369		\$0		\$302,400		\$249,582					
Net transfers from operating reserves			\$182,630	(\$182,630)	(\$182,630)		\$0		\$0		\$0		\$0					
Net transfers to capital reserves			(\$689,717)	\$689,717		\$127,506		\$23,011		\$14,540		\$524,660		\$0				
Net transfers from capital reserves			\$935,846	(\$935,846)		(\$537,579)		\$0		\$0		(\$398,267)		\$0				
Balance at August 31, 2006	\$9,870,847	\$5,855,283	\$175,000	\$3,840,564	\$2,242,351	\$71,872	\$129,263	\$281,069	\$45,767	\$127,754	\$398,958	\$293,948	\$249,582	\$0				

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)

for the Year Ended August 31, 2006

(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2005	\$0	\$18,686,056
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2005	\$0	\$18,686,056
Add:		
Restricted capital allocations from: Alberta Education-School/Modular Project Capital *	\$0	
Infrastructure & Transportation-School/Modular Project Capital *	\$54,758	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$0	
Other capital grants and donations	\$12,000	
Net Proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$417,989
Expended capital allocations - current year	(\$54,758)	\$54,758
Less:		
Net book value of supported capital assets disposition, write-off, or transfer		\$0
Capital allocations amortized to revenue		\$1,291,869
Balance at August 31, 2006	\$12,000	\$17,866,934

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

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2005-2006

REVENUES	TOTAL	ECS to Grade 12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Admin.	External Services
(1) Alberta Education	\$34,922,569	\$25,270,722	\$3,395,674	\$2,763,847	\$1,347,083	\$2,145,243
(2) Alberta Infrastructure & Transportation	\$0	\$0	\$0			
(3) Alberta Finance	\$398,996		\$398,996			\$0
(4) Other - Government of Alberta	\$314,335	\$309,821	\$2,257	\$2,257	\$0	\$0
(5) Federal Government and/or First Nations	\$431,438	\$431,438	\$0	\$0	\$0	\$0
(6) Other Alberta school authorities	\$15,046	\$4,194	\$0	\$10,852	\$0	\$0
(7) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0
(8) Alberta municipalities (excl. supplementary requisitions)	\$9,000	\$0	\$0	\$9,000	\$0	\$0
(9) Instruction resource fees	\$271,855	\$271,855				
(10) Transportation fees	\$28,184			\$28,184		
(11) Other sales and services	\$424,189	\$188,343	\$154,664	\$55,170	\$26,012	\$0
(12) Investment income	\$253,929	\$0	\$2,253	\$0	\$206,193	\$45,483
(13) Gifts and donations	\$51,584	\$51,584	\$0	\$0	\$0	\$0
(14) Rentals of facilities	\$391,463	\$0	\$37,105	\$0	\$0	\$354,358
(15) Net school generated funds	\$232,077	\$232,077				
(16) Gains on disposal of capital assets	\$10,700	\$0	\$0	\$10,700	\$0	\$0
(17) Amortization of capital allocations	\$1,291,869	\$0	\$1,291,869	\$0	\$0	\$0
(18) TOTAL REVENUES	\$39,047,233	\$26,760,034	\$5,282,818	\$2,880,010	\$1,579,288	\$2,545,084
EXPENSES						
(19) Certificated salaries	\$15,979,102	\$15,674,350			\$304,752	\$0
(20) Certificated benefits	\$1,801,575	\$1,767,216			\$34,359	\$0
(21) Uncertificated salaries and wages	\$8,058,403	\$5,162,913	\$1,149,652	\$1,115,733	\$578,900	\$51,205
(22) Uncertificated benefits	\$1,585,354	\$1,032,371	\$283,130	\$114,694	\$144,073	\$11,086
(23) SUB - TOTAL	\$27,424,434	\$23,636,850	\$1,432,782	\$1,230,427	\$1,062,084	\$62,291
(24) Services, contracts & supplies	\$8,002,671	\$2,584,571	\$1,919,717	\$822,523	\$485,081	\$2,190,779
(25) Cost recoveries between programs	\$0	\$0	\$0	\$0	\$0	\$0
(26) Net school generated funds	\$232,077	\$232,077				
Capital and debt services						
Amortization of capital assets						
(27) Supported	\$1,291,869	\$0	\$1,291,869	\$0	\$0	\$0
(28) Unsupported	\$725,927	\$127,506	\$23,011	\$524,660	\$14,540	\$36,210
(29) Total Amortization	\$2,017,796	\$127,506	\$1,314,880	\$524,660	\$14,540	\$36,210
Interest on capital debt						
(30) Supported	\$399,070	\$0	\$399,070	\$0	\$0	\$0
(31) Unsupported	\$6,221	\$0	\$0	\$0	\$0	\$6,221
(32) Other interest charges	\$17,583	\$0	\$0	\$0	\$17,583	\$0
(33) Losses on disposal of capital assets	\$58,635	\$58,635	\$0	\$0	\$0	\$0
(34) TOTAL EXPENSES	\$38,158,487	\$26,639,639	\$5,066,449	\$2,577,610	\$1,579,288	\$2,295,501
(35) EXCESS (DEFICIENCY) BEFORE EXTRAORDINARY ITEM	\$888,746	\$120,395	\$216,369	\$302,400	\$0	\$249,583

SCHEDULE B to the AFS
ALBERTA EDUCATION REVENUE 2005-2006

	TOTAL
Base Funding	
Early Childhood Services (ECS)	\$826,673
Base Instruction (Gr 1-12)	\$17,529,066
Outreach Programs	\$104,040
Home Education	\$0
Differential Cost Funding *	\$9,480,383
Other Provincial Support	
Institutional Programs	\$0
Regional Consortium (6 boards) and Regional Educational Consulting Services (4 boards)	\$0
Learning Resources Credit Allocation	\$0
Provincial Priority Targeted Funding	
Class Size Initiative	\$552,019
Student Health Initiative (SHI)	\$2,100,230
Alberta Initiative for School Improvement (AISi)	\$501,805
High Speed Networking	\$60,000
Children and Youth with Complex Needs	\$219,697
Infrastructure Maintenance Renewal (IMR)	\$384,482
Other Alberta Education Revenues (describe): O&M, Classroom Walkthrough, Technology, FNMI Grants	\$3,164,174
Total Alberta Education Revenues	\$34,922,569

- * 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 eligible students and early childhood services children with severe disabilities, enrolled children with mild or moderate disabilities/delays or who are gifted & talented, early childhood services and gr 1-12 student aboriginal learners that are off reserves, Francisation for students and children and Francophone equivalency access funding for students within francophone authorities (excluding French language program funding or other funding provided under Official Languages in Education Program agreement between Canada and Alberta -which is revenue from Federal Government and not Alberta Education), English as a second language for enrolled students and children, enhanced English as a second language and Francisation and support services for immigrant students, the percentage of the student population experiencing low socio-economic status, daily physical activity, Hutterite Colony schools, 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 adjustments for cost differences among school jurisdictions for costs of goods & services.

SCHEDULE C to the AFS
ECS to Grade 12 INSTRUCTION PROGRAM Expense Details - 2005-2006

SUB-PROGRAMS & INITIATIVES	ECS to GRADE 12 Instruction						
	Certificated Remuneration	Uncertificated Remuneration	Services, Contracts & Supplies ¹	Learning Resources	Cost Recoveries between programs	Other Expenses ²	TOTAL EXPENSES
School Administration & All Instruction Support	\$1,875,015	\$702,511	\$29,418		\$0	\$0	\$2,606,944
Mild & Moderate Disabilities/Gifted & Talented (ECS-12)	\$767,372	\$427,952	\$112,201		\$0		\$1,307,525
ECS Program Unit (PUF)	\$323,523	\$619,648	\$238,401		\$0		\$1,181,572
Severe Disabilities (Gr 1-12)	\$609,936	\$2,096,844	\$141,186		\$0		\$2,847,966
English as a Second Language	\$80,054	\$252,038	\$38,154		\$0		\$370,246
French Language Program & Francisation (all jurisdictions)		\$0	\$0		\$0		\$0
First Nations, Metis and Inuit Education (ECS - Gr 12)	\$6,788	\$42,838	\$27,433		\$0		\$77,059
Home Education	\$0	\$0	\$40,054		\$0		\$40,054
Institutional Programs	\$0	\$0	\$0		\$0		\$0
Alberta Initiative for School Improvement	\$303,735	\$0	\$156,484	\$16,126	\$0		\$476,345
Student Health Initiative	\$0	\$156,951	\$5,153		\$0		\$162,104
High Speed Networking			\$126,574		\$0		\$126,574
Class Size	\$552,019	\$0	\$0	\$0	\$0		\$552,019
Children and Youth with Complex Needs (ECS - Gr 12)	\$0	\$0	\$102,478		\$0		\$102,478
All Other Student Instruction Expenses (ECS - Gr 12)	\$12,923,124	\$1,896,502	\$1,048,276	\$502,633	\$0	\$187,021	\$16,788,753
TOTAL EXPENSES	\$17,441,566	\$6,195,284	\$2,065,812	\$518,759	\$0	\$187,021	\$26,639,639

FULL-TIME-EQUIVALENCIES (Board/Contract)		
FTE Certified	FTE Uncertificated	
Mild & Moderate Disabilities/Gifted & Talented (ECS - Gr 12)	9.8	19.8
ECS Program Unit (PUF)	4.0	30.9
Severe Disabilities (Gr 1-12)	7.0	91.3

Note: 1 Services, Contracts & Supplies expenses exclude learning resources, as they are reported on separately.

2 Other Expenses include net school generated funds, amortization, interest, and losses on disposal of instruction program capital assets.

**SCHEDULE D to the AFS
BOARD AND SYSTEM ADMINISTRATION
2005-2006 EXPENSES OVER (UNDER) MAXIMUM LIMIT**

TOTAL EXPENSES		\$38,158,487
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%	5.27%
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.</p> <p>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%.</p> <p>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		\$2,010,952
Considerations for Charter Schools and Small School Boards:		
If Charter School, enter \$57,222	\$0	\$0
If School Board, please enter your 2005-2006 Gr 1- 12 funded enrolment	0	
	\$0	\$0
2005-2006 MAXIMUM EXPENSE LIMIT		\$2,010,952
Less: 2005/2006 Board and System Administration expenses		-\$1,579,288
2005-2006 BOARD AND SYSTEM ADMINISTRATION EXPENSES OVER (UNDER) MAXIMUM LIMIT		\$431,664

SCHEDULE E to the AFS
SOURCE & APPLICATION OF SCHOOL GENERATED FUNDS (SGF) - 2005-2006

Unexpended SGF - Opening Balance August 31, 2005 (Note 1)			\$717,626
Source of Net School Generated Funds:			
	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$1,173,402	\$938,722	\$234,680
Student fees (Non-Instructional) (Note 2)	\$0	\$0	\$0
Donations and grants to schools	\$0	\$0	\$0
Other (describe):	\$0	\$0	\$0
Net Additions to SGF	\$1,173,402	\$938,722	\$234,680
Net SGF Available for Spending			\$952,306
Application of Net School Generated Funds:			
Extra-curricular activities			\$175,227
School site beautification			\$0
Field Trips			\$58,409
Equipment			\$0
Family literacy and other community resources			\$0
Other (describe):			\$0
Net SGF Expended (Note 3)			\$233,636
Unexpended SGF - Closing Balance August 31, 2006 (Note 4)			\$718,670
<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>			
Note 1	Input "(Restated)" beside Balance at August 31, 2005 where not taken from the finalized 2004-2005 Audited Financial Statements filed with Alberta Education.		
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.		
Note 3	Net SGF Expended is reported as revenue and expense in the Statement of Revenues & Expenses.		
Note 4	Unexpended SGF is reported as school generated assets and liabilities in the Statement of Financial Position.		

SCHEDULE F to the AFS
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2005-2006

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$703,455	\$376,716	\$0	\$0	\$69,481	\$1,149,652		\$1,149,652
Uncertificated benefits	\$172,926	\$93,043	\$0	\$0	\$17,161	\$283,130		\$283,130
Sub-total Remuneration	\$876,381	\$469,759	\$0	\$0	\$86,642	\$1,432,782		\$1,432,782
Contracted Services	\$215,861	\$451,235	\$0	\$384,482	\$321	\$1,051,899		\$1,051,899
Supplies	\$95,604	\$82,658	\$0	\$0	\$4,841	\$183,103		\$183,103
Electricity			\$309,340			\$309,340		\$309,340
Natural Gas/Heating Fuel			\$264,976			\$264,976		\$264,976
Sewer and Water			\$33,562			\$33,562		\$33,562
Telecommunications			\$6,202			\$6,202		\$6,202
Insurance					\$70,635	\$70,635		\$70,635
Amortization of capital assets								
Supported							\$1,291,869	\$1,291,869
Unsupported								\$23,011
Total Amortization							\$1,291,869	\$1,314,880
Interest on capital debt								
Supported							\$399,070	\$399,070
Unsupported				\$0		\$0		\$0
Other interest charges						\$0		\$0
Losses on disposal of capital assets						\$0		\$0
Cost recoveries between programs						\$0		\$0
TOTAL EXPENSES	\$1,187,846	\$1,003,652	\$614,080	\$384,482	\$162,439	\$3,375,510	\$1,690,939	\$5,066,449
SQUARE METRES								
School Buildings								55,217.0
Non School Buildings								3,485.0

Note:

Custodial:

Maintenance:

Utilities & Telecommunications:

Expensed IMR & Modular Unit Relocations:

Facility Planning & Operations Administration:

Supported Capital & Debt Services:

All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.

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.

All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.

All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.

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.

All expenses related to supported capital assets amortization and interest on supported capital debt.

SCHEDULE G to the AFS
DISCLOSURE OF SALARIES AND BENEFITS - 2005-2006
 (SECTION 148.1 OF THE SCHOOL ACT)

Chairperson:	FTEs	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's / Other	Total	Expenses
Name Mr. Don Zech	1.0	\$17,340	\$733	\$0			\$18,073	\$7,970
Name	0.0	\$0	\$0	\$0			\$0	\$0
Other Board Members:								
Name Mrs. Esther Wilms	1.0	\$12,380	\$485	\$0			\$12,865	\$5,573
Name Mrs. Jean Mrak	1.0	\$11,260	\$453	\$0			\$11,713	\$4,363
Name Mr. Joe Watson	1.0	\$9,100	\$481	\$0			\$9,581	\$1,740
Name Mrs. Colleen Deitz	1.0	\$12,060	\$531	\$0			\$12,591	\$7,539
Name Mr. Robert Strauss	1.0	\$5,660	\$295	\$0			\$5,955	\$1,049
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
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	6.0	\$67,800	\$2,978	\$0			\$70,778	\$28,234
Superintendent Dr. Gary Andrews	1.0	\$124,028	\$4,340	\$0	\$0	\$0	\$128,368	\$14,724
Superintendent	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Secretary/Treasurer Mr. Laurie Marston	1.0	\$112,440	\$20,263	\$0	\$0	\$0	\$132,703	\$15,529
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	208.3	\$15,855,074	\$1,797,235	\$0	\$0	\$0	\$17,652,309	
Uncertificated Salaries & Wages	196.9	\$7,878,163	\$1,562,113	\$0	\$0	\$0	\$9,440,276	
TOTALS		\$24,037,505	\$3,386,929	\$0	\$0	\$0	\$27,424,434	

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.

**PALLISER REGIONAL DIVISION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
AUGUST 31, 2006**

1. AUTHORITY AND PURPOSE

The School Jurisdiction delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The jurisdiction 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 Jurisdiction is limited on administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue Recognition – Revenue is recognized as follows:

- Instruction and support allocations are recognized in the year in which they relate.
- Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.
- Unrestricted contributions are recognized as revenue when received or receivable. Contributions in kind are recorded at fair market value when reasonably determinable.
- Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment funds, which are to be retained as net assets, are recorded as direct increases in trust assets and liabilities.

b) Capital Assets – Capital assets are reflected in the accounts at cost, and are amortized over their estimated useful lives on a straight-line basis, at the following rates:

- | | |
|---------------------------|--------|
| ▪ Buildings | 2.5-4% |
| ▪ Vehicles & Buses | 10-20% |
| ▪ Equipment & Furnishings | 10-20% |

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) **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 Palliser School Division does not make pension contributions for certificated staff.

The school board participates in the multi-employer pension plan – the Local Authorities Pension Plan. The expense for this pension plan is equivalent to the annual contributions of \$250,301 for the year ended August 31, 2006. At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficiency of \$863,558,000 (2004 deficiency of \$1,288,924,000).

- f) **Inventories** – Inventories are recorded at the lesser of cost or net realizable value.
- g) **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.
- h) **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.
- i) **Financial Instruments** – The jurisdiction's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the jurisdiction is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The jurisdiction has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the *Trustees Act*.
- j) **Operating and Capital Reserves** – Reserves are established at the discretion of the Board of Trustees of the jurisdiction, to set aside funds for operating and for future capital expenditures. Such reserves are appropriations of unrestricted net assets.
- k) **Employee Future Benefits** – The jurisdiction accrues its obligations under employee future benefit plans and expenses the related costs. As at August 31, 2006, the recorded obligation is \$146,086 (2005 \$146,086).
- l) **Investments** – Short-term investments are valued at the lower of cost or market. Long-term investments are valued at cost or, where there has been other than a temporary impairment in the value of the investment, at market value.

3. ACCOUNTS RECEIVABLE

	2006	2005
Alberta Education	\$ —	\$ 183,043
Alberta Infrastructure and Transportation	818,914	1,320,235
Alberta Finance	193,790	214,656
Federal Government	84,490	144,440
First Nations	92,056	202,036
Other	108,558	94,534
	\$ 1,297,808	\$ 2,158,944

4. TRUST ASSETS AND LIABILITIES

	2006	2005
Scholarship Trusts	\$165,127	\$162,245

5. BANK INDEBTEDNESS

The jurisdiction has negotiated a line of credit in the amount of \$1,000,000 that bears interest at the bank prime rate. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the jurisdiction. There was no balance outstanding on the line of credit at August 31, 2006.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
Alberta Finance	\$ 193,790	\$ 214,582
Other Trade Payables & Accrued Liabilities	1,726,029	903,229
	\$ 1,919,819	\$ 1,117,811

7. DEFERRED REVENUE

	2006	2005
Alberta Initiative for School Improvement	\$ 153,557	\$ 189,487
Infrastructure Maintenance Program	—	118,499
Infrastructure Plant Operations & Maintenance Grant	6,102	6,102
Video - Conferencing	24,459	60,000
Technology One-Time Grant	90,000	90,715
2003-2004 One-Time FNMI Grant	—	24,405
Class Size Initiative Funding	224,489	56,657
2004-2005 One-Time Textbook Grant	38,674	38,674
Other	62,612	55,438
	\$ 599,893	\$ 639,977

8. 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 jurisdictions, 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.

9. LONG-TERM DEBT

- a) **Debenture Debt – Supported** – The debenture debt bears interest at rates varying between 7.500% and 11.625%. The debenture debt is fully supported by Alberta Finance. The current portion of long-term debt consists entirely of amounts payable by Alberta Finance on supported debt; therefore, the working capital (current assets minus current liabilities) is understated by this amount. Debenture payments due over the next five years and beyond are as follows:

Year	Principle	Interest	Total
2007	402,796	378,194	780,990
2008	395,281	338,043	733,324
2009	386,853	298,597	685,450
2010	382,704	260,116	642,820
2011	380,862	222,081	602,943
Thereafter	1,935,435	608,996	2,544,431
Total	\$ 3,883,931	\$2,106,027	\$5,989,958

- b) **Capital Leases – Unsupported** – There are currently no capital leases held by the jurisdiction.
-

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.

11. BUDGET AMOUNTS

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

12. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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

13. CONTINGENT LIABILITY

In October 2003, the jurisdiction was named defendant in a lawsuit filed in Lethbridge Provincial Court. The complainants allege they suffered personal injuries through the negligence of the jurisdiction to properly control environmental contamination on one of its school properties. In the opinion of management and legal counsel, the outcome of the lawsuit, now pending, is not determinable. Should any loss not covered by insurance result from the resolution of these claims, such loss will be charged to operations in the year of resolution. It is management's opinion any damages awarded, if any, would be covered by insurance.

The jurisdiction is currently engaged in a boundary dispute with another school jurisdiction in which initial judgment was in favor of Palliser Regional Division No. 26. At this time it is of management and legal counsel's opinion that the appeal outcome in this dispute is undeterminable.

The jurisdiction has also been named as defendant in a human rights complaint. In the opinion of management and legal counsel, the outcome of the complaint is not determinable.

Asset Retirement Obligations represent legal obligations associated with the retirement of a tangible long-lived asset that results from its acquisition, construction, development or normal operation. The jurisdiction has a legal obligation to remove hazardous material located at various school sites. A liability, however, has not been recognized because the fair value cannot be reasonably estimated.

14. RELATED PARTY TRANSACTIONS

Effective 2005/2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entries consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions, and other school jurisdictions in Alberta. The Palliser School Division had related party transactions for the year ended August 31, 2006 with the Red Deer College recorded on the Statement of Revenues and Expenses and Statement of Financial Position, at amount of consideration agreed upon between the related parties.

	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
2005-2006				
Government of Alberta :				
Education	\$31,663	\$543,500	\$34,922,569	-
Infrastructure & Transportation	818,914	6,102	1,291,869	7,070
Finance	193,790	4,077,721	398,996	-
Health & Wellness	-	-	-	-
Human Resources/Employment	-	-	4,400	-
Other Gov't of Alberta departments	-	-	-	23,155
Other:				
Health authorities	-	-	74,036	34,414
Post-secondary Institutions	-	-	3,378	1,388
Other Alberta school jurisdictions	4,224	53,481	15,046	2,079,737
Other related parties	-	-	309,821	23,155
Total 2005-2006	\$1,048,591	\$4,680,804	\$37,020,115	\$2,168,919
Total 2004-2005	\$1,795,885	\$5,101,041	\$31,903,562	\$149,182