

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Palliser Regional Division No. 26**

Legal Name of School Jurisdiction

**101, 3305 - 18th Ave., North, Lethbridge, Alberta T1H 5S1**

Mailing Address

**Telephone: 403-328-4111 Fax: 403-380-6890**

Telephone and Fax Numbers

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

The financial statements of Palliser Regional Division No. 26 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

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

***Board of Trustees Responsibility***

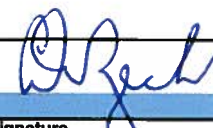
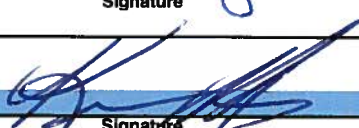

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

***External Auditors***

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

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

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

BOARD CHAIR	
<b>Mr. Donald Zech</b>	
Name	Signature
SUPERINTENDENT	
<b>Mr. Kevin Gietz</b>	
Name	Signature
SECRETARY TREASURER OR TREASURER	
<b>Ms. Michelle Gibb</b>	
Name	Signature

**29-Nov-11**  
Board-approved Release Date

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## Independent Auditor's Report

### To Board of Trustees of Palliser Regional School Division No. 26

We have audited the accompanying financial statements of Palliser Regional School Division No. 26, which comprise the statement of financial position as at August 31, 2011, and the statements of revenues and expenses, changes in net assets, capital allocations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Palliser Regional School Division No. 26 as at August 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Lethbridge, Alberta  
November 29, 2011

## STATEMENT OF FINANCIAL POSITION

as at August 31, 2011

(in dollars)

	2011	2010 (Restated)
<b>ASSETS</b>		
Current assets		
Cash and temporary investments (Note 3)	\$5,510,190	\$4,807,088
Accounts receivable (net after allowances) (Note 4)	\$1,237,093	\$1,373,729
Prepaid expenses (Note 2 g)	\$108,104	\$396,080
Other current assets	\$5,097	\$7,598
<b>Total current assets</b>	<b>\$6,860,484</b>	<b>\$6,384,495</b>
School generated assets	\$1,172,203	\$967,070
Trust assets (Note 5)	\$1,027,842	\$398,320
Long term accounts receivable	\$0	\$0
Long term investments (Note 9)	\$58,597	\$0
Capital assets (Note 6)		
Land	\$340,000	\$340,000
Construction in progress	\$4,551,359	\$2,320,349
Buildings	\$45,137,213	
Less: accumulated amortization	(\$23,418,757)	\$21,718,456
Equipment	\$3,963,221	
Less: accumulated amortization	(\$3,265,170)	\$698,051
Vehicles	\$7,644,316	
Less: accumulated amortization	(\$5,805,406)	\$1,838,910
<b>Total capital assets</b>	<b>\$29,146,776</b>	<b>\$28,574,470</b>
<b>TOTAL ASSETS</b>	<b>\$38,265,901</b>	<b>\$36,324,354</b>
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness (Note 7)	\$0	\$0
Accounts payable and accrued liabilities (Note 8)	\$1,242,506	\$1,586,128
Deferred revenue (Note 10)	\$905,576	\$644,217
Deferred capital allocations (Note 12)	\$3,057,020	\$4,999,299
Current portion of long term debt	\$356,382	\$380,862
<b>Total current liabilities</b>	<b>\$5,561,464</b>	<b>\$7,610,506</b>
School generated liabilities	\$1,172,203	\$967,070
Trust liabilities (Note 5)	\$1,027,842	\$398,320
Employee future benefit liabilities (Note 9)	\$141,500	\$107,000
Long term debt (Note 11)		
Supported: Debentures and other supported debt	\$1,935,434	\$2,316,296
Less: Current portion	(\$356,382)	(\$380,862)
Unsupported: Debentures and capital loans	\$0	\$0
Capital leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 13)	\$22,452,065	\$20,651,308
<b>Total long term liabilities</b>	<b>\$26,372,681</b>	<b>\$24,059,132</b>
<b>TOTAL LIABILITIES</b>	<b>\$31,934,145</b>	<b>\$31,669,638</b>
<b>NET ASSETS</b>		
Unrestricted net assets	\$594,634	(\$1,959,683)
Operating reserves	\$977,843	\$1,007,532
Accumulated operating surplus (deficit)	\$1,572,477	(\$952,151)
Investment in capital assets	\$4,759,279	\$5,606,867
Capital reserves	\$0	\$0
<b>Total capital funds</b>	<b>\$4,759,279</b>	<b>\$5,606,867</b>
<b>Total net assets</b>	<b>\$6,331,756</b>	<b>\$4,654,716</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$38,265,901</b>	<b>\$36,324,354</b>

Note: Please input "(Restated)" in 2010 column heading where comparatives are not taken from the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.



## STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2011

(in dollars)

	Actual 2011	Budget 2011	Actual 2010
<b>REVENUES</b>			
Government of Alberta	\$64,959,220	\$65,151,208	\$60,819,115
Federal Government and First Nations	\$500,880	\$487,950	\$678,892
Other Alberta school authorities	\$108,125	\$21,422	\$57,583
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$9,000	\$19,354
Instruction resource fees	\$367,044	\$292,948	\$206,241
Transportation fees	\$92,809	\$10,328	\$98,407
Other sales and services	\$955,000	\$721,745	\$1,104,568
Investment income	\$65,325	\$52,704	\$31,575
Gifts and donations	\$12,498	\$7,996	\$14,321
Rental of facilities	\$339,422	\$311,944	\$281,217
Gross school generated funds	\$2,521,088	\$400,000	\$937,712
Gains on disposal of capital assets	\$30,000	\$0	\$19,000
Amortization of capital allocations	\$811,116	\$897,344	\$897,344
Other revenue	\$933	\$0	\$0
<b>Total Revenues</b>	<b>\$70,763,558</b>	<b>\$68,344,589</b>	<b>\$65,113,329</b>
<b>EXPENSES</b>			
Certificated salaries (Note 19)	\$35,278,524	\$35,685,088	\$34,998,238
Certificated benefits (Note 19)	\$3,867,056	\$4,201,480	\$3,924,838
Non-certificated salaries and wages (Note 19)	\$11,535,942	\$11,722,778	\$11,073,434
Non-certificated benefits (Note 19)	\$2,543,853	\$2,634,299	\$2,303,706
Services, contracts and supplies	\$11,314,080	\$11,619,832	\$10,840,168
Gross school generated funds	\$2,521,088	\$400,000	\$937,712
<b>Capital and debt services</b>			
Amortization of capital assets			
Supported	\$811,116	\$897,344	\$897,344
Unsupported	\$992,998	\$856,352	\$752,889
<b>Total Amortization of capital assets</b>	<b>\$1,804,114</b>	<b>\$1,753,696</b>	<b>\$1,650,233</b>
Interest on capital debt			
Supported	\$222,081	\$260,100	\$240,653
Unsupported	\$0	\$0	\$0
<b>Total Interest on capital debt</b>	<b>\$222,081</b>	<b>\$260,100</b>	<b>\$240,653</b>
Other interest and charges	\$0	\$23,052	(\$148)
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$69,086,518</b>	<b>\$68,300,105</b>	<b>\$65,968,834</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM</b>			
	\$1,677,040	\$44,484	(\$855,505)
Extraordinary Item	\$0	\$0	\$0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$1,677,040</b>	<b>\$44,484</b>	<b>(\$855,505)</b>

**Note:** Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education. Budget 2011 comparatives presented are final budget amounts formally approved by the Board.

**STATEMENT OF CASH FLOWS**

for the Year Ended August 31, 2011

(In dollars)

	2011	2010
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATIONS</b>		
Excess (deficiency) of revenues over expenses	\$1,677,040	(\$855,505)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$811,116)	(\$897,344)
Total amortization expense	\$1,804,114	\$1,850,233
Gains on disposal of capital assets	(\$30,000)	(\$19,000)
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$136,636	\$518,184
Prepays and other current assets	\$290,477	(\$95,532)
Long term accounts receivable	\$0	\$0
Long term investments	(\$58,597)	\$0
Accounts payable and accrued liabilities	(\$343,622)	(\$889,664)
Deferred revenue	\$261,359	(\$769,233)
Employee future benefit liabilities	\$34,500	(\$3,296)
Other (describe)	\$0	\$0
Total cash flows from Operations	\$2,960,791	(\$1,361,157)
<b>B. INVESTING ACTIVITIES</b>		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$2,231,010)	(\$1,392,576)
Equipment	(\$48,445)	(\$151,413)
Vehicles	(\$96,968)	(\$32,257)
Net proceeds from disposal of capital assets	\$30,000	\$19,000
Other (describe)	\$0	\$0
Total cash flows from Investing activities	(\$2,346,421)	(\$1,497,246)
<b>C. FINANCING ACTIVITIES</b>		
Capital allocations	\$288,731	\$5,933,688
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$380,862)	(\$382,704)
Add back: supported portion	\$380,862	\$382,704
Other (describe)	\$0	\$0
Total cash flows from financing activities	\$288,731	\$5,933,688
Net cash flows from during the year	\$903,102	\$3,075,285
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$4,607,088	\$1,531,803
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	\$5,510,190	\$4,607,088

**Note:** Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.



**STATEMENT OF CHANGES IN NET ASSETS**  
for the Year Ended August 31, 2011

(in dollars)

School Jurisdiction Code: 2255

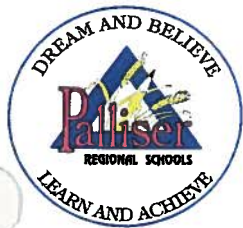
	(1) TOTAL NET ASSETS Cols. 2+3+4+5	(2) INVESTMENT IN CAPITAL ASSETS	(3) UNRESTRICTED NET ASSETS	(4) TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	(5) TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	(8) INTERNALLY RESTRICTED NET ASSETS										(12) Operating Reserves	(13) Capital Reserves	(14) Operating Reserves	(15) Capital Reserves
						(6) School & Instruction Related		(7) Operations & Maintenance		(9) Board & System Administration		(10) Transportation							
						(6) Operating Reserves	(6) Capital Reserves	(7) Operating Reserves	(7) Capital Reserves	(9) Operating Reserves	(9) Capital Reserves	(10) Operating Reserves	(10) Capital Reserves						
Balance at August 31, 2010	\$6,037,208	\$5,989,359	(\$1,959,683)	\$1,007,532	\$0	\$762,604	\$0	\$0	\$0	\$244,928	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Prior period adjustments (describe)																			
Restatement of UCA (note 22)	(\$1,382,492)	(\$1,382,492)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Adjusted Balance, Aug. 31, 2010	\$4,654,716	\$5,606,867	(\$1,959,683)	\$1,007,532	\$0	\$762,604	\$0	\$0	\$0	\$244,928	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Excess (deficiency) of revenues over expenses	\$1,677,040		\$1,677,040																
Board funded capital additions		\$145,410	\$0	(\$145,410)	\$0	\$0	\$0	\$0	\$0	(\$145,410)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Disposal of unsupported capital assets	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		
Direct credits to net assets	\$0	\$0	\$0																
Amortization of capital assets		(\$1,804,114)	\$1,804,114																
Amortization of capital allocations		\$811,116	(\$811,116)																
Debt principal repayments (unsupported)		\$0	\$0																
Net transfers to operating reserves			(\$115,721)	\$115,721		\$115,721		\$0		\$0		\$0		\$0		\$0			
Net transfers from operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0			
Net transfers to capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		
Net transfers from capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$7,746	\$0	\$0	\$0	(\$7,746)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Balance at August 31, 2011	\$6,331,756	\$4,759,279	\$594,634	\$977,843	\$0	\$886,071	\$0	\$0	\$0	\$91,772	\$0	\$0	\$0	\$0	\$0	\$0	\$0		

**STATEMENT OF CAPITAL ALLOCATIONS**  
**(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)**  
for the Year Ended August 31, 2011  
(In dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
<b>Balance at August 31, 2010</b>	\$4,999,299	\$19,268,816
<b>Prior period adjustments</b>	\$0	\$1,382,492
<b>Adjusted balance, August 31, 2010</b>	\$4,999,299	\$20,651,308
<b>Add:</b>		
<b>Restricted capital allocations from:</b>		
Alberta Education school building and modular projects	\$288,731	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
<b>Interest earned on provincial government capital allocations</b>	\$0	
<b>Other capital grants and donations</b>	\$0	
<b>Net proceeds on disposal of supported capital assets</b>	\$0	
<b>Insurance proceeds (and related interest)</b>	\$0	
<b>Donated capital assets (amortizable, @ fair market value)</b>		\$0
<b>P3, other ASAP and Alberta Infrastructure managed projects</b>		\$0
<b>Transferred in capital assets (amortizable, @ net book value)</b>		\$0
<b>Current year supported debenture principal repayment</b>		\$380,882
<b>Expended capital allocations - current year</b>	(\$2,231,010)	\$2,231,010
<b>Deduct:</b>		
<b>Net book value of supported capital assets dispositions, write-offs, or transfer; Other</b>	\$0	\$0
<b>Capital allocations amortized to revenue</b>		\$811,116
<b>Balance at August 31, 2011</b>	\$3,057,020	\$22,452,065

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





## PALLISER REGIONAL DIVISION NO. 26 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

### 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 instruction and support allocations under Education Grants Regulation (AR 120/2008). The regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and 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:

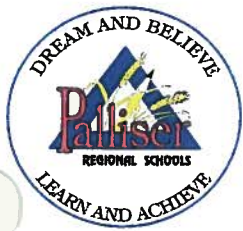
- Instruction and support allocations are recognized in the year to which they relate.
- Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.
- Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.
- Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable.
- Capital allocations from the province or other agencies are recorded as deferred capital contributions until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired by the grant.

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 rates:

- |                                 |               |
|---------------------------------|---------------|
| ▪ Buildings                     | 2.86%         |
| ▪ CTS Trailers                  | 4.00%         |
| ▪ Vehicles                      | 10% to 16.67% |
| ▪ Buses                         | 10%           |
| ▪ Other Equipment & Furnishings | 20%           |

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

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



## PALLISER REGIONAL DIVISION NO. 26 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

The current 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 a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$485,879 for the year ended August 31, 2011 (2010 - \$463,257). At December 31, 2010, the Local Authorities Pension Plan reported a deficiency of \$4.635 billion (2009, a deficiency of \$3.999 billion).

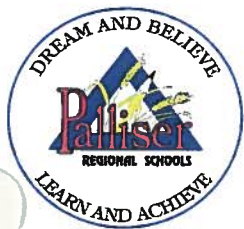
- f) **Inventories** – Inventories are recorded at the lower of cost or net realizable value.
- g) **Prepaid Expenses** – Certain expenditures incurred before the close of the school year are for school supplies which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses also fall into this category.
- h) **Contributed Services** – Volunteers contribute a considerable number of hours per year to schools 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** – These 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 (2) (d) of the *School 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 capital purposes. 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, 2011, the recorded obligation is \$141,500 (2010 \$107,000). The total expense recorded in the financial statements is \$34,500 (2010 \$19,400).

The actuarial determination of the accrued benefit obligations for retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, retirement ages of employees and other actuarial factors). The jurisdiction will amortize any past service costs over the estimated average remaining service life of active members at the time of the past service event. Any unamortized actuarial gains and losses that exceed the greater of 10% of the market value of assets and the accrued benefit obligation, are amortized over the estimated average remaining service life of active members.

- l) **Investments** – Held for trading investments are recognized in the balance sheet at fair value. The fair values of the recognized investments are determined based on the available market information. Realized investment income and unrealized gains and losses are reported in the Statement of Revenues and Expenses.
- m) **Capital Disclosure** – For operating purposes, the jurisdiction defines capital as including working capital, unrestricted net assets and restricted net assets restricted for operating purposes. For capital purposes, the jurisdiction defines capital as deferred capital allocations, long-term debt, unamortized capital allocations, and investment in capital assets and restricted net assets restricted for capital purposes.

The jurisdiction's objectives for managing capital are:

- In the short term, to safeguard the jurisdiction's ability to continue to provide the appropriate level of service to its stakeholders.
- In the long term, to plan and ensure that it has sufficient capacity to meet future need of its operations.



## PALLISER REGIONAL DIVISION NO. 26 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

The jurisdiction has external restrictions on its capital. Alberta Education provides capital funding and requires the funding to be spent on specific projects. When the jurisdiction disposes of unsupported capital assets, it is required to use the funding for other supported capital projects upon approval from Alberta Education. The jurisdiction does have certain internally imposed restrictions to which it adheres to. The jurisdiction has processes in place to ensure that restrictions that do exist are met prior to the utilization of the resources.

Management and the Board of Trustees monitor financial performance and the capital of the jurisdiction to ensure that it will be able to meet the jurisdiction's short-term and long-term objectives.

### 3. CASH AND TEMPORARY INVESTMENTS

	2011			2010		
	Average Effective (Market) Yield	Cost	Fair Value	Average Effective (Market) Yield	Cost	Fair Value
Cash and cash equivalents	-	\$5,510,190	\$5,510,190	-	\$4,607,088	\$4,607,088
Fixed-income securities						
Government of Canada, direct and guaranteed	%	0	0	%	0	0
Provincial, direct and guaranteed	%	0	0	%	0	0
Corporate	%	0	0	%	0	0
Municipal	%	0	0	%	0	0
Pooled investment funds	%	0	0	%	0	0
Total fixed-income securities	%	0	0	%	0	0
Total cash and temporary investments	%	<u>\$5,510,190</u>	<u>\$5,510,190</u>	%	<u>\$4,607,088</u>	<u>\$4,607,088</u>

Please refer to Note 2 (i).

The jurisdiction's bank account earns interest at an incremental rate, the rates are as follows: \$0-\$999,999 at prime less 2.25%, \$1,000,000 - \$1,999,999 at prime less 2.000%, and \$2,000,000 and greater at prime less 1.910%.

### 4. ACCOUNTS RECEIVABLE

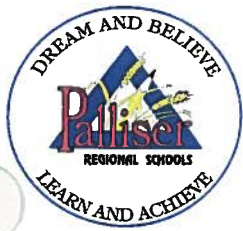
	2011	2010
Alberta Education	\$24,466	\$54,532
Alberta Finance	0	113,933
Federal Government	61,312	120,897
First Nations	212,087	190,091
Other	939,228	894,276
Total	<u>\$1,237,093</u>	<u>\$1,373,729</u>

### 5. TRUST ASSETS AND LIABILITIES

These balances represent cash that is held in trust by the jurisdiction.

	2011	2010
Scholarship Trusts	\$200,477	\$199,744
Student Health Partnership	827,365	198,576
Total	<u>\$1,027,842</u>	<u>\$398,320</u>





**PALLISER REGIONAL DIVISION NO. 26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**6. CAPITAL ASSETS**

	Land	Construction In Progress - Buildings	Buildings	Equipment - Computer Hardware & Software	Other Equipment	Vehicles	Total Aug. 31, 2011	Total Aug. 31, 2010
Estimated Useful life			25-35 Years	5 Years	5 Years	6-10 Years		
Historical cost								
September 1, 2010	\$340,000	\$2,320,349	\$45,137,213	\$1,072,826	\$2,841,950	\$7,920,396	\$59,632,734	\$58,291,586
Additions	0	2,231,010	0	0	48,445	96,966	2,376,420	1,516,246
Transfers in (out)	0	0	0	0	0	(373,046)	(373,046)	0
Less disposals including write-offs	0	0	0	0	0	0	0	(175,098)
August 31, 2011	<u>\$340,000</u>	<u>\$4,551,359</u>	<u>\$45,137,213</u>	<u>\$1,072,826</u>	<u>\$2,890,395</u>	<u>\$7,644,316</u>	<u>\$61,636,108</u>	<u>\$59,632,734</u>
Accumulated amortization								
September 1, 2010	-	-	\$22,480,364	\$395,528	\$2,522,400	\$5,659,973	\$31,058,265	\$29,583,130
Amortization expense	-	-	938,393	197,968	149,274	518,479	1,804,114	1,650,233
Transfers in (out)	-	-	0	0	0	(373,046)	(373,046)	0
Effect of disposals	-	-	0	0	0	0	0	(175,098)
August 31, 2011	-	-	<u>\$23,418,757</u>	<u>\$593,496</u>	<u>\$2,671,674</u>	<u>\$5,805,406</u>	<u>\$32,489,333</u>	<u>\$31,058,265</u>
Net Book Value at August 31, 2011	<u>\$340,000</u>	<u>\$4,551,359</u>	<u>\$21,718,456</u>	<u>\$479,330</u>	<u>\$218,721</u>	<u>\$1,838,910</u>	<u>29,146,775</u>	<u>\$28,574,469</u>

**7. BANK INDEBTEDNESS**

The jurisdiction has negotiated a line of credit in the amount of \$600,000 that bears interest at the bank prime rate plus 0.3%. 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, 2011.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2011	2010
Alberta Finance	0	113,933
Other Trade Payables and Accrued Liabilities	1,242,506	1,472,195
Total	<u>\$1,242,506</u>	<u>\$1,586,128</u>



**PALLISER REGIONAL DIVISION NO. 26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**9. ACCRUED BENEFIT OBLIGATION**

The accrued benefit obligation is the obligations of the SERP (formerly referred to as a non-registered SiPP program). The obligation has been determined through an actuarial report from Morneau Shepell dated August 26, 2011, using a measurement date of August 31, 2011.

**Reconciliation of the Funded Status of the Benefit Plan to the Amount Recorded in the Financial Statements**

	2011	2010
Accrued Benefit Obligation	\$191,800	\$165,000
Fair Value of Plan Assets	(58,597)	(0)
Funded Status of Plan – plan deficit	\$133,203	\$165,000
Balance of Unamortized Amounts	(50,300)	(58,000)
Accrued Benefit Liability	\$82,903	\$107,000
Employee Future Benefit Liabilities	\$141,500	\$107,000
Long term Investments	(58,597)	(0)
Accrued Benefit Liability	\$82,903	\$107,000

**10. DEFERRED REVENUE**

	as at Aug. 31, 2010	Received/ Receivable	Expended (Paid / Payable)	or Returned Funds	as at Aug. 31, 2011
<b>Alberta Education Restricted Operational Funding:</b>	\$0	\$0	\$0	\$0	\$0
Alberta Initiative for School Improvement	\$0	\$853,198	(\$729,770)	\$0	\$123,428
Children and Youth with Complex Needs	\$0	\$0	\$0	\$0	\$0
Francophone Student Health Services	\$0	\$0	\$0	\$0	\$0
Infrastructure Maintenance Renewal	\$604,810	\$937,982	(\$760,930)	(\$18,324)	\$763,538
Institutional Education Programs	\$0	\$0	\$0	\$0	\$0
Portable/Modular Unit Relocation	\$0	\$0	\$0	\$0	\$0
Regional Consortium	\$0	\$0	\$0	\$0	\$0
Regional Educational Consulting Services	\$0	\$0	\$0	\$0	\$0
Small Class Size Initiative	\$0	\$0	\$0	\$0	\$0
Student Health Initiative (School Authorities)	\$0	\$0	\$0	\$0	\$0
SuperNet Service	\$0	\$0	\$0	\$0	\$0
Other Alberta Education deferred revenue	\$0	\$0	\$0	\$0	\$0
<b>Other Government of Alberta Restricted Funding:</b>	\$0	\$0	\$0	\$0	\$0
Technology Grant	\$6,063	\$0	(\$1,953)	\$0	\$4,110
Wheelchair Grant	\$0	\$0	\$0	\$0	\$0
Modernization Funds	\$6,102	\$0	\$0	\$0	\$6,102
Creating Spaces	\$0	\$0	\$0	\$0	\$0
<b>Other Deferred Revenue:</b>	\$27,242	\$3,029	(\$21,873)	\$0	\$8,398
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$644,217</b>	<b>\$1,794,209</b>	<b>(\$1,514,526)</b>	<b>(\$18,324)</b>	<b>\$905,576</b>



**PALLISER REGIONAL DIVISION NO. 26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**11. LONG TERM DEBT**

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

Year	Principal	Interest	Total
2011-2012	\$356,362	\$184,238	\$540,600
2012-2013	320,211	149,119	469,330
2013-2014	306,620	117,637	424,257
2014-2015	301,571	87,577	389,148
2015-2016	206,717	57,999	264,716
2016 to maturity	443,953	70,425	514,378
Total	<u>\$1,935,434</u>	<u>\$666,995</u>	<u>\$2,602,429</u>

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

**12. DEFERRED CAPITAL ALLOCATIONS**

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

**13. UNAMORTIZED CAPITAL ALLOCATIONS**

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayments.

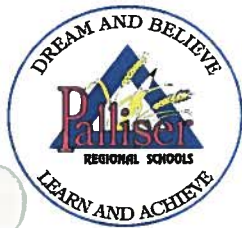
**14. ASSET RETIREMENT OBLIGATIONS**

Asset retirement obligations represent legal obligations associated with the retirement of a tangible long-lived asset that result from its acquisition, construction, development or normal operation. The jurisdiction has a legal obligation to remove hazardous material located under the site of the central office building upon its disposal. A liability, however, has not been recognized because the fair value of the obligation cannot be readily determinable at this stage.

**15. COMMITMENTS**

**Building Projects:** The jurisdiction is committed to further capital expenditures for the modernization at Picture Butte High School, the Coalhurst Elementary School Modular and the Vulcan Daycare of approximately \$6,546,000. It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.





## PALLISER REGIONAL DIVISION NO. 26 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

**Equipment Leases:** The jurisdiction is committed to lease photocopiers from Xerox to August 31, 2016. The annual lease payment is \$96,000. The jurisdiction is committed to lease computer hardware from Macquarie Equipment Finance. The annual lease payment is \$50,800.

### 16. CONTINGENCIES

- a. The jurisdiction has been named as a defendant in a human rights complaint whereby the plaintiff is seeking damages in the amount of \$31,688. Legal counsel for the jurisdiction has advised that it is premature to make any evaluation of the claim, and the jurisdiction is insured for the amount. Consequently, no provision for this claim has been made in the financial statements for any costs associated with this claim.
- b. The jurisdiction has been named as a defendant in a lawsuit whereby the plaintiff is seeking damages in the amount of \$200,000 for wrongful dismissal. As the likelihood of the outcome and potential damages, if any, ensuing from this lawsuit are not determinable at the date of reporting, no provision has been made in the financial statements for any costs associated with this lawsuit and the jurisdiction is insured for the amount of \$150,000.

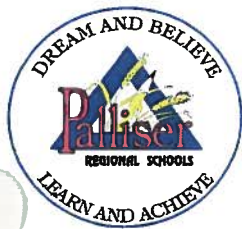
### 17. RELATED PARTY TRANSACTIONS

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

2010-2011	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
<b>Government of Alberta:</b>				
Education	\$24,466	\$0	\$64,596,465	\$0
Infrastructure & Transportation	0	0	0	0
Finance	0	1,935,434	222,081	245,580
Health & Wellness	0	0	0	0
Human Resources/Employment	0	0	0	0
Other Gov't of Alberta departments	0	0	91,252	0
<b>Other:</b>				
Health authorities	0	0	0	0
Post-secondary institutions	0	0	0	1,941
Other Alberta school jurisdictions	0	0	108,125	83,602
Other related parties	0	0	0	0
<b>TOTAL 2010-2011</b>	<u>\$24,466</u>	<u>\$1,935,434</u>	<u>\$65,017,923</u>	<u>\$331,123</u>
<b>TOTAL 2009-2010</b>	<u>\$168,465</u>	<u>\$2,316,296</u>	<u>\$60,661,925</u>	<u>\$331,238</u>

### 18. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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



**PALLISER REGIONAL DIVISION NO. 26  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**19. REMUNERATION AND MONETARY INCENTIVES**

The Palliser School Division had paid or accrued expenses for the year ended August 31, 2011 to or on behalf of the following positions and persons in groups as follows:

<b>Board Members:</b>	<b>FTE</b>	<b>Remuneration</b>	<b>Benefits</b>	<b>Negotiated Allowances</b>	<b>Performance Bonuses</b>	<b>ERIP's / Other</b>	<b>Expenses</b>
Chair: Mr. Donald Zech	1.0	\$27,143	\$1,227	\$0			\$14,030
Mrs. Esther Willms	1.0	\$18,055	\$741	\$0			\$6,261
Mrs. Jean Mrak	1.0	\$20,970	\$871	\$0			\$7,683
Mr. Joe Watson	1.0	\$20,260	\$930	\$0			\$4,115
Mrs. Colleen Dietz	1.0	\$19,758	\$881	\$0			\$10,142
Mr. Robert Strauss	1.0	\$15,023	\$693	\$0			\$5,548
<b>Subtotal</b>	<b>6.0</b>	<b>\$121,209</b>	<b>\$5,343</b>	<b>\$0</b>			<b>\$47,779</b>
Superintendent Mr. Kevin Gietz	1.0	\$176,989	\$12,600	\$0	\$0	\$0	\$23,157
Corporate Treasurer Ms. Michelle Gibb	1.0	\$96,312	\$18,852	\$0	\$0	\$0	\$7,764
Corporate Secretary Ms. Linda Poirier	1.0	\$68,163	\$16,932	\$0	\$0	\$0	\$0
Certificated Teachers	376.3	\$35,101,535	\$3,854,456	\$0	\$0	\$0	
Non-certificated - Other	297.5	\$11,250,258	\$2,502,526	\$0	\$0	\$0	
<b>TOTALS</b>		<b>\$46,814,466</b>	<b>\$6,410,709</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**20. BUDGET AMOUNTS**

The budget was prepared by the school jurisdiction and approved by the Board of Trustees on April 8, 2011. It is presented for information purposes only.

**21. COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary to conform to the 2011 presentation.

**22. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$1,382,492 has been recorded to investment in capital assets and unamortized capital allocations to correct the error in previous year's capital allocations amortized to revenue. The majority of the error is related to the amortization of the microwave system that was purchased in 2002. The original purchase of the asset was not recorded in unamortized capital allocations and this was incorrect given it was a supported asset. Capital allocations were amortized to revenue over the useful life of the asset. This caused an overstatement in investment in capital assets and an understatement of unamortized capital allocations. The asset was fully amortized in 2007; thus, there is no effect on the excess of revenue over expenses in the current year or the prior year as amortization was not applied on this asset.