

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**
[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

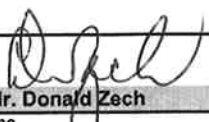
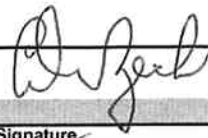
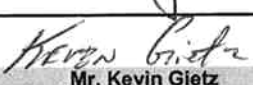
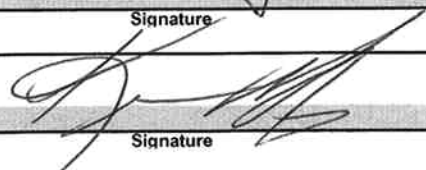
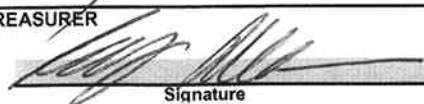
The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

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.

 Mr. Donald Zech Name	BOARD CHAIR  Signature
 Mr. Kevin Gietz Name	SUPERINTENDENT  Signature
Mr. Terry Kirkham Name	SECRETARY TREASURER OR TREASURER  Signature

Nov 29/10
Board-approved Release Date

TABLE OF CONTENTS

	Page
AUDITORS' REPORT INSERT	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF REVENUES AND EXPENSES	5
STATEMENT OF CASH FLOWS	6
STATEMENT OF CHANGES IN NET ASSETS	7
STATEMENT OF CAPITAL ALLOCATIONS	8
NOTES TO THE FINANCIAL STATEMENTS INSERT	9



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AUDITORS' REPORT

We have audited the statement of financial position of Palliser Regional Division No. 26 as at August 31, 2010 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements which are presented in the format prescribed by Alberta Education 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 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 jurisdiction as at August 31, 2010 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 and the presentation requirements of Alberta Education.

BDO Canada LLP

Chartered Accountants
Lethbridge, Alberta

November 3, 2010

STATEMENT OF FINANCIAL POSITION

as at August 31, 2010

(in dollars)

	2010	2009 (Note) ("Restated")
ASSETS		
Current assets		
Cash and temporary investments (Note 3)	\$4,805,664	\$1,730,379
Accounts receivable (net after allowances) (Note 4)	\$1,373,729	\$1,891,913
Prepaid expenses	\$396,080	\$300,930
Other current assets	\$7,598	\$7,216
Total current assets	\$6,583,071	\$3,930,438
School generated assets	\$967,070	\$849,464
Trust assets (Note 5)	\$199,744	\$201,440
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Capital assets (Note 6)		
Land	\$340,000	\$340,000
Construction in Progress	\$2,320,348	\$987,773
Buildings	\$45,137,213	
Less: accumulated amortization	(\$22,480,364)	\$23,591,822
Equipment	\$3,914,776	
Less: accumulated amortization	(\$2,917,927)	\$1,094,423
Vehicles	\$7,920,396	
Less: accumulated amortization	(\$5,659,973)	\$2,694,438
Total capital assets	\$28,574,469	\$28,708,456
TOTAL ASSETS	\$36,324,354	\$33,689,798
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 7)	\$0	\$0
Accounts payable and accrued liabilities (Note 8)	\$1,784,704	\$2,674,368
Deferred revenue (Note 9)	\$644,217	\$1,413,450
Deferred capital allocations (Note 11)	\$4,999,299	\$398,187
Current portion of long term debt	\$380,862	\$382,704
Total current liabilities	\$7,809,082	\$4,868,709
School generated liabilities	\$967,070	\$849,464
Trust liabilities (Note 5)	\$199,744	\$201,440
Employee future benefit liabilities (Note 2k)	\$107,000	\$110,296
Long term debt (Note 10)		
Supported: Debentures and other supported debt	\$2,316,296	\$2,699,000
Less: Current portion	(\$380,862)	(\$382,704)
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 12)	\$19,268,816	\$18,450,880
Total long term liabilities	\$22,478,064	\$21,928,376
TOTAL LIABILITIES	\$30,287,146	\$26,797,085
NET ASSETS		
Unrestricted net assets	(\$1,959,683)	(\$1,865,852)
Operating Reserves	\$1,007,532	\$1,199,987
Accumulated Operating Surplus (Deficit)	(\$952,151)	(\$665,865)
Investment in capital assets	\$6,989,359	\$7,558,578
Capital Reserves	\$0	\$0
Total Capital Funds	\$6,989,359	\$7,558,578
Total net assets	\$6,037,208	\$6,892,713
TOTAL LIABILITIES AND NET ASSETS	\$36,324,354	\$33,689,798

Note: Please input "(Restated)" in 2009 column heading where comparatives are not taken from the finalized 2008-2009 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2010

(in dollars)

	Actual 2010	Budget 2010 (Note)	Actual 2009 (Note) ("Restated")
REVENUES			
Government of Alberta	\$60,819,115	\$60,131,681	\$59,228,775
Federal Government and First Nations	\$676,892	\$572,000	\$913,394
Other Alberta school authorities	\$57,583	\$83,000	\$39,461
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$19,354	\$0	\$22,727
Instruction resource fees	\$206,241	\$175,000	\$166,278
Transportation fees	\$98,407	\$35,067	\$0
Other sales and services	\$1,104,568	\$789,900	\$765,654
Investment income	\$31,575	\$50,000	\$91,114
Gifts and donations	\$14,321	\$0	\$49,334
Rental of facilities	\$231,217	\$285,123	\$205,814
Gross school generated funds	\$937,712	\$400,000	\$2,058,912
Gains on disposal of capital assets	\$19,000	\$0	\$0
Amortization of capital allocations	\$897,344	\$898,000	\$943,007
Other revenue	\$0	\$0	\$112,048
Total Revenues	\$65,113,329	\$63,419,771	\$64,596,518
EXPENSES			
Certificated salaries (Note 17)	\$34,998,238	\$33,577,236	\$33,074,592
Certificated benefits (Note 17)	\$3,924,838	\$3,837,441	\$3,709,113
Non-certificated salaries and wages (Note 17)	\$11,073,434	\$10,531,243	\$12,244,300
Non-certificated benefits (Note 17)	\$2,303,706	\$2,242,291	\$2,595,945
Services, contracts and supplies	\$10,840,168	\$10,725,530	\$12,475,780
Gross school generated funds	\$937,712	\$400,000	\$2,058,912
Capital and debt services			
Amortization of capital assets			
Supported	\$897,344	\$898,000	\$943,007
Unsupported	\$752,889	\$888,030	\$903,615
Total Amortization of capital assets	\$1,650,233	\$1,786,030	\$1,846,622
Interest on capital debt			
Supported	\$240,653	\$300,000	\$281,596
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$240,653	\$300,000	\$281,596
Other interest and charges	(\$148)	\$20,000	\$22,318
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
Total Expenses	\$65,968,834	\$63,419,771	\$68,309,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(\$855,505)	\$0	(\$3,712,660)
Extraordinary item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$855,505)	\$0	(\$3,712,660)

Note: Please input "Restated" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statements filed with Alberta Education. Budget 2010 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2010

(in dollars)

	2010	2009 (Note) ("Restated")
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$855,505)	(\$3,712,660)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$897,344)	(\$943,007)
Total amortization expense	\$1,650,233	\$1,846,622
Gains on disposal of capital assets	(\$19,000)	\$0
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$518,184	(\$347,496)
Prepays and other current assets	(\$95,532)	\$208,268
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Accounts payable and accrued liabilities	(\$889,664)	\$317,706
Deferred revenue	(\$769,233)	(\$653,422)
Employee future benefit liabilities	(\$3,296)	\$0
Other (describe)	\$0	\$0
Total cash flows from Operations	(\$1,361,157)	(\$3,283,989)
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$1,332,576)	(\$1,122,726)
Equipment	(\$151,413)	(\$1,135,053)
Vehicles	(\$32,257)	(\$660,370)
Net proceeds from disposal of capital assets	\$19,000	\$0
Other (describe)	\$0	\$0
Total cash flows from Investing activities	(\$1,497,246)	(\$2,918,149)
C. FINANCING ACTIVITIES		
Capital allocations	\$5,933,688	\$0
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$382,704)	(\$386,853)
Add back: supported portion	\$382,704	\$386,853
Other (describe)	\$0	\$0
Total cash flows from financing activities	\$5,933,688	\$0
Net cash flows from during the year	\$3,075,285	(\$6,202,138)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/09	\$1,730,379	\$7,932,517
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$4,805,664	\$1,730,379

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statement filed with Alberta Education.

STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2010

School Jurisdiction Code: 2255

(in dollars)

	(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 Admin.		(10) Transportation					
						(6) Operating Reserves	(7) Capital Reserves	(7) Operating Reserves	(8) Capital Reserves	(9) Operating Reserves	(10) Capital Reserves	(10) Operating Reserves	(11) Capital Reserves				
Balance at August 31, 2009	\$6,892,713	\$7,558,578	(\$1,865,852)	\$1,199,987	\$0	\$1,020,953	\$0	\$0	\$0	\$179,034	\$0	\$0	\$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	\$0	\$0	\$0		
Adjusted Balance, Aug. 31, 2009	\$6,892,713	\$7,558,578	(\$1,865,852)	\$1,199,987	\$0	\$1,020,953	\$0	\$0	\$0	\$179,034	\$0	\$0	\$0	\$0	\$0		
Excess (deficiency) of revenues over expenses	(\$855,505)		(\$855,505)														
Board funded capital additions		\$183,670	\$0	(\$183,670)	\$0	\$0	\$0	\$0	\$0	(\$183,670)	\$0	\$0	\$0	\$0	\$0		
Disposal of unsupported capital assets	\$0	\$0	\$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	\$0	\$0		
Direct credits to net assets	\$0	\$0	\$0														
Amortization of capital assets		(\$1,650,233)	\$1,650,233														
Amortization of capital allocations		\$897,344	(\$897,344)														
Debt principal repayments (unsupported)		\$0	\$0														
Net transfers to operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0			
Net transfers from operating reserves			\$8,785	(\$8,785)		(\$8,785)		\$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		
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	(\$249,564)	\$0	\$0	\$0	\$249,564	\$0	\$0	\$0	\$0	\$0		
Balance at August 31, 2010	\$6,037,208	\$6,989,359	(\$1,959,683)	\$1,007,532	\$0	\$762,604	\$0	\$0	\$0	\$244,928	\$0	\$0	\$0	\$0	\$0		

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2010
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2009	\$398,187	\$18,450,880
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2009	\$398,187	\$18,450,880
Add:		
Restricted capital allocations from: Alberta Education including school and modular projects	\$5,933,688	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$0	
Other capital grants and donations	\$0	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$382,704
Expended capital allocations - current year	(\$1,332,576)	\$1,332,576
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$897,344
Balance at August 31, 2010	\$4,999,299	\$19,268,816

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



PALLISER REGIONAL DIVISION NO. 26 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2010

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 Regulation 77/2003. 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.

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	2.5%
▪ Vehicles & Buses	20%
▪ Computer Hardware & Software	20%
▪ Other Equipment & Furnishings	10%

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.

The straight line amount for additions during the year is prorated based on the month following the purchase.

- 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, 2010

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 \$463,257 for the year ended August 31, 2010 (2009 - \$429,533). At December 31, 2009, the Local Authorities Pension Plan reported a deficiency of \$3,998,614,000 (2008, a deficiency of \$4,413,971,000). In 2010, the Province recorded a liability of \$314,000,000 (2009 - \$186,000,000) for its portion of the unfunded pension obligation related to organizations controlled by the Province.

- 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, 2010, the recorded obligation is \$107,000 (2009 \$110,296).
- l) **Capital Disclosure** – For operating purposes, the School Jurisdiction defines capital as including working capital, unrestricted net assets and restricted net assets restricted for operating purposes. For capital purposes, the School Jurisdiction defines capital as deferred capital allocations, long-term debt, unamortized capital allocations, and investments in capital assets and restricted net assets restricted for capital purposes.

The School 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 needs of its operations.

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



**PALLISER REGIONAL DIVISION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

- m) **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.



**PALLISER REGIONAL DIVISION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

3. CASH AND TEMPORARY INVESTMENTS

	2010			2009		
	Average Effective (Market) Yield	Cost	Fair Value	Average Effective (Market) Yield	Cost	Fair Value
Cash and cash equivalents	-	\$4,805,664	\$4,805,664	-	\$570,219	\$570,219
Fixed-income securities						
Government of Canada, direct and guaranteed	%	0	0	%	1,106,379	1,160,160
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	%	1,106,379	1,160,160
Total cash and temporary investments	%	<u>\$4,805,664</u>	<u>\$4,805,664</u>	%	<u>\$1,676,598</u>	<u>\$1,730,379</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%, and \$2,000,000 and greater at prime less 1.910%

The jurisdiction acts as the Banker Board for the Student Health Partnership. At August 31, 2010, Student Health Partnership funds of \$198,576 were included in Cash and Temporary Investments. As such, these funds are restricted.

4. ACCOUNTS RECEIVABLE

	2010	2009
Alberta Education	\$54,532	\$98,790
Alberta Finance	113,933	133,396
Federal Government	120,897	410,681
First Nations	190,091	332,222
Other	894,276	916,824
Total	<u>\$1,373,729</u>	<u>\$1,891,913</u>

5. TRUST ASSETS AND LIABILITIES

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

	2010	2009
Scholarship Trusts	199,744	201,440
Total	<u>\$199,744</u>	<u>\$201,440</u>

The jurisdiction also holds \$198,576 (2009 - \$481,914) of Student Health Initiative (SHI Banker Board) funds that are presented within Cash and Accounts payable and accrued liabilities.



**PALLISER REGIONAL DIVISION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

6. CAPITAL ASSETS

	Land	Construction In Progress - Buildings	Buildings	Equipment - Computer Hardware & Software	Other Equipment	Vehicles	Total Aug. 31, 2010	Total Aug. 31, 2009
Estimated Useful life			25-40 Years	3-5 Years	5-10 Years	5-10 Years		
Historical cost								
September 1, 2009	\$340,000	\$987,773	\$45,137,213	\$1,015,037	\$2,748,326	\$8,063,237	\$58,291,586	\$55,373,437
Additions	0	1,332,576	0	57,789	93,624	32,257	1,516,246	2,918,149
Transfers in (out)	0	0	0	0	0	0	0	0
Less disposals including write-offs	0	0	0	0	0	(175,098)	(175,098)	0
August 31, 2010	<u>\$340,000</u>	<u>\$2,320,348</u>	<u>\$45,137,213</u>	<u>\$1,072,826</u>	<u>\$2,841,950</u>	<u>\$7,920,396</u>	<u>\$59,632,733</u>	<u>\$58,291,586</u>
Accumulated amortization								
September 1, 2009	-	-	\$21,545,391	\$284,314	\$2,384,626	\$5,368,799	\$29,583,130	\$27,736,508
Amortization expense	-	-	934,973	111,214	137,774	466,272	1,650,233	1,846,622
Transfers in (out)	-	-	0	0	0	0	0	0
Effect of disposals	-	-	0	0	0	(175,098)	(175,098)	0
August 31, 2010	-	-	<u>22,480,364</u>	<u>395,528</u>	<u>2,522,400</u>	<u>5,659,973</u>	<u>31,058,264</u>	<u>\$29,583,130</u>
Net Book Value at August 31, 2010	<u>\$340,000</u>	<u>\$2,320,348</u>	<u>\$22,656,849</u>	<u>\$677,298</u>	<u>\$319,550</u>	<u>\$2,260,424</u>	<u>28,574,469</u>	<u>\$28,708,456</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 per cent. 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, 2010.



**PALLISER REGIONAL DIVISION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Alberta Finance	113,933	133,396
Other Trade Payables and Accrued Liabilities	1,670,771	2,540,972
Total	<u>\$1,784,704</u>	<u>\$2,674,368</u>

9. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2009	ADD: 2009/2010 Restricted Funds Received/ Receivable	DEDUCT: 2009/2010 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2009/2010 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2010
Alberta Education Restricted Operational Funding:	\$0	\$0	\$0	\$0	\$0
Alberta Initiative for School Improvement	\$160,168	\$834,658	(\$994,826)	\$0	\$0
Children and Youth with Complex Needs	\$0	\$0	\$0	\$0	\$0
Francophone Student Health Services	\$0	\$0	\$0	\$0	\$0
Infrastructure Maintenance Renewal	\$791,848	\$908,841	(\$1,095,879)	\$0	\$604,810
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	\$410,079	(\$410,079)	\$0	\$0
SuperNet Service	\$0	\$152,265	(\$152,265)	\$0	\$0
Other Alberta Education deferred revenue	\$0	\$0	\$0	\$0	\$0
Other Government of Alberta Restricted Funding:	\$0	\$0	\$0	\$0	\$0
Technology Grant	\$45,064	\$0	(\$39,001)	\$0	\$6,063
Wheelchair Grant	\$3,080	\$0	(\$3,080)	\$0	\$0
Modernization Funds	\$6,102	\$0	\$0	\$0	\$6,102
Creating Spaces	\$300,000	\$0	\$0	(\$300,000)	\$0
Other Deferred Revenue:	\$107,188	\$5,859	(\$85,805)	\$0	\$27,242
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Total	\$1,413,450	\$2,311,702	(\$2,780,935)	(\$300,000)	\$644,217



PALLISER REGIONAL DIVISION NO. 26 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2010

10. LONG TERM DEBT

Debenture Debt – Supported – The debenture debt bears interest at rates varying between 6.875% 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
2010-2011	\$380,862	\$222,081	\$602,943
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 to maturity	650,670	128,425	779,095
Total	<u>\$2,316,296</u>	<u>\$889,077</u>	<u>\$3,205,373</u>

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

11. 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.

12. 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.

13. 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.



**PALLISER REGIONAL DIVISION NO. 26
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**

14. 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 \$8,036,500. It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.

15. 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.

2009-2010	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
Government of Alberta:				
Education	\$54,532	\$0	\$60,224,183	\$0
Infrastructure & Transportation	0	0	0	0
Finance	113,933	2,316,296	240,653	240,653
Health & Wellness	0	0	0	0
Human Resources/Employment	0	0	0	0
Other Gov't of Alberta departments	0	0	0	26,073
Other:				
Health authorities	0	0	0	0
Post-secondary institutions	0	0	139,506	2,870
Other Alberta school jurisdictions	0	0	57,583	61,642
Other related parties	0	0	0	0
TOTAL 2009-2010	<u>\$168,465</u>	<u>\$2,316,296</u>	<u>\$60,661,925</u>	<u>\$331,238</u>
TOTAL 2008-2009	<u>\$232,186</u>	<u>\$2,761,639</u>	<u>\$58,852,154</u>	<u>\$567,999</u>

16. 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, 2010**

17. REMUNERATION AND MONETARY INCENTIVES

The Palliser School Division had paid or accrued expenses for the year ended August 31, 2010 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
Chair: Mr. Donald Zech	1.0	\$24,660	\$1,129	\$0			\$13,264
Mrs. Esther Willms	1.0	\$18,018	\$701	\$0			\$8,038
Mrs. Jean Mrak	1.0	\$20,608	\$802	\$0			\$7,456
Mr. Joe Watson	1.0	\$17,570	\$828	\$0			\$3,811
Mrs. Colleen Dietz	1.0	\$18,153	\$791	\$0			\$11,591
Mr. Robert Strauss	1.0	\$8,470	\$457	\$0			\$2,914
Subtotal	6.0	\$107,478	\$4,708	\$0			\$47,074
Superintendent (1) Mr. Kevin Gietz	1.0	\$166,667	\$11,929	\$0	\$0	\$0	\$25,908
Secretary/Treasurer (1) Mr. Terry Kirkham	1.0	\$142,900	\$27,006	\$0	\$0	\$0	\$9,852
Secretary/Treasurer (2) Mr. Laurie Marston	0.0	\$3,115	\$0	\$0	\$0	\$0	\$0
Certificated Teachers	404.6	\$34,831,571	\$3,912,909	\$0	\$0	\$0	
Non-certificated - Other	260.0	\$10,819,941	\$2,271,992	\$0	\$0	\$0	
TOTALS		\$46,071,672	\$6,228,544	\$0	\$0	\$0	

18. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Trustees on November 30, 2009. It is presented for information purposes only.

19. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2010 presentation.