

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Palliser Regional Division No. 26**

Legal Name of School Jurisdiction

**101, 3305 - 18 Avenue North Lethbridge AB T1H 5S1**

Mailing Address

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Telephone & Fax Numbers, and Email Address

**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 Canadian Public Sector Accounting Standards and follow format prescribed by Alberta Education.

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

***Board of Trustees Responsibility***

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

***External Auditors***

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

***Declaration of Management and Board Chair***

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position, results of operations and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

BOARD CHAIR

Robert Strauss

Name

  
Signature

SUPERINTENDENT

Dr. Garry Andrews (Acting)

Name

  
Signature

SECRETARY-TREASURER OR TREASURER

Wayne T. Braun

Name

  
Signature

November 24, 2016

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch  
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## **Independent Auditors' Report**

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

### *Report on the Financial Statements*

We audited the accompanying financial statements of the Palliser Regional Division No. 26, which comprise the statements of financial position as at August 31, 2016, the statements of operations, cash flows, change in net debt, and remeasurement gains and losses 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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 in our audit 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 the Palliser Regional Division No. 26 as at August 31, 2016, and the results of its operations, cash flows, change in net debt, and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.



*Restatement of Financial Statements*

Without modifying our opinion, we draw attention to Note 23 to the financial statements which indicate that these financial statements have been restated from those on which we originally reported on November 25, 2015 and more extensively discusses the reason the restatement.

*KPMG LLP*

Chartered Professional Accountants

November 23, 2016  
Lethbridge, Canada

**STATEMENT OF FINANCIAL POSITION**  
As at August 31, 2016 (in dollars)

	2016	2015 Restated (Note 23)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Schedule 5; Note 3)	\$ 7,554,168	\$ 9,182,721
Accounts receivable (net after allowances) (Note 4)	\$ 1,156,070	\$ 1,217,416
Portfolio investments (Schedule 5; Note 5)	\$ 114,549	\$ 108,954
Other financial assets	\$ -	\$ -
<b>Total financial assets</b>	<b>\$ 8,824,787</b>	<b>\$ 10,509,091</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 6)	\$ -	\$ -
Accounts payable and accrued liabilities (Note 7)	\$ 1,965,427	\$ 1,397,168
Deferred revenue (Note 8)	\$ 37,039,367	\$ 37,351,504
Employee future benefit liabilities (Note 9)	\$ 305,600	\$ 263,100
Liability for contaminated sites	\$ -	\$ -
Other liabilities	\$ -	\$ -
Debt (Note 10)		
Supported: Debentures and other supported debt	\$ 443,952	\$ 650,669
Unsupported: Debentures and capital loans	\$ -	\$ -
Mortgages	\$ -	\$ -
Capital leases	\$ -	\$ -
<b>Total liabilities</b>	<b>\$ 39,754,346</b>	<b>\$ 39,662,441</b>
<b>Net financial assets (debt)</b>	<b>\$ (30,929,559)</b>	<b>\$ (29,153,350)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 6)		
Land	\$ 340,000	\$ 340,000
Construction in progress	\$ 2,990,454	\$ 466,139
Buildings	\$ 63,307,002	
Less: Accumulated amortization	\$ (29,647,273)	\$ 33,659,729
Equipment	\$ 2,662,547	
Less: Accumulated amortization	\$ (2,410,344)	\$ 252,203
Vehicles	\$ 8,098,273	
Less: Accumulated amortization	\$ (5,762,842)	\$ 2,335,431
Computer Equipment	\$ 598,072	
Less: Accumulated amortization	\$ (215,943)	\$ 382,129
<b>Total tangible capital assets</b>	<b>\$ 39,959,946</b>	<b>\$ 38,606,293</b>
Prepaid expenses (Note 11)	\$ 1,069,433	\$ 361,124
Other non-financial assets	\$ 6,872	\$ 11,942
<b>Total non-financial assets</b>	<b>\$ 41,036,251</b>	<b>\$ 38,979,359</b>
<b>Accumulated surplus</b> (Schedule 1; Note 12)		
	\$ 10,106,692	\$ 9,826,009
<b>Accumulating surplus / (deficit) is comprised of:</b>		
Accumulated operating surplus (deficit)	\$ 10,106,692	\$ 9,826,009
Accumulated remeasurement gains (losses)	\$ -	\$ -
	\$ 10,106,692	\$ 9,826,009
<b>Contractual obligations</b> (Note 13)		
<b>Contingent liabilities</b> (Note 14)		

The accompanying notes and schedules are part of these financial statements.

**STATEMENT OF OPERATIONS**  
For the Year Ended August 31, 2016 (in dollars)

	Budget 2016 (Note 22)	Actual 2016	Actual 2015
<b>REVENUES</b>			
Alberta Education	\$ 75,243,832	\$ 87,245,471	\$ 74,518,237
Other - Government of Alberta	\$ 367,000	\$ 418,958	\$ 503,201
Federal Government and First Nations	\$ 397,000	\$ 445,561	\$ 376,445
Other Alberta school authorities	\$ 175,000	\$ -	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Schedule 8, Note 15)	\$ 1,617,541	\$ 2,221,359	\$ 2,056,717
Other sales and services	\$ 1,070,900	\$ 1,061,716	\$ 911,187
Investment income	\$ 60,000	\$ 87,012	\$ 99,068
Gifts and donations	\$ 90,000	\$ 95,487	\$ 86,419
Rental of facilities	\$ 310,130	\$ 355,179	\$ 336,601
Fundraising	\$ 500,000	\$ 973,845	\$ 1,221,665
Gains on disposal of capital assets	\$ -	\$ 39,024	\$ 3,400
Other revenue	\$ -	\$ 844,495	\$ 588,206
<b>Total revenues</b>	<b>\$ 79,831,403</b>	<b>\$ 93,788,107</b>	<b>\$ 80,701,146</b>
<b>EXPENSES</b>			
Instruction - ECS	\$ 3,303,000	\$ 4,451,785	\$ 4,407,191
Instruction - Grades 1 - 12	\$ 60,093,103	\$ 71,051,147	\$ 59,683,763
Plant operations and maintenance	\$ 9,410,900	\$ 9,754,896	\$ 9,487,035
Transportation	\$ 3,668,000	\$ 3,913,288	\$ 3,882,081
Board & system administration	\$ 2,873,700	\$ 3,278,369	\$ 2,911,193
External services	\$ 482,700	\$ 1,057,989	\$ 670,953
<b>Total expenses</b>	<b>\$ 79,831,403</b>	<b>\$ 93,507,474</b>	<b>\$ 81,042,216</b>
<b>Operating surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 280,633</b>	<b>\$ (341,070)</b>

The accompanying notes and schedules are part of these financial statements.

**STATEMENT OF CASH FLOWS**  
For the Year Ended August 31, 2016 (in dollars)

	2016	2015
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATING TRANSACTIONS</b>		
Operating surplus (deficit)	\$ 280,633	\$ (341,070)
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 2,029,213	\$ 2,024,563
Gains on disposal of tangible capital assets	\$ (39,024)	\$ (3,400)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (1,409,154)	\$ (1,374,120)
Deferred capital revenue write-down / adjustment	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 61,346	\$ 1,557,580
Prepays	\$ (708,309)	\$ (11)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ 5,070	\$ (6,024)
Accounts payable, accrued and other liabilities	\$ 568,259	\$ (2,201,891)
Deferred revenue (excluding EDCR)	\$ 1,097,017	\$ 2,624,013
Employee future benefit liabilities	\$ 42,500	\$ (1,700)
Other - endowments/adjustments	\$ -	\$ (1)
<b>Total cash flows from operating transactions</b>	<b>\$ 1,927,551</b>	<b>\$ 2,277,939</b>
<b>B. CAPITAL TRANSACTIONS</b>		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (2,524,315)	\$ (803,588)
Equipment	\$ (315,453)	\$ (364,624)
Vehicles	\$ (559,771)	\$ (383,159)
Computer equipment	\$ -	\$ -
Net proceeds from disposal of unsupported capital assets	\$ 55,698	\$ 3,400
Other	\$ -	\$ -
<b>Total cash flows from capital transactions</b>	<b>\$ (3,343,842)</b>	<b>\$ (1,547,971)</b>
<b>C. INVESTING TRANSACTIONS</b>		
Purchases of portfolio investments	\$ (5,595)	\$ (5,733)
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement (gains) losses reclassified to the statement of operations	\$ -	\$ -
Change in endowments	\$ 50	\$ 202
Other	\$ -	\$ -
<b>Total cash flows from investing transactions</b>	<b>\$ (5,545)</b>	<b>\$ (5,531)</b>
<b>D. FINANCING TRANSACTIONS</b>		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ (206,717)	\$ (301,571)
Other factors affecting debt	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -
Repayment of capital leases	\$ -	\$ -
Other factors affecting capital leases	\$ -	\$ -
Other (describe)	\$ -	\$ -
<b>Total cash flows from financing transactions</b>	<b>\$ (206,717)</b>	<b>\$ (301,571)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ (1,628,553)</b>	<b>\$ 422,866</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>\$ 9,182,721</b>	<b>\$ 8,759,855</b>
<b>Cash and cash equivalents, at end of year</b>	<b>\$ 7,554,168</b>	<b>\$ 9,182,721</b>

The accompanying notes and schedules are part of these financial statements.

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

For the Year Ended August 31, 2016 (in dollars)

	2016	2015 Restated (Note 23)
Operating surplus (deficit)	\$ 280,633	\$ (341,070)
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	\$ (3,399,540)	\$ (1,551,371)
Amortization of tangible capital assets	\$ 2,029,213	\$ 2,024,563
Net carrying value of tangible capital assets disposed of	\$ 16,674	\$ -
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes Prior Period adjustment	\$ -	\$ 743,327
Total effect of changes in tangible capital assets	\$ (1,353,653)	\$ 1,216,519
Changes in:		
Prepaid expenses	\$ (708,309)	\$ (11)
Other non-financial assets	\$ 5,070	\$ (6,024)
Net remeasurement gains and (losses)	\$ -	\$ -
Endowments	\$ 50	\$ 202
Increase (decrease) in net financial assets (net debt)	\$ (1,776,209)	\$ 869,616
Net financial assets (net debt) at beginning of year	\$ (29,153,350)	\$ (30,022,966)
Net financial assets (net debt) at end of year	\$ (30,929,559)	\$ (29,153,350)

The accompanying notes and schedules are part of these financial statements.



## STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2016 (in dollars)

	2016	2015
<b>Accumulated remeasurement gains (losses) at beginning of year</b>	\$ -	\$ -
Prior Period Adjustment (Explain)	\$ -	\$ -
Prior Period Adjustment (Explain)	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
<b>Net remeasurement gains (losses) for the year</b>	\$ -	\$ -
<b>Accumulated remeasurement gains (losses) at end of year</b>	\$ -	\$ -

The accompanying notes and schedules are part of these financial statements.

**SCHEDULE 1**

School Jurisdiction Code:

2255

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2016 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2015	\$ 9,082,681	\$ -	\$ 9,082,681	\$ 4,101,970	\$ 86,208	\$ 351,084	\$ 4,174,643	\$ 368,776
Prior period adjustments:								
Restatement Note 23	\$ 743,328	\$ -	\$ 743,328	\$ 743,328	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2015	\$ 9,826,009	\$ -	\$ 9,826,009	\$ 4,845,298	\$ 86,208	\$ 351,084	\$ 4,174,643	\$ 368,776
Operating surplus (deficit)	\$ 280,633		\$ 280,633			\$ 280,633		
Board funded tangible capital asset additions								
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ 875,225		\$ (875,225)	\$ -	\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ (16,674)		\$ 16,674		\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -
Endowment expenses & disbursements	\$ -		\$ -		\$ -	\$ -		
Endowment contributions	\$ -		\$ -		\$ -	\$ -		
Reinvested endowment income	\$ -		\$ -		\$ -	\$ -		
Direct credits to accumulated surplus (Describe)	\$ 50		\$ 50	\$ -	\$ 50	\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -		\$ -	\$ (2,029,213)		\$ 2,029,213		
Capital revenue recognized	\$ -		\$ -	\$ 1,409,154		\$ (1,409,154)		
Debt principal repayments (unsupported)	\$ -		\$ -	\$ -		\$ -		
Additional capital debt or capital leases	\$ -		\$ -	\$ -		\$ -		
Net transfers to operating reserves	\$ -		\$ -			\$ (165,000)	\$ 165,000	
Net transfers from operating reserves	\$ -		\$ -			\$ 211,362	\$ (211,362)	
Net transfers to capital reserves	\$ -		\$ -			\$ (39,024)		\$ 39,024
Net transfers from capital reserves	\$ -		\$ -			\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2016	\$ 10,106,692	\$ -	\$ 10,106,692	\$ 5,083,790	\$ 86,258	\$ 400,563	\$ 4,128,281	\$ 407,800

**SCHEDULE 1**

School Jurisdiction Code:

2255

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2016 (in dollars)

INTERNALLY RESTRICTED RESERVES BY PROGRAM										
School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services		
Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	
\$ 770,449	\$ -	\$ 104,194	\$ 230,000	\$ 3,300,000	\$ 135,376	\$ -	\$ 3,400	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$ 770,449	\$ -	\$ 104,194	\$ 230,000	\$ 3,300,000	\$ 135,376	\$ -	\$ 3,400	\$ -	\$ -	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

**SCHEDULE OF CAPITAL REVENUE  
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)  
for the Year Ended August 31, 2016 (in dollars)**

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
Balance at August 31, 2015	\$ 1,252,662	\$ -	\$ -	\$ -	\$ 34,504,322
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ (743,328)
Adjusted balance, August 31, 2015	\$ 1,252,662	\$ -	\$ -	\$ -	\$ 33,760,994
<b>Add:</b>					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	\$ 1,495,759				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Unexpended capital revenue receivable from:					
Alberta Education school building & modular (excl. IMR)	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ 9,112	\$ -	\$ -	\$ -	
Other unexpended capital revenue:				\$ -	
Proceeds on disposition of supported capital			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets:					\$ -
Alberta Infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (2,524,315)	\$ -	\$ -	\$ -	\$ 2,524,315
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments: To adjust for prior year expended capital revenue	\$ (2,336)	\$ -	\$ -	\$ -	\$ -
<b>Deduct:</b>					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments:		\$ -	\$ -	\$ -	
Capital revenue recognized - Alberta Education					\$ 1,409,154
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2016	\$ 230,882	\$ -	\$ -	\$ -	\$ 34,876,155
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2016 (A) + (B) + (C) + (D)	\$ 230,882				

**Unexpended Deferred Capital Revenue**

(A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only. Please specify department if funds received from a source other than Alberta Education.

(B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.

(C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.

(D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets

**SCHEDULE OF PROGRAM OPERATIONS**  
for the Year Ended August 31, 2016 (in dollars)

REVENUES	2016						2015	
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
(1) Alberta Education	\$ 4,880,025	\$ 65,625,531	\$ 10,015,260	\$ 3,557,590	\$ 3,167,065	\$ -	\$ 87,245,471	\$ 74,518,237
(2) Other - Government of Alberta	-	\$ 347,964	\$ 57,999	-	\$ 12,995	-	\$ 418,958	\$ 503,201
(3) Federal Government and First Nations	-	\$ 429,521	-	-	\$ 16,040	-	\$ 445,561	\$ 376,445
(4) Other Alberta school authorities	-	-	-	-	-	-	-	-
(5) Out of province authorities	-	-	-	-	-	-	-	-
(6) Alberta municipalities-special tax levies	-	-	-	-	-	-	-	-
(7) Property taxes	-	-	-	-	-	-	-	-
(8) Fees	\$ 115,808	\$ 1,539,907	-	\$ 193,298	-	\$ 372,345	\$ 2,221,359	\$ 2,056,717
(9) Other sales and services	-	\$ 792,266	-	\$ 231,228	\$ 38,222	-	\$ 1,061,716	\$ 911,187
(10) Investment income	-	-	-	-	\$ 87,012	-	\$ 87,012	\$ 99,068
(11) Gifts and donations	-	\$ 95,487	-	-	-	-	\$ 95,487	\$ 86,419
(12) Rental of facilities	-	-	\$ 8,962	-	\$ 30,346	\$ 315,871	\$ 355,179	\$ 336,601
(13) Fundraising	-	\$ 973,845	-	-	-	-	\$ 973,845	\$ 1,221,665
(14) Gains on disposal of tangible capital assets	-	-	\$ 14,416	\$ 24,608	-	-	\$ 39,024	\$ 3,400
(15) Other revenue	-	\$ 500,747	\$ 360	\$ 3,527	\$ 4,845	\$ 335,016	\$ 844,495	\$ 588,206
(16) TOTAL REVENUES	\$ 4,995,834	\$ 70,305,268	\$ 10,096,997	\$ 4,010,251	\$ 3,356,525	\$ 1,023,232	\$ 93,788,107	\$ 80,701,146
EXPENSES	2016						2015	
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
(17) Certificated salaries	\$ 2,474,639	\$ 42,485,192	-	-	\$ 492,912	\$ -	\$ 45,452,743	\$ 38,891,975
(18) Certificated benefits	\$ 299,889	\$ 10,081,035	-	-	\$ 120,888	\$ -	\$ 10,501,792	\$ 8,919,646
(19) Non-certificated salaries and wages	\$ 1,148,406	\$ 8,953,181	\$ 1,530,311	\$ 1,876,712	\$ 1,409,671	\$ 546,760	\$ 15,465,041	\$ 13,085,196
(20) Non-certificated benefits	\$ 257,601	\$ 2,258,163	\$ 434,801	\$ 231,245	\$ 333,468	\$ 125,434	\$ 3,640,712	\$ 2,849,706
(21) SUB - TOTAL	\$ 4,180,515	\$ 63,777,571	\$ 1,965,112	\$ 2,107,957	\$ 2,356,939	\$ 672,194	\$ 75,060,288	\$ 63,746,523
(22) Services, contracts and supplies	\$ 271,270	\$ 7,193,753	\$ 6,233,581	\$ 1,491,535	\$ 823,416	\$ 344,787	\$ 16,358,342	\$ 15,181,097
(23) Amortization of supported tangible capital assets	-	-	\$ 1,409,154	-	-	-	\$ 1,409,154	\$ 1,374,120
(24) Amortization of unsupported tangible capital assets	-	\$ 79,807	\$ 88,628	\$ 313,540	\$ 97,076	\$ 41,008	\$ 620,059	\$ 650,443
(25) Supported interest on capital debt	-	-	\$ 57,999	-	-	-	\$ 57,999	\$ 87,577
(26) Unsupported interest on capital debt	-	-	-	-	-	-	-	-
(27) Other interest and finance charges	-	\$ 16	\$ 422	\$ 256	\$ 938	-	\$ 1,632	\$ 2,456
(28) Losses on disposal of tangible capital assets	-	-	-	-	-	-	-	-
(29) Other expense	-	-	-	-	-	-	-	-
(30) TOTAL EXPENSES	\$ 4,451,785	\$ 71,051,147	\$ 9,754,896	\$ 3,913,298	\$ 3,278,369	\$ 1,057,989	\$ 93,507,474	\$ 81,042,216
(31) OPERATING SURPLUS (DEFICIT)	\$ 544,049	\$ (745,879)	\$ 342,101	\$ 96,953	\$ 78,156	\$ (34,757)	\$ 280,633	\$ (341,070)

**SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES**  
for the Year Ended August 31, 2016 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	Supported Capital & Debt Services	2016 TOTAL Operations and Maintenance	2016 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 860,671	\$ 310,412	\$ -	\$ 224,615	\$ 134,613			\$ 1,530,311	\$ 1,586,618
Uncertificated benefits	\$ 258,355	\$ 82,075	\$ -	\$ 59,230	\$ 35,141			\$ 434,801	\$ 436,781
Sub-total Remuneration	\$ 1,119,026	\$ 392,487	\$ -	\$ 283,845	\$ 169,754			\$ 1,965,112	\$ 2,023,409
Supplies and services	\$ 1,911,829	\$ 2,185,452	\$ -	\$ 951,752	\$ 14,092			\$ 5,063,125	\$ 4,522,358
Electricity								\$ 440,092	\$ 416,137
Natural gas/heating fuel			\$ 440,092					\$ 160,048	\$ 174,742
Sewer and water			\$ 160,048					\$ 53,954	\$ 53,476
Telecommunications			\$ 53,954					\$ 9,985	\$ 6,489
Insurance			\$ 9,985					\$ 174,019	\$ 189,338
ASAP maintenance & renewal payments					\$ 174,019		\$ -	\$ -	\$ -
Amortization of tangible capital assets									
Supported									
Unupported							\$ 1,409,154	\$ 1,409,154	\$ 1,374,120
Total Amortization						\$ 88,628		\$ 88,628	\$ 23,099
Interest on capital debt						\$ 88,628	\$ 1,409,154	\$ 1,497,782	\$ 1,397,219
Supported									
Unupported							\$ 57,999	\$ 57,999	\$ 87,577
Lease payments for facilities						\$ -		\$ -	\$ -
Other interest charges				\$ 332,358				\$ 332,358	\$ 615,505
Losses on disposal of capital assets						\$ 422		\$ 422	\$ 785
TOTAL EXPENSES	\$ 3,030,855	\$ 2,577,939	\$ 664,079	\$ 1,567,955	\$ 357,865	\$ 88,050	\$ 1,467,153	\$ 9,754,896	\$ 9,487,035
SQUARE METRES									
School buildings								95,092.0	85,195.0
Non school buildings								6,169.0	6,169.0

## Note:

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

**Maintenance:** All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.

**Utilities & Telecommunications:** All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.

**Expensed IMR & Modular Unit Relocation & Lease Pmnts:** All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects, modular unit (portable) relocation, and payments on leased facilities.

**Facility Planning & Operations Administration:** All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, 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.

**Unupported Amortization & Other Expenses:** All expenses related to unupported capital assets amortization and interest on unupported capital debt.

**Supported Capital & Debt Services:** All expenses related to supported capital assets amortization and interest on supported capital debt.

**SCHEDULE 5**School Jurisdiction Code: 2255

**SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS**  
**for the Year Ended August 31, 2016 (in dollars)**

<u>Cash &amp; Cash Equivalents</u>	2016			2015
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash		\$ 7,554,168	\$ 7,554,168	\$ 9,182,721
Cash equivalents				
Government of Canada, direct and guaranteed	0.00%	-	-	-
Provincial, direct and guaranteed	0.00%	-	-	-
Corporate	0.00%	-	-	-
Municipal	0.00%	-	-	-
Pooled investment funds	0.00%	-	-	-
Other, including GIC's	0.00%	-	-	-
Total cash and cash equivalents	0.00%	\$ 7,554,168	\$ 7,554,168	\$ 9,182,721

See Note 3 for additional detail.

Out of Balance

<u>Portfolio Investments</u>	2016				2015
	Average Effective (Market) Yield	Cost	Fair Value	Balance	Balance
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed interest certificates	0.00%	-	-	-	-
Fixed income securities					
Government of Canada, direct and guaranteed	15.13%	\$ 17,331	\$ 17,331	\$ 17,331	\$ 108,954
Provincial, direct and guaranteed	0.00%	-	-	-	-
Municipal	0.00%	-	-	-	-
Corporate	0.00%	-	-	-	-
Pooled investment funds	0.00%	-	-	-	-
Total fixed income securities	15.13%	17,331	17,331	17,331	108,954
Equities					
Canadian	0.00%	\$ -	\$ -	\$ -	\$ -
Foreign	0.00%	-	-	-	-
Total equities	0.00%	-	-	-	-
Supplemental integrated pension plan assets	0.00%	\$ -	\$ -	\$ -	\$ -
Restricted investments	0.00%	-	-	-	-
Cash and Cash Equivalents	84.87%	97,218	97,218	97,218	-
Other (Specify)	0.00%	-	-	-	-
Total portfolio investments	100.00%	\$ 114,549	\$ 114,549	\$ 114,549	\$ 108,954

See Note 5 for additional detail.

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

	2016	2015
Under 1 year	100.0%	100.0%
1 to 5 years	0.0%	0.0%
6 to 10 years	0.0%	0.0%
11 to 20 years	0.0%	0.0%
Over 20 years	0.0%	0.0%
	100.0%	100.0%



**SCHEDULE 6**

School Jurisdiction Code: 2255

**SCHEDULE OF CAPITAL ASSETS**  
for the Year Ended August 31, 2016 (in dollars)

Tangible Capital Assets		2016					2015
	Land	Construction In Progress	Buildings 25-50 Years	Equipment 5-10 Years	Vehicles 5-10 Years	Computer Hardware & Software 3-5 Years	Total
Estimated useful life							
Historical cost							
Beginning of year	\$ 340,000	\$ 466,139	\$ 62,889,436	\$ 2,964,720	\$ 7,957,334	\$ 1,437,450	\$ 74,956,404
Prior period adjustments	-	-	-	-	-	-	-
Additions	-	2,524,315	-	139,794	559,772	175,659	3,399,540
Transfers in (out)	-	-	417,566	(417,566)	-	-	-
Less disposals including write-offs	-	-	-	(24,401)	(418,833)	(1,015,037)	(1,458,271)
	\$ 340,000	\$ 2,990,454	\$ 63,307,002	\$ 2,662,547	\$ 8,098,273	\$ 598,072	\$ 77,996,348
Accumulated amortization							
Beginning of year	\$ -	\$ -	\$ 27,948,592	\$ 2,568,689	\$ 5,796,115	\$ 1,135,390	\$ 37,448,786
Prior period adjustments	-	-	-	-	-	-	-
Amortization	-	-	1,510,884	37,179	385,560	95,590	2,029,213
Other additions	-	-	-	-	-	-	-
Transfers in (out)	-	-	187,797	(187,797)	-	-	-
Less disposals including write-offs	-	-	-	(7,727)	(418,833)	(1,015,037)	(1,441,597)
	\$ -	\$ -	\$ 29,647,273	\$ 2,410,344	\$ 5,762,842	\$ 215,943	\$ 38,036,402
Net Book Value at End of Year	\$ 340,000	\$ 2,990,454	\$ 33,659,729	\$ 252,203	\$ 2,335,431	\$ 382,129	\$ 39,959,946
							\$ 38,606,293

	2016	2015
Total cost of buildings under capital lease	\$ -	\$ -
Total amortization of buildings under capital lease	\$ -	\$ -



**SCHEDULE OF REMUNERATION AND MONETARY INCENTIVES**  
**for the Year Ended August 31, 2016 (in dollars)**

(1) Other Accrued Unpaid Benefits Include: Please describe Other Accrued Unpaid Benefits

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# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

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### 1. Authority and purpose:

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

The School Division receives instruction and support allocations under Education Grants Regulation (AR 120/2008). The regulation allows for setting of conditions and use of grant monies. The School Division is limited on certain funding allocations and administration expenses.

### 2. Summary of significant accounting policies:

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

#### a) Cash and cash equivalents:

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

#### b) Accounts receivable:

Accounts receivable are shown net of allowance for doubtful accounts.

#### c) Portfolio investments:

The School Division has investments in GIC's that have a maturity of greater than 3 months. GIC's and other investments not quoted in an active market are reported at cost or amortized cost.

#### d) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset. Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion, and is not amortized until after the project is complete and the asset is in service.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

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### 2. Summary of significant accounting policies (continued):

Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:

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

Equipment	5 - 10 years
Vehicles	6 - 10 years
New Buildings	25 - 50 years
Modernizations	10 - 25 years

#### e) Employee future benefits:

The Division participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Division's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Division has insufficient information to apply defined benefit plan accounting. Pension costs included in these financial statements include the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Division's portion of this pension plans' deficit or surplus is not recorded by the Division.

The Division participates in the Alberta Teachers' Retirement Fund. This is a multi-employer defined benefit plan that provides pensions for the Division's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied for this multi-employer defined benefit plan. Pension costs included in these financial statements include the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Division's portion of this pension plans' deficit or surplus is not recorded by the Division.

For the Alberta Teachers' Retirement fund pension costs include the Provincial contributions made on behalf of the Division for current service employees during the year.

The Division provides a defined benefit Senior Executive Retirement Plan to certain senior employees. Costs of these benefits are actuarially determined using the projected benefit method prorated on service; an interest rate based on the Division's cost of borrowing and management's best estimate of expected costs and benefit coverage period. Net actuarial recoveries and deficiencies of the benefit obligation are amortized over the expected average remaining service life of the employees. Current service costs in the actuarial present value of the benefits earned in the fiscal period and applicable adjustments to prior year due to changes in the underlying assumptions. The Plan is unfunded.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

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### 2. Summary of significant accounting policies (continued):

#### f) Operating and capital reserves:

Certain amounts are internally or externally restricted for future operating or capital purposes. Transfers to and from reserves are recorded when approved by the Board of Trustees. Capital reserves are restricted to capital purposes and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus.

#### g) Revenue recognition:

Revenues are recorded on an accrual basis. Instruction and support allocations are recognized in the year to which they relate. Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

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

Eligibility criteria are criteria that the School District has to meet in order to receive certain contributions. Stipulations describe what the School District must perform in order to keep the contributions. Contributions without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity. Contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity and all eligibility criteria have been met.

Contributions with stipulations are recognized as revenue in the period the stipulations are met, except when and to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with *Section PS 3200*. Such liabilities are recorded as deferred revenue. The following items fall under this category:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the period the stipulated related expenses are incurred;
- Unexpended Deferred Capital Revenue; or
- Expended Deferred Capital Revenue, with ongoing stipulations.

#### h) Financial instruments:

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Division recognizes a financial instrument when it becomes a party to a financial instrument contract.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

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### 2. Summary of significant accounting policies (continued):

#### h) Financial instruments (continued):

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, debt and other liabilities. Unless otherwise noted, it is management's opinion that the Division is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

Portfolio investments in equity instruments quoted in an active market and derivatives are recorded at fair value. All other financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of items in the cost or amortized cost upon initial recognition. The gain or loss arising from de-recognition of a financial instrument is recognized in the Statement of Operations. Impairment losses such as write-downs or write-offs are reported in the Statement of Operations.

Recognition, de-recognition and measurement policies followed in the financial statements for periods prior to the effective date of September 1, 2012 specified are not reversed and, therefore, the financial statements of prior periods, including the comparative information, have not been restated.

#### i) Program reporting:

The Division's operations have been segmented as follows:

**ECS-Grade 12 Instruction:** The provision of Early Childhood Services education and grades 1 - 12 instructional services that fall under the basic public education mandate.

**Plant Operations and Maintenance:** The operation and maintenance of all school buildings and maintenance shop facilities.

**Transportation:** The provision of regular and special education bus services (to and from school), whether contracted or board operated, including transportation facilities.

**Board & System Administration:** The provision of board governance and system-based / central office administration.

**External Services:** All projects, activities, and services offered outside the public education mandate for ECS children and students in grades 1-12. Services offered beyond the mandate for public education are to be self-supporting, and Alberta Education funding may not be utilized to support these programs.

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 2. Summary of significant accounting policies (continued):

#### j) Scholarship and endowment funds:

Contributions to scholarship and endowment funds must be held in perpetuity in accordance with the agreement with the donor.

Previously, Alberta Education recommended that any endowment transactions flow directly through Accumulated Operating Surplus on the Schedule of Changes in Accumulated Surplus. Effective for the 2015/2016 year, endowment transactions must flow through the Statement of Operations based on the recommendation of the Office of the Controller.

Unrealized gains and losses associated with the endowment are recorded in the Statement of Remeasurement Gains and Losses.

### 3. Cash and temporary investments:

		2016	2015
	Average effective (market) yield	Cost	Amortized cost
Cash and cash equivalents	0.95%	\$ 7,554,168	\$ 9,182,721

Cash and cash equivalents includes school generated funds on hand of \$636,756 (2015 - \$928,925).

### 4. Accounts receivable:

	2016	2015
Alberta Education	\$ 146,862	\$ 60,767
Alberta Finance	443,952	650,659
Federal Government	147,959	91,382
Other	417,297	414,608
	\$ 1,156,070	\$ 1,217,416

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 5. Portfolio investments:

The composition, fair value and annual market yield on portfolio investments are as follows:

	Level 1	Total 2016
Fixed income securities and cash	\$ 114,549	\$ 114,549

	Level 1	Total 2015
Fixed income securities and cash	\$ 108,954	\$ 108,954

Level 1 - Quoted prices in active markets for identical assets or liabilities.

The average effective yields of the fixed income mutual funds were 0.14% (2015 – 0.06%). These investments have no set date of maturity.

### 6. Bank indebtedness:

The Division has negotiated a line of credit with RBC in the amount of \$600,000 that bears interest at the bank's prime rate plus 0.3%. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the Division. There was no balance outstanding on the line of credit at August 31, 2016 (2015 – nil). Prime rate at August 31, 2016 was 2.7% (2015 – 2.7%).

### 7. Accounts payable:

	2016	2015
Payroll remittances	\$ 4,227	\$ 21,815
Central PD Funds	334,572	356,979
Vacation/banked liability	590,538	472,330
Other	1,036,090	546,044
	\$ 1,965,427	\$ 1,397,168

# PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2016

## 8. Deferred revenue:

	Deferred revenue as at August 31, 2015 (Restatement Note 23)	Add 2015/2016 restricted funds received/receivable	Transfers 2015/2016	Deduct 2015/2016 restricted funds expended (paid/payable)	Deferred revenue as at August 31, 2016
<b>Unexpected deferred operating revenue:</b>					
Alberta Education:					
Infrastructure Maintenance Renewal	\$ 1,014,759	\$ 1,073,427	\$ --	\$ (1,235,595)	\$ 852,591
CTS Evergreening	6,582	--	--	(6,582)	--
Technology	4,110	--	--	(4,110)	--
LTPF 2015 Grant	53,905	--	--	(39,960)	13,945
Assessment Grant	3,264	--	--	(3,264)	--
Building Collaboration Grant	--	8,598	--	--	8,598
Other Government of Alberta:					
AHS	1,308	--	--	(1,308)	--
KAHS leftover Modernization funds	6,102	--	--	--	6,102
Healthy Schools Grant	--	25,000	--	(11,149)	13,851
Other deferred revenue:					
School generated funds	928,925	2,444,454	--	(2,736,623)	636,756
Other	318,893	400,487	--	(318,893)	400,487
<b>Total unexpended deferred operating revenue</b>	<b>2,337,848</b>	<b>3,951,966</b>	<b>--</b>	<b>(4,357,484)</b>	<b>1,932,330</b>
Unexpended deferred capital revenue	1,252,662	1,502,535	(2,524,315)	--	230,882
Expended deferred capital revenue	33,760,994	--	2,524,315	(1,409,154)	34,876,155
<b>Total</b>	<b>\$37,351,504</b>	<b>\$ 5,454,501</b>	<b>\$ --</b>	<b>\$ (5,766,638)</b>	<b>\$ 37,039,367</b>



# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 9. Accrued benefit obligation:

The accrued benefit obligation is the obligation related to the Senior Executive Retirement Plan. The obligation has been determined through an actuarial report from Morneau Shepell dated September 30, 2016 using a measurement date of August 31, 2016.

Reconciliation of the funded status of the Benefit Plan to the amounts recorded in the financial statements:

	2016	2015
Accrued benefit obligations	\$ 252,400	\$ 217,500
Fair value of plan assets	(114,549)	(108,954)
Funded status – deficit	137,851	108,546
Balance of unamortized amounts	53,200	45,600
Benefit deficiency	\$ 191,051	\$ 154,146
Employee future benefit liabilities	\$ 305,600	\$ 263,100
Portfolio investments (see note 5)	(114,549)	(108,954)
Benefit deficiency	\$ 191,051	\$ 154,146

### 10. Long-term debt:

	2016	2015
Supported debentures outstanding at August 31, 2016 have interest rates of between 7.500% to 11.625%. The terms of the loan range and are maturing at various dates up to May, 2019, payments made annually are supported by Alberta Education.	\$ 443,952	\$ 650,669

The following is a schedule of repayment of debt.

2016 – 2017	214,550
2017 – 2018	198,992
2018 to maturity	100,835
Total payments	\$514,377
Less: amount representing interest	\$70,425
<b>TOTAL</b>	<b>\$ 443,952</b>

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 11. Prepaid expenses:

	2016	2015
MCFC project	\$ 250,000	\$ 0
Other	819,433	361,124
	<u>\$ 1,069,433</u>	<u>\$ 361,124</u>

### 12. Accumulated surplus:

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

	2016	Restated 2015
Unrestricted surplus	\$ 400,564	\$ 351,084
Operating reserves	4,128,281	4,174,643
Capital Reserves	407,800	368,776
Investment in tangible capital assets	5,083,789	4,845,298
Endowments	86,258	86,208
<u>Accumulated surplus (deficit)</u>	<u>\$ 10,106,692</u>	<u>\$ 9,826,009</u>

### 13. Contractual obligations:

#### Building projects:

The Division is committed to further capital expenditures for the modernization at Noble Central School of approximately \$4,695,744 (2015 - \$7,686,198 restated). It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 13. Contractual obligations:

#### Service providers:

The jurisdiction is committed to cleaning contracts, lease photocopiers and computer hardware as follows:

	2017	2018	2019	2020	2021
Cleaning Contract:					
K.S. Cleaning to August 31, 2019	\$ 241,777	\$ 241,777	\$ 241,777	\$ -	-
Copiers:					
Xerox Copiers to August 31, 201	\$ 111,290	\$ 111,290	\$ 111,290	\$ 111,290	111,290
Toshiba Copiers to August 31, 2019	6,144	6,144	6,144	-	-
Computers/Equipment:					
CSI Leasing #001 to January 31, 2018	63,360	26,400	-	-	-
CSI Leasing #004 to August 31, 2019	69,336	69,336	69,336	-	-
CSI Leasing #005 to August 31, 2017	54,714	-	-	-	-
CSI Leasing #006 to December 31, 2019	41,854	41,854	41,854	13,951	-
CSI Leasing #007 to March 31, 2017	9,042	-	-	-	-
CSI Leasing #008 to July 31, 2017	7,883	-	-	-	-
Pitney Bowes to December 31, 2021	5,085	5,085	5,085	5,085	5,085
Intellimedia – Dossier Open	36,069	36,069	36,069	36,069	36,069
KEV Software – SGF Open	47,725	47,725	47,725	47,725	47,725
SRB Atrieve – Software Open	77,401	77,401	77,401	77,401	77,401

The Division has also signed effective January 1, 2014, an electrical agreement with Enmax for the provision of electrical commodity services for Palliser school buildings at a fixed rate per MWH consumed with an end date of December 31, 2018. Also a mobility agreement with Bell Mobility as the provider of cellular telephone coverage for the period of May 12, 2014 through to May 12, 2017 is in effect. In addition Palliser signed a new 5 year agreement with Xerox for copier leases.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 14. Contingent liabilities:

#### (i) Legal actions:

The Division has been named as a defendant in various legal actions. In the opinion of management, these matters are without substantial merit and no provision has been made in the accounts.

#### (ii) 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 Division has a legal obligation to remove hazardous material located under the sale of the central office building upon its disposal. A liability, however, has not been recognized because the fair value cannot be reasonably estimated.

### 15. Fees:

	2016	2015
Transportation fees	\$ 6,675	\$ 7,250
Fees charged for Instructional Supplies and Materials	185,967	172,812
Other fees	2,028,717	1,876,655
	<u>\$ 2,221,359</u>	<u>\$ 2,056,717</u>

Fees are charged under section 21 (3), Section 51 (3) and Section 60 (2) (j) of the School Act. See the Unaudited Schedule of Fee Revenue for a further breakdown of these fees.

### 16. Trust assets held on behalf of others:

The Division held assets on behalf of others over which the Division has no power of appropriations. Accordingly these funds are not included in the consolidated financial statements.

	2016	2015
Southwest RCSD	\$191,387	\$215,388
Calgary and Area RCSD	\$1,156,265	-
Southern Alberta Children Advocacy Centre	\$121,506	-

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

### 17. School generated funds:

	2016	2015
Unexpended school generated revenues, opening balance	\$ 928,926	\$ 1,116,184
Current year activities - gross receipts:		
Fees	1,155,656	1,299,056
Fundraising	973,845	1,221,665
Gifts and donations	106,374	88,424
Other sales and services	208,578	106,255
	2,444,453	2,715,400
Current year activities - total direct costs including costs of goods sold to raise funds	1,185,598	1,348,314
Current year activities – uses of funds	1,551,025	1,554,345
Unexpended school generated revenues, closing balance	\$ 636,756	\$ 928,925

### 18. Related party transactions:

School Divisions are controlled by the Government of Alberta. Accordingly, all entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are related parties of the school Division. These include government departments, health authorities, post-secondary institutions and other school Divisions in Alberta.

	Balances		Transactions	
	Financial assets (at cost or net realizable value)	Liabilities (at amortized cost)	Revenue	Expenses
Government of Alberta ("GOA"):				
Education:				
Accounts receivable and accounts payable	\$ 146,862	\$ --	\$ --	\$ --
Grant revenue and expenses	--	--	87,245,470	--
Treasury Board and Finance (principal)	443,952	443,952	--	--
Treasury Board and Finance (accrued interest)	--	--	--	57,999
Other GOA ministries	--	--	418,958	--
University, College and Other School Boards	--	--	178,003	--
Total 2015/2016	\$ 590,814	\$ 443,952	\$ 87,842,431	\$ 57,999
Total 2014/2015	\$ 711,436	\$ 650,669	\$ 75,206,776	\$ 87,577

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

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### 19. Economic dependence on related third party:

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

### 20. Alberta School Board Reciprocal Insurance Exchange (ASBIE):

The Division is a member of ASBIE, a licensed reciprocal insurance exchange under Alberta's *Insurance Act*, which facilitates the placement of property, equipment and liability insurance coverage for 48 school jurisdictions throughout the Province of Alberta. Member contributions pay for the premiums on insurance policies and self-insure a portion of each member's risk exposure. Premium rebates are received by the reciprocal from the insurer's favorable claims experience. Under the terms of its membership, each member could become liable for its proportionate share of any claim losses in excess of the funds held by the reciprocal. The Division's share of the accumulated ASBIE members equity as at December 31, 2015 was \$204,870 (2014 - \$128,572), out of a total members equity at December 31, 2015 of \$6,659,324 (2014 - \$4,159,073). This amount has not been recognized in the Division's financial statements.

### 21. Multi-Employer Pension Plan:

Employees of the Division qualify to belong to one of the following defined – benefit pension plans:

#### a) Local Authorities Pension Plan

Certain employees of the Division participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves approximately 244,600 people and 426 employers in Alberta. The plan is financed by employer and employee contributions and investment earnings of the LAPP funds.

Total current and past service employer contributions to the LAPP for the year-ended August 31, 2016 was \$880,949 (2015 - \$665,451). Total current and past service contributions by employees of the Division for the year-ended August 31, 2016 was \$811,497 (2015 \$610,533).

At December 31, 2015 The Local Authorities Pension Plan reported an actuarial deficiency of \$0.923 billion (2014 – a restated deficiency of \$2.455 billion).

#### b) Alberta Teachers Retirement Fund

Certain employees of the Division participate in the Alberta Teachers' Retirement Fund (ATRF) which is an independent corporation that administers the pension plan for Alberta teachers. The ATRF serves approximately 78,000 people and 82 employers in Alberta.

Total current and past service employer contributions to the ATRF for the year-ended August 31, 2016 was \$5,352,370 (2015 - \$4,793,171). Total current and past services contributions by employees of the Division for the year-ended August 31, 2016 was \$5,803,286 (2015 - \$5,017,785).

At August 31, 2015, the ATRF reported an actuarial deficiency of \$2.364 billion (2014 - \$2.289 billion).

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2016

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### 22. Budget amounts:

The budget was prepared by the School Division and approved by the Board of Trustees on June 9, 2015. It is presented for information purposes only.

### 23. Restatement of comparative figures

During the year, the Division determined that certain funding that had been expended in prior years had been inadvertently included in deferred revenue as expended deferred capital revenue. It was determined that the Division had met all stipulations related to this funding and as such it should have been included in revenue in the same year that the capital expenditures were made. The Division has restated its comparative figures retrospectively to reflect this.

These changes have been applied retrospectively as follows:

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Deferred Revenue		
As previously reported, August 31, 2015	\$	38,094,832
Adjustment for recognition of funding		743,328
Deferred Revenue as restated as at August 31, 2015	\$	37,351,504

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Net Financial Assets (Debt)		
As previously reported, August 31, 2015	\$	(29,896,678)
Adjustment for recognition of deferred revenue		743,328
Net Financial Assets (Debt) as restated as at August 31, 2015	\$	(29,153,350)

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Accumulated Surplus		
As previously reported, August 31, 2015	\$	9,082,681
Adjustment for recognition of deferred revenue		743,328
Accumulated Surplus as restated as at August 31, 2015	\$	9,826,009

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Investment In Tangible Capital Assets		
As previously reported, August 31, 2015	\$	4,101,970
Adjustment for recognition of deferred revenue		743,328
Investment in Tangible Capital Assets as restated as at Aug. 31, 2015	\$	4,845,298

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## SCHEDULE 8

**UNAUDITED SCHEDULE OF FEE REVENUES**  
for the Year Ending August 31, 2016 (in dollars)

	Actual 2016	Actual 2015
<b>FEES</b>		
Transportation fees	\$6,675	\$7,250
Basic instruction supplies (text books, including lost or replacement fees, course materials)	\$185,967	\$172,812
Technology user fees	\$247,409	\$188,757
Alternative program fees	\$118,000	\$0
Fees for optional courses (band, art, etc.)	\$351,574	\$471,579
Fees for students from other boards	\$0	\$0
Tuition fees (international & out of province)	\$272,182	\$70,779
Kindergarten & preschool	\$115,355	\$210,736
Extracurricular fees (sports teams and clubs)	\$383,397	\$294,593
Field trips (related to curriculum)	\$235,218	\$260,411
Lunch supervision fees	\$0	\$0
Locker rental; locks; student ID; uniforms; library, student union, and fitness fees	\$51,236	\$110,985
Other (describe)* After School Program	\$254,345	\$268,815
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
<b>TOTAL FEES</b>	<b>\$2,221,359</b>	<b>\$2,056,717</b>

\*PLEASE DO NOT USE "SCHOOL GENERATED FUNDS" AS A CATEGORY

G26 must Agree with K16 on Schedule of Program Operations

Please disclose amounts paid by parents of students that are recorded as "Other sales and services" or "Other revenue" (rather than fee revenue):	Actual 2016	Actual 2015
Cafeteria sales, hot lunch, milk programs	\$50,978	\$12,115
Special events, graduation, tickets	\$64,413	\$19,371
Student travel (international, recognition trips, non-curricular)	\$0	\$0
Sales or rentals of other supplies/services (clothing, agendas, yearbooks)	\$64,674	\$46,328
Adult education revenue	\$0	\$0
Child care & before and after school care	\$730	\$1,390
Other (describe)	\$0	\$0
Other (describe)	\$0	\$0
Other (describe)	\$0	\$0
<b>TOTAL</b>	<b>\$180,795</b>	<b>\$79,204</b>



**UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING**  
for the Year Ended August 31, 2016 (in dollars)

	PROGRAM AREA				
	First Nations, Metis & Inuit (FNMI)	ECS Program Unit Funding (PUF)	English as a Second Language (ESL)	Inclusive Education	Small Schools by Necessity (Revenue only)
Funded Students in Program	42	109	1,624		
Federally Funded Students					
REVENUES					
Alberta Education allocated funding	\$ 49,480	\$ 1,817,763	\$ 1,912,645	\$ 5,120,665	\$ 1,690,327
Other funding allocated by the board to the program	\$ -	\$ 155,016		\$ 293,520	\$ -
<b>TOTAL REVENUES</b>	<b>\$ 49,480</b>	<b>\$ 1,972,779</b>	<b>\$ 1,912,645</b>	<b>\$ 5,414,185</b>	<b>\$ 1,690,327</b>
EXPENSES (Not allocated from BASE, Transportation, or other funding)					
Instructional certificated salaries & benefits	\$ -	\$ 491,886	\$ 904,885	\$ 1,623,100	
Instructional non-certificated salaries & benefits	\$ -	\$ 1,162,427	\$ 808,734	\$ 3,648,680	
<b>SUB TOTAL</b>	<b>\$ -</b>	<b>\$ 1,654,313</b>	<b>\$ 1,713,619</b>	<b>\$ 5,271,780</b>	
Supplies, contracts and services	\$ 47,699	\$ 183,094	\$ 130,171	\$ 213,074	
Program planning, monitoring & evaluation	\$ -	\$ 135,372	\$ -	\$ -	
Facilities (required specifically for program area)	\$ -	\$ -	\$ -	\$ -	
Administration (administrative salaries & services)	\$ 1,781	\$ -	\$ 68,855	\$ 184,344	
Other (please describe)	\$ -	\$ -	\$ -	\$ -	
Other (please describe)	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL EXPENSES</b>	<b>\$ 49,480</b>	<b>\$ 1,972,779</b>	<b>\$ 1,912,645</b>	<b>\$ 5,669,198</b>	
<b>NET FUNDING SURPLUS (SHORTFALL)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (255,013)</b>	

**UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES**  
for the Year Ended August 31, 2016 (in dollars)

EXPENSES	Allocated to Board & System Administration			Allocated to Other Programs			
	Salaries & Benefits	Supplies & Services	Other	TOTAL	Salaries & Benefits	Supplies & Services	Other
Office of the superintendent	\$ 290,928	\$ 23,050	\$ -	\$ 313,978	\$ -	\$ -	\$ -
Educational administration (excluding superintendent)	\$ 541,007	\$ 39,619	\$ -	\$ 580,626	\$ -	\$ -	\$ -
Business administration	\$ 731,244	\$ 111,753	\$ -	\$ 842,997	\$ -	\$ -	\$ -
Board governance (Board of Trustees)	\$ 146,457	\$ 277,907	\$ 72,091	\$ 496,455	\$ -	\$ -	\$ -
Information technology	\$ -	\$ 138,280	\$ -	\$ 138,280	\$ -	\$ -	\$ -
Human resources	\$ 228,344	\$ 85,740	\$ -	\$ 314,084	\$ -	\$ -	\$ -
Central purchasing, communications, marketing	\$ 255,013	\$ 39,000	\$ -	\$ 294,013	\$ -	\$ -	\$ -
Payroll	\$ 163,946	\$ 25,000	\$ -	\$ 188,946	\$ -	\$ -	\$ -
Administration - insurance			\$ 10,976	\$ 10,976			\$ -
Administration - amortization			\$ 97,076	\$ 97,076			\$ -
Administration - other (admin building, interest)			\$ 938	\$ 938			\$ -
Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENSES</b>	<b>\$ 2,356,939</b>	<b>\$ 740,349</b>	<b>\$ 181,081</b>	<b>\$ 3,278,369</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
							<b>\$ 3,278,369</b>

BOARD AND SYSTEM ADMINISTRATION (FOR INFORMATION ONLY - NOT PART OF FINANCIAL STATEMENTS)	
2015/2016 EXPENSES UNDER (OVER) MAXIMUM LIMIT	
TOTAL EXPENSES (From "Total" column of Line 30 of Schedule of Program Operations)	\$93,507,474
Enter Number of Net Enrolled Students: "C" if Charter School	7,801
<b>STEP 1</b>	
Calculation of maximum expense limit percentage for Board and System Administration expenses	
If "Total Net Enrolled Students" are 6,000 and over = 3.6%	3.60%
If "Total Net Enrolled Students" are 2,000 and less = 5.4%	
<p>The Maximum Expense Limit for Board and System Administration is based on an arithmetical proportion for the TOTAL FTE count for grades 1 -12, net of Home Education AND Adult students, between 2,000 to 6,000 at .00045 per FTE (Example: 4,500 FTE count grades 1-12 = 6,000 - 4,500 = 1,500 X .00045 = 0.675% plus 3.6% = maximum expense limit of 4.275%).</p>	
<b>STEP 2</b>	
A. Calculate maximum expense limit amounts for Board and System Administration expenses	
Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES	\$3,366,269
B. Considerations for Charter Schools and Small School Boards:	
If charter schools and small school boards,	
The amount of Small Board Administration funding ( <i>Funding Manual</i> Section 1.13)	\$0
2015/2016 MAXIMUM EXPENSE LIMIT (the greater of A or B above)	\$3,366,269
Actual Board & System Administration from Line 30 of "Schedule of Program Operations" (Board & System Administration Column)	\$3,278,369
Amount Overspent	\$0