

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017**  
[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, remeasurement gains and losses, changes in net financial assets (debt), and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

**BOARD CHAIR**

**Robert Strauss**

Name

Original Signed by Board Chair

Signature

**SUPERINTENDENT**

**Dave Driscoll**

Name

Original Signed by Superintendent

Signature

**SECRETARY-TREASURER OR TREASURER**

**Dexter Durfey**

Name

Original Signed by Secretary-Treasurer

Signature

November 28, 2017

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch  
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5  
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**STATEMENT OF FINANCIAL POSITION**  
As at August 31, 2017 (in dollars)

		2017	2016
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	(Schedule 5; Note 3)	\$ 6,747,147	\$ 7,554,168
Accounts receivable (net after allowances)	(Note 4)	\$ 829,213	\$ 1,156,070
Portfolio investments	(Schedule 5; Note 5)	\$ 132,057	\$ 114,549
Other financial assets		\$ -	\$ -
<b>Total financial assets</b>		\$ 7,708,417	\$ 8,824,787
<b>LIABILITIES</b>			
Bank indebtedness	(Note 6)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 7)	\$ 1,634,517	\$ 1,965,427
Deferred revenue	(Note 8)	\$ 39,388,475	\$ 37,039,367
Employee future benefits liabilities	(Note 9)	\$ 347,800	\$ 305,600
Liability for contaminated sites		\$ -	\$ -
Other liabilities		\$ -	\$ -
Debt	(Note 10)		
Supported: Debentures and other supported debt		\$ 268,435	\$ 443,952
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases		\$ -	\$ -
<b>Total liabilities</b>		\$ 41,639,227	\$ 39,754,346
<b>Net financial assets (debt)</b>		\$ (33,930,810)	\$ (30,929,559)
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets	(Schedule 6)		
Land		\$ 340,000	\$ 340,000
Construction in progress		\$ -	\$ 2,990,454
Buildings	\$ 69,991,196		
Less: Accumulated amortization	\$ (31,165,668)	\$ 38,825,528	\$ 33,659,728
Equipment	\$ 2,599,613		
Less: Accumulated amortization	\$ (2,039,328)	\$ 560,285	\$ 252,203
Vehicles	\$ 8,041,764		
Less: Accumulated amortization	\$ (5,419,201)	\$ 2,622,563	\$ 2,335,431
Computer Equipment	\$ 653,023		
Less: Accumulated amortization	\$ (329,211)	\$ 323,812	\$ 382,129
<b>Total tangible capital assets</b>		\$ 42,672,188	\$ 39,959,945
Prepaid expenses	(Note 11)	\$ 986,104	\$ 1,069,434
Other non-financial assets	(Note 12)	\$ 10,873	\$ 6,872
<b>Total non-financial assets</b>		\$ 43,669,165	\$ 41,036,251
<b>Accumulated surplus</b>	(Schedule 1, Note 13)	\$ 9,738,355	\$ 10,106,692
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 9,738,355	\$ 10,106,692
Accumulated remeasurement gains (losses)		\$ -	\$ -
		\$ 9,738,355	\$ 10,106,692
<b>Contractual obligations</b>	(Note 14)		
<b>Contingent liabilities</b>	(Note 15)		

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

**STATEMENT OF OPERATIONS**  
For the Year Ended August 31, 2017 (in dollars)

	Budget 2017	Actual 2017	Actual 2016
<b>REVENUES</b>			
Alberta Education	\$ 87,843,101	\$ 87,564,282	\$ 87,245,471
Other - Government of Alberta	\$ 366,000	\$ 388,016	\$ 418,958
Federal Government and First Nations	\$ 408,600	\$ 447,924	\$ 445,561
Other Alberta school authorities	\$ -	\$ -	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Schedule 8)	\$ 1,977,999	\$ 1,479,222	\$ 2,221,359
Other sales and services	\$ 1,445,400	\$ 2,304,746	\$ 1,061,716
Investment income	\$ 50,000	\$ 95,861	\$ 87,012
Gifts and donations	\$ 70,000	\$ 301,334	\$ 95,487
Rental of facilities	\$ 299,400	\$ 364,289	\$ 355,179
Fundraising	\$ 550,000	\$ 611,779	\$ 973,845
Gains on disposal of capital assets	\$ -	\$ 71,962	\$ 39,024
Other revenue	\$ 82,500	\$ 538,353	\$ 844,495
<b>Total revenues</b>	\$ 93,093,000	\$ 94,167,768	\$ 93,788,107
<b>EXPENSES</b>			
Instruction - ECS	\$ 4,300,000	\$ 4,731,769	\$ 4,451,785
Instruction - Grades 1 - 12	\$ 70,826,640	\$ 71,149,238	\$ 71,051,147
Plant operations and maintenance	\$ 10,150,034	\$ 10,292,740	\$ 9,754,896
Transportation	\$ 3,871,582	\$ 4,017,838	\$ 3,913,288
Board & system administration	\$ 3,233,939	\$ 3,472,916	\$ 3,278,369
External services	\$ 710,805	\$ 871,791	\$ 1,057,989
<b>Total expenses</b>	\$ 93,093,000	\$ 94,536,292	\$ 93,507,474
<b>Operating surplus (deficit)</b>	\$ -	\$ (368,524)	\$ 280,633

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

**STATEMENT OF CASH FLOWS**  
For the Year Ended August 31, 2017 (in dollars)

	2017	2016
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATING TRANSACTIONS</b>		
Operating surplus (deficit)	\$ (368,524)	\$ 280,633
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 2,193,888	\$ 2,029,213
Gains on disposal of tangible capital assets	\$ (71,962)	\$ (39,024)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (1,409,154)	\$ (1,409,154)
Deferred capital revenue write-down / adjustment	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 326,857	\$ 61,346
Prepays	\$ 83,330	\$ (708,310)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ (4,001)	\$ 5,070
Accounts payable, accrued and other liabilities	\$ (330,910)	\$ 568,259
Deferred revenue (excluding EDCR)	\$ 3,758,262	\$ 1,097,017
Employee future benefit liabilities	\$ 42,200	\$ 42,500
Other - endowments/adjustments	\$ -	\$ -
<b>Total cash flows from operating transactions</b>	<b>\$ 4,219,986</b>	<b>\$ 1,927,550</b>
<b>B. CAPITAL TRANSACTIONS</b>		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (3,693,740)	\$ (2,524,315)
Equipment	\$ (493,122)	\$ (315,453)
Vehicles	\$ (754,078)	\$ (559,771)
Computer equipment	\$ -	\$ -
Net proceeds from disposal of unsupported capital assets	\$ 106,771	\$ 55,698
Other	\$ -	\$ -
<b>Total cash flows from capital transactions</b>	<b>\$ (4,834,169)</b>	<b>\$ (3,343,841)</b>
<b>C. INVESTING TRANSACTIONS</b>		
Purchases of portfolio investments	\$ (17,508)	\$ (5,595)
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement (gains) losses reclassified to the statement of operations	\$ -	\$ -
Other - Endowment change in value	\$ 187	\$ 50
Other	\$ -	\$ -
<b>Total cash flows from investing transactions</b>	<b>\$ (17,321)</b>	<b>\$ (5,545)</b>
<b>D. FINANCING TRANSACTIONS</b>		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ (175,517)	\$ (206,717)
Other factors affecting debt	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -
Repayment of capital leases	\$ -	\$ -
Other (describe)	\$ -	\$ -
Other (describe)	\$ -	\$ -
<b>Total cash flows from financing transactions</b>	<b>\$ (175,517)</b>	<b>\$ (206,717)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ (807,021)</b>	<b>\$ (1,628,553)</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>\$ 7,554,168</b>	<b>\$ 9,182,721</b>
<b>Cash and cash equivalents, at end of year</b>	<b>\$ 6,747,147</b>	<b>\$ 7,554,168</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, 2017 (in dollars)

	Budget 2017	2017	2016
Operating surplus (deficit)	\$ -	\$ (368,524)	\$ 280,633
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	\$ (5,812,700)	\$ (4,940,940)	\$ (3,399,540)
Amortization of tangible capital assets	\$ 1,999,450	\$ 2,193,888	\$ 2,029,213
Net carrying value of tangible capital assets disposed of	\$ -	\$ 34,809	\$ 16,675
Write-down carrying value of tangible capital assets	\$ -	\$ -	\$ -
Other changes                      Prior Period adjustment	\$ -	\$ -	\$ -
<b>Total effect of changes in tangible capital assets</b>	<b>\$ (3,813,250)</b>	<b>\$ (2,712,243)</b>	<b>\$ (1,353,652)</b>
Changes in:			
Prepaid expenses	\$ -	\$ 83,330	\$ (708,310)
Other non-financial assets	\$ -	\$ (4,001)	\$ 5,070
Net remeasurement gains and (losses)			
Endowments	\$ -	\$ 187	\$ 50
<b>Increase (decrease) in net financial assets (net debt)</b>	<b>\$ (3,813,250)</b>	<b>\$ (3,001,251)</b>	<b>\$ (1,776,209)</b>
<b>Net financial assets (net debt) at beginning of year</b>	<b>\$ (31,000,000)</b>	<b>\$ (30,929,559)</b>	<b>\$ (29,153,350)</b>
<b>Net financial assets (net debt) at end of year</b>	<b>\$ (34,813,250)</b>	<b>\$ (33,930,810)</b>	<b>\$ (30,929,559)</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, 2017 (in dollars)**

	2017	2016
Operating surplus (deficit)	\$ (368,524)	\$ 280,633
<b>Effect of changes in tangible capital assets</b>		
Acquisition of tangible capital assets	\$ (4,940,940)	\$ (3,399,540)
Amortization of tangible capital assets	\$ 2,193,888	\$ 2,029,213
Net carrying value of tangible capital assets disposed of	\$ 34,809	\$ 16,675
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes      Prior Period adjustment	\$ -	\$ -
<b>Total effect of changes in tangible capital assets</b>	\$ (2,712,243)	\$ (1,353,652)
<b>Changes in:</b>		
Prepaid expenses	\$ 83,330	\$ (708,310)
Other non-financial assets	\$ (4,001)	\$ 5,070
Net remeasurement gains and (losses)	\$ -	\$ -
Endowments	\$ 187	\$ 50
<b>Increase (decrease) in net financial assets (net debt)</b>	\$ (3,001,251)	\$ (1,776,209)
<b>Net financial assets (net debt) at beginning of year</b>	\$ (30,929,559)	\$ (29,153,350)
<b>Net financial assets (net debt) at end of year</b>	\$ (33,930,810)	\$ (30,929,559)

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



**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**

For the Year Ended August 31, 2017 (in dollars)

	2017	2016
<b>Accumulated remeasurement gains (losses) at beginning of year</b>	\$ -	\$ -
Prior Period Adj. (Explain) - Linked to Sch. 1	\$ -	\$ -
Prior Period Adjustment (Explain)	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -
<b>Accumulated remeasurement gains (losses) at end of year</b>	\$ -	\$ -

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

**SCHEDULE 1****SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
for the Year Ended August 31, 2017 (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
<b>Balance at August 31, 2016</b>	\$ 10,106,692	\$ -	\$ 10,106,692	\$ 5,083,789	\$ 86,258	\$ 400,564	\$ 4,128,281	\$ 407,800
<b>Prior period adjustments:</b>								
Benefit adj in ASP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,733)	\$ 10,733	\$ -
External services included in school in prior year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Adjusted Balance, August 31, 2016</b>	\$ 10,106,692	\$ -	\$ 10,106,692	\$ 5,083,789	\$ 86,258	\$ 389,831	\$ 4,139,014	\$ 407,800
Operating surplus (deficit)	\$ (368,524)		\$ (368,524)			\$ (368,524)		
Board funded tangible capital asset additions				\$ 1,247,200		\$ (988,200)	\$ (94,000)	\$ (165,000)
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ (34,809)		\$ 34,809		\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -						
Endowment expenses & disbursements	\$ -		\$ -		\$ -	\$ -		
Endowment contributions	\$ -		\$ -		\$ -	\$ -		
Reinvested endowment income	\$ 187		\$ 187		\$ 187	\$ -		
Direct credits to accumulated surplus (Describe)	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -			\$ (2,193,888)		\$ 2,193,888		
Capital revenue recognized	\$ -			\$ 1,409,154		\$ (1,409,154)		
Debt principal repayments (unsupported)	\$ -			\$ -		\$ -		
Additional capital debt or capital leases	\$ -			\$ -		\$ -		
Net transfers to operating reserves	\$ -					\$ -	\$ -	
Net transfers from operating reserves	\$ -					\$ 220,696	\$ (220,696)	
Net transfers to capital reserves	\$ -					\$ (71,962)		\$ 71,962
Net transfers from capital reserves	\$ -					\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance at August 31, 2017</b>	\$ 9,738,355	\$ -	\$ 9,738,355	\$ 5,511,446	\$ 86,445	\$ 1,384	\$ 3,824,318	\$ 314,762

**SCHEDULE 1**

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
for the Year Ended August 31, 2017 (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
<b>Balance at August 31, 2016</b>	\$ 559,087	\$ -	\$ 269,194	\$ 244,416	\$ 3,300,000	\$ 135,376	\$ -	\$ 28,008	\$ -	\$ -
<b>Prior period adjustments:</b>										
Benefit adj in ASP		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,733	\$ -
External services included in school in prior year	\$ (62,402)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,402	\$ -
<b>Adjusted Balance, August 31, 2016</b>	\$ 496,685	\$ -	\$ 269,194	\$ 244,416	\$ 3,300,000	\$ 135,376	\$ -	\$ 28,008	\$ 73,135	\$ -
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$ -	\$ -	\$ (94,000)	\$ (50,000)	\$ -	\$ (50,000)	\$ -	\$ (65,000)	\$ -	\$ -
Disposal of unsupported tangible capital assets or board funded portion of supported		\$ -		\$ -		\$ -		\$ -		\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported		\$ -		\$ -		\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year										
Endowment expenses & disbursements										
Endowment contributions										
Reinvested endowment income										
Direct credits to accumulated surplus (Describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets										
Capital revenue recognized										
Debt principal repayments (unsupported)										
Additional capital debt or capital leases										
Net transfers to operating reserves	\$ -		\$ -		\$ -		\$ -		\$ -	
Net transfers from operating reserves	\$ (90,855)		\$ -		\$ (118,000)		\$ -		\$ (11,841)	
Net transfers to capital reserves		\$ -		\$ 6,449		\$ -		\$ 65,513		\$ -
Net transfers from capital reserves		\$ -		\$ -		\$ -		\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance at August 31, 2017</b>	\$ 405,830	\$ -	\$ 175,194	\$ 200,865	\$ 3,182,000	\$ 85,376	\$ -	\$ 28,521	\$ 61,294	\$ -

## SCHEDULE 2

**SCHEDULE OF CAPITAL REVENUE**  
**(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)**  
for the Year Ended August 31, 2017 (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>	
<b>Balance at August 31, 2016</b>	\$ 230,882	\$ -	\$ -	\$ -	\$ 34,876,155
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted balance, August 31, 2016	\$ 230,882	\$ -	\$ -	\$ -	\$ 34,876,155
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ 3,710,418				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ 3,102	\$ -	\$ -	\$ -	
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	\$ (3,693,740)	\$ -	\$ -	\$ -	\$ 3,693,740
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Deduct:</u>					
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					\$ -
<b>Balance at August 31, 2017</b>	\$ 250,662	\$ -	\$ -	\$ -	\$ 37,160,741
	(A)	(B)	(C)	(D)	
<b>Balance of Unexpended Deferred Capital Revenue at August 31, 2017 (A) + (B) + (C) + (D)</b>				\$ 250,662	

**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, 2017 (in dollars)

REVENUES	2017							2016
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
(1) Alberta Education	\$ 5,162,978	\$ 65,598,354	\$ 10,068,377	\$ 3,543,205	\$ 3,191,368	\$ -	\$ 87,564,282	\$ 87,245,471
(2) Other - Government of Alberta	\$ -	\$ 336,419	\$ 39,033	\$ -	\$ 12,564	\$ -	\$ 388,016	\$ 418,958
(3) Federal Government and First Nations	\$ -	\$ 431,799	\$ -	\$ -	\$ 16,125	\$ -	\$ 447,924	\$ 445,561
(4) Other Alberta school authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ -	\$ 1,479,222	\$ -	\$ -	\$ -	\$ -	\$ 1,479,222	\$ 2,221,359
(9) Other sales and services	\$ 170,832	\$ 1,445,552	\$ -	\$ 417,363	\$ 75,949	\$ 195,050	\$ 2,304,746	\$ 1,061,716
(10) Investment income	\$ -	\$ -	\$ -	\$ -	\$ 95,861	\$ -	\$ 95,861	\$ 87,012
(11) Gifts and donations	\$ -	\$ 301,334	\$ -	\$ -	\$ -	\$ -	\$ 301,334	\$ 95,487
(12) Rental of facilities	\$ -	\$ -	\$ 18,811	\$ -	\$ 27,663	\$ 317,815	\$ 364,289	\$ 355,179
(13) Fundraising	\$ -	\$ 611,779	\$ -	\$ -	\$ -	\$ -	\$ 611,779	\$ 973,845
(14) Gains on disposal of tangible capital assets	\$ -	\$ -	\$ 6,449	\$ 65,513	\$ -	\$ -	\$ 71,962	\$ 39,024
(15) Other revenue	\$ -	\$ 168,027	\$ 1,336	\$ 5,568	\$ 13,800	\$ 349,622	\$ 538,353	\$ 844,495
(16) <b>TOTAL REVENUES</b>	\$ 5,333,810	\$ 70,372,486	\$ 10,134,006	\$ 4,031,649	\$ 3,433,330	\$ 862,487	\$ 94,167,768	\$ 93,788,107
<b>EXPENSES</b>								
(17) Certificated salaries	\$ 2,600,034	\$ 42,345,253	\$ -	\$ -	\$ 697,051	\$ -	\$ 45,642,338	\$ 45,452,743
(18) Certificated benefits	\$ 325,346	\$ 9,942,991	\$ -	\$ -	\$ 91,091	\$ -	\$ 10,359,428	\$ 10,501,792
(19) Non-certificated salaries and wages	\$ 1,243,810	\$ 9,133,893	\$ 1,509,671	\$ 1,892,043	\$ 1,401,544	\$ 526,144	\$ 15,707,105	\$ 15,465,041
(20) Non-certificated benefits	\$ 255,488	\$ 2,344,609	\$ 421,142	\$ 230,576	\$ 341,871	\$ 132,873	\$ 3,726,559	\$ 3,640,712
(21) SUB - TOTAL	\$ 4,424,678	\$ 63,766,746	\$ 1,930,813	\$ 2,122,619	\$ 2,531,557	\$ 659,017	\$ 75,435,430	\$ 75,060,288
(22) Services, contracts and supplies	\$ 307,091	\$ 7,158,158	\$ 6,810,688	\$ 1,586,858	\$ 830,683	\$ 171,766	\$ 16,865,244	\$ 16,358,342
(23) Amortization of supported tangible capital assets	\$ -	\$ -	\$ 1,409,154	\$ -	\$ -	\$ -	\$ 1,409,154	\$ 1,409,154
(24) Amortization of unsupported tangible capital assets	\$ -	\$ 223,445	\$ 102,803	\$ 308,269	\$ 109,209	\$ 41,008	\$ 784,734	\$ 620,059
(25) Supported interest on capital debt	\$ -	\$ -	\$ 39,033	\$ -	\$ -	\$ -	\$ 39,033	\$ 57,999
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(27) Other interest and finance charges	\$ -	\$ 889	\$ 249	\$ 92	\$ 1,467	\$ -	\$ 2,697	\$ 1,632
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) <b>TOTAL EXPENSES</b>	\$ 4,731,769	\$ 71,149,238	\$ 10,292,740	\$ 4,017,838	\$ 3,472,916	\$ 871,791	\$ 94,536,292	\$ 93,507,474
(31) <b>OPERATING SURPLUS (DEFICIT)</b>	\$ 602,041	\$ (776,752)	\$ (158,734)	\$ 13,811	\$ (39,586)	\$ (9,304)	\$ (368,524)	\$ 280,633

**SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES**  
for the Year Ended August 31, 2017 (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	2017 TOTAL Operations and Maintenance	2016 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 854,635	\$ 302,999	\$ -	\$ 229,196	\$ 122,841			\$ 1,509,671	\$ 1,530,311
Uncertificated benefits	\$ 249,253	\$ 79,357	\$ -	\$ 60,532	\$ 32,000			\$ 421,142	\$ 434,801
Sub-total Remuneration	\$ 1,103,888	\$ 382,356	\$ -	\$ 289,728	\$ 154,841			\$ 1,930,813	\$ 1,965,112
Supplies and services	\$ 1,924,335	\$ 2,506,003	\$ -	\$ 1,282,356	\$ 113,276			\$ 5,825,970	\$ 5,063,125
Electricity			\$ 460,945					\$ 460,945	\$ 440,092
Natural gas/heating fuel			\$ 216,854					\$ 216,854	\$ 160,048
Sewer and water			\$ 63,615					\$ 63,615	\$ 53,954
Telecommunications			\$ 9,014					\$ 9,014	\$ 9,985
Insurance					\$ 185,080			\$ 185,080	\$ 174,019
ASAP maintenance & renewal payments							\$ -	\$ -	\$ -
Amortization of tangible capital assets									
Supported							\$ 1,409,154	\$ 1,409,154	\$ 1,409,154
Unsupported						\$ 102,803		\$ 102,803	\$ 88,628
Total Amortization						\$ 102,803	\$ 1,409,154	\$ 1,511,957	\$ 1,497,782
Interest on capital debt									
Supported							\$ 39,033	\$ 39,033	\$ 57,999
Unsupported								\$ -	\$ -
Lease payments for facilities				\$ 49,210				\$ 49,210	\$ 332,358
Other interest charges						\$ 249		\$ 249	\$ 422
Losses on disposal of capital assets						\$ -		\$ -	\$ -
<b>TOTAL EXPENSES</b>	<b>\$ 3,028,223</b>	<b>\$ 2,888,359</b>	<b>\$ 750,428</b>	<b>\$ 1,621,294</b>	<b>\$ 453,197</b>	<b>\$ 103,052</b>	<b>\$ 1,448,187</b>	<b>\$ 10,292,740</b>	<b>\$ 9,754,896</b>

SQUARE METRES									
School buildings								96,092.0	96,092.0
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 Pmts:** 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, negotiations, supervision of employees & contractors, school facility planning & project 'administration', administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.

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

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

**SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS  
for the Year Ended August 31, 2017 (in dollars)**

<b>Cash &amp; Cash Equivalents</b>	<b>2017</b>			<b>2016</b>
	<b>Average Effective (Market) Yield</b>	<b>Cost</b>	<b>Amortized Cost</b>	<b>Amortized Cost</b>
Cash		\$ 6,747,147	\$ 6,747,147	\$ 7,554,168
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	<u>0.00%</u>	<u>\$ 6,747,147</u>	<u>\$ 6,747,147</u>	<u>\$ 7,554,168</u>

See Note 3 for additional detail.

<b>Portfolio Investments</b>	<b>2017</b>				<b>2016</b>
	<b>Average Effective (Market) Yield</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Balance</b>	<b>Balance</b>
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed investment certificates	0.00%	-	-	-	-
Fixed income securities					
Government of Canada, direct and guaranteed	80.65%	\$ 106,504	\$ 106,504	\$ 106,504	\$ 17,331
Provincial, direct and guaranteed	0.00%	-	-	-	-
Municipal	0.00%	-	-	-	-
Corporate	0.00%	-	-	-	-
Pooled investment funds	0.00%	-	-	-	-
Total fixed income securities	<u>80.65%</u>	<u>106,504</u>	<u>106,504</u>	<u>106,504</u>	<u>17,331</u>
Equities					
Canadian	0.45%	\$ 594	\$ 594	\$ 594	\$ -
Foreign	4.49%	5,930	5,930	5,930	-
Total equities	<u>4.94%</u>	<u>6,524</u>	<u>6,524</u>	<u>6,524</u>	<u>-</u>
Supplemental integrated pension plan assets	0.00%	\$ -	\$ -	\$ -	\$ -
Restricted investments	0.00%	-	-	-	-
Cash and Cash Equivalents	14.41%	19,029	19,029	19,029	97,218
Other (Specify)	0.00%	-	-	-	-
Total portfolio investments	<u>100.00%</u>	<u>\$ 132,057</u>	<u>\$ 132,057</u>	<u>\$ 132,057</u>	<u>\$ 114,549</u>

See Note 5 for additional detail.

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

	<b>2017</b>	<b>2016</b>
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%
	<u>100.0%</u>	<u>100.0%</u>

**SCHEDULE 6**

School Jurisdiction Code: 2255

**SCHEDULE OF CAPITAL ASSETS  
for the Year Ended August 31, 2017 (in dollars)**

<b>Tangible Capital Assets</b>	<b>2017</b>							<b>2016</b>
	<b>Land</b>	<b>Construction In Progress</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Computer Hardware &amp; Software</b>	<b>Total</b>	<b>Total</b>
Estimated useful life			25-50 Years	5-10 Years	5-10 Years	3-5 Years		
<b>Historical cost</b>								
Beginning of year	\$ 340,000	\$ 2,990,454	\$ 63,307,002	\$ 2,662,547	\$ 8,098,273	\$ 598,072	\$ 77,996,348	\$ 76,055,079
Prior period adjustments	-	-	-	-	-	-	-	-
Additions	-	3,693,740	-	438,171	754,078	54,951	4,940,940	3,399,540
Transfers in (out)	-	(6,684,194)	6,684,194	-	-	-	-	-
Less disposals including write-offs	-	-	-	(501,105)	(810,587)	-	(1,311,692)	(1,458,271)
Historical cost, August 31, 2017	\$ 340,000	\$ -	\$ 69,991,196	\$ 2,599,613	\$ 8,041,764	\$ 653,023	\$ 81,625,596	\$ 77,996,348
<b>Accumulated amortization</b>								
Beginning of year	\$ -	\$ -	\$ 29,647,274	\$ 2,410,344	\$ 5,762,842	\$ 215,943	\$ 38,036,403	\$ 37,448,786
Prior period adjustments	-	-	-	-	-	-	-	-
Amortization	-	-	1,518,394	100,738	461,488	113,268	2,193,888	2,029,213
Other additions	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(471,754)	(805,129)	-	(1,276,883)	(1,441,596)
Accumulated amortization, August 31, 2017	\$ -	\$ -	\$ 31,165,668	\$ 2,039,328	\$ 5,419,201	\$ 329,211	\$ 38,953,408	\$ 38,036,403
<b>Net Book Value at August 31, 2017</b>	\$ 340,000	\$ -	\$ 38,825,528	\$ 560,285	\$ 2,622,563	\$ 323,812	\$ 42,672,188	
<b>Net Book Value at August 31, 2016</b>	\$ 340,000	\$ 2,990,454	\$ 33,659,728	\$ 252,203	\$ 2,335,431	\$ 382,129		\$ 39,959,945

	<b>2017</b>	<b>2016</b>
Total cost of assets under capital lease	\$ -	\$ -
Total amortization of assets under capital lease	\$ -	\$ -



**SCHEDULE 7**

School Jurisdiction Code: 2255

**SCHEDULE OF REMUNERATION AND MONETARY INCENTIVES  
for the Year Ended August 31, 2017 (in dollars)**

<b>Board Members:</b>	<b>FTE</b>	<b>Remuneration</b>	<b>Benefits</b>	<b>Negotiated Allowances</b>	<b>Performance Bonuses</b>	<b>ERIP's / Other Paid</b>	<b>Other Accrued Unpaid Benefits (1)</b>	<b>Expenses</b>
Deitz, Colleen	1.00	\$21,320	\$894	\$0			\$0	\$9,934
Laternus, Debbie (Vice-Chair)	1.00	\$23,080	\$5,390	\$0			\$0	\$6,955
Strauss, Robert (Board Chair)	1.00	\$20,350	\$960	\$0			\$0	\$9,427
Whitehead, Craig	1.00	\$29,670	\$5,605	\$0			\$0	\$17,317
Wilms, Esther	1.00	\$24,040	\$409	\$0			\$0	\$11,797
Zech, Donald	1.00	\$28,910	\$120	\$0			\$0	\$18,878
	-	\$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
<b>Subtotal</b>	<b>6.00</b>	<b>\$147,370</b>	<b>\$13,378</b>	<b>\$0</b>			<b>\$0</b>	<b>\$74,308</b>
Andrews, Garry (Acting Superintendent)	1.00	\$195,478	\$3,039	\$0	\$0	\$0	\$0	\$7,747
Braun, Wayne (Secretary Treasurer)	1.00	\$173,683	\$42,026	\$0	\$0	\$0	\$765	\$18,126
Gietz, Kevin (Superintendent)(2)	0.50	\$198,023	\$12,858	\$0	\$0	\$0	\$0	\$4,434
		\$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
Certificated teachers	479.10	\$45,248,837	\$10,343,531	\$0	\$0	\$0	\$0	
Non-certificated - other	395.31	\$15,385,286	\$3,671,153	\$0	\$0	\$0	\$0	
<b>TOTALS</b>	<b>882.91</b>	<b>\$61,348,677</b>	<b>\$14,085,985</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$765</b>	<b>\$104,615</b>

(1) Other Accrued Unpaid Benefits Include: Vacation Accrual Expense

(2) Includes vacation payout of \$89,850

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

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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 (PSAS). 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, 2017

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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	5 - 10 years
New Buildings	25 - 35 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, 2017

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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, 2017

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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, 2017

### 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:

			2017	2016
	Average effective (market) yield	Cost	Amortized cost	Amortized cost
Cash and cash equivalents	0.95%	\$6,747,147	\$6,747,147	\$7,554,168

Cash and cash equivalents includes school generated funds on hand of \$653,788 (2016 - \$636,756).

### 4. Accounts receivable:

	2017	2016
Alberta Education	\$ 130,240	\$ 146,862
Alberta Finance	268,435	443,952
Federal Government	129,778	147,959
Other	300,760	417,297
	\$ 829,213	\$ 1,156,070

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

### 5. Portfolio investments:

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

	Level 1	Total 2017
Fixed income securities and cash	\$ 132,057	\$ 132,057

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

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

The average effective yields of the fixed income mutual funds were 1.8% (2016 – 0.14%). 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, 2017 (2016 – nil). Prime rate at August 31, 2017 was 2.95% (2016 – 2.70%).

### 7. Accounts payable:

	2017	2016
Payroll remittances payable (receivable)	\$ (8,171)	\$ 4,227
Central PD Funds payable	420,352	334,572
Vacation/banked liability	543,289	590,538
Other payable	679,047	1,036,090
	\$ 1,634,517	\$ 1,965,427

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

### 8. Deferred revenue:

	Deferred revenue as at August 31, 2016	Add 2016/2017 restricted funds received/ receivable	Transfers 2016/2017	Deduct 2016/2017 restricted funds expended (paid/payable)	Deferred revenue as at August 31, 2017
<b>Unexpected deferred operating revenue:</b>					
Alberta Education:					
Infrastructure Maintenance Renewal	\$ 852,591	\$ 1,714,023	\$ --	\$(1,572,084)	\$ 994,530
LTPF 2015 Grant	13,945	--	--	(13,561)	384
Building Collaboration Grant	8,598	14,740	--	(6,397)	16,941
Other Government of Alberta:					
KAHS leftover Modernization funds	6,102	--	--	--	6,102
Healthy Schools Grant	13,851	25,000	--	(30,370)	8,481
Other deferred revenue:					
School generated funds	636,756	2,558,400	--	(2,541,368)	653,788
Other	400,487	296,846	--	(400,487)	296,846
Total unexpended deferred operating revenue	1,932,330	4,609,009	--	(4,564,267)	1,977,072
Unexpended deferred capital revenue	230,882	3,713,520	(3,693,740)	--	250,662
Expended deferred capital revenue	34,876,155	--	3,693,740	(1,409,154)	37,160,741
<b>Total</b>	<b>\$37,039,367</b>	<b>\$ 8,322,529</b>	<b>\$ --</b>	<b>\$(5,973,421)</b>	<b>\$ 39,388,475</b>



# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

### 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 29, 2017 using a measurement date of August 31, 2017.

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

	2017	2016
Accrued benefit obligations	\$ 233,500	\$ 252,400
Fair value of plan assets	(132,057)	(114,549)
Funded status – deficit	101,443	137,851
Balance of unamortized amounts	114,300	53,200
Benefit deficiency	\$ 215,743	\$ 191,051
Employee future benefit liabilities	\$ 347,800	\$ 305,600
Portfolio investments (see note 5)	(132,057)	(114,549)
Benefit deficiency	\$ 215,743	\$ 191,051

The employee future liability amount is expected to decrease in 2017/18 tied to retirements and resignations.

### 10. Long-term debt:

	2017	2016
Supported debentures outstanding at August 31, 2017 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.	\$ 268,435	\$ 443,952

The following is a schedule of repayment of debt related to capital lease:

2017 – 2018	198,992
2018 to maturity	100,835
Total payments	\$ 299,827
Less: amount representing interest	\$ 31,392
TOTAL	\$ 268,435

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

### 11. Prepaid expenses:

	2017	2016
MCFC project	\$ 250,000	\$ 250,000
Other	736,104	819,433
	\$ 986,104	\$ 1,069,433

### 12. Other non-financial assets:

	2017	2016
Inventory	\$ 10,873	\$ 6,872

### 13. 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:

	2017	2016
Unrestricted surplus	\$ 1,384	\$ 400,564
Operating reserves	3,824,318	4,128,281
Capital Reserves	314,762	407,800
Investment in tangible capital assets	5,511,446	5,083,789
Endowments	86,445	86,258
Other		
Accumulated surplus (deficit)	\$ 9,738,355	\$ 10,106,692

### 14. Contractual obligations:

#### Building projects:

The Division is committed to further capital expenditures for the modernization at Noble Central School of approximately \$1,002,004 (2016 - \$4,695,744). 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, 2017

### 14. Contractual obligations (continued):

#### Service providers:

The jurisdiction is committed to cleaning contracts, lease photocopiers and computer hardware, and software leases as follows (CDN\$ unless otherwise stated):

	2018	2019	2020	2021	2022
Cleaning Contract:					
K.S. Cleaning to August 31, 2019	\$ 241,777	\$ 241,777	\$ --	\$ --	\$ --
Copiers:					
Xerox Copiers to August 31, 2021	111,290	111,290	111,290	111,290	--
Toshiba Copiers to August 31, 2019	6,144	6,144	--	--	--
Computers/Equipment:					
CSI Leasing #001 to January 31, 2018	26,400	--	--	--	--
CSI Leasing #004 to August 31, 2019	69,336	69,336	--	--	--
CSI Leasing #006 to December 31, 2019	41,854	41,854	13,951	--	--
CSI Leasing #009 to August 31, 2018	19,200	--	--	--	--
Shaw Internet to October 5, 2018	21,120	1,760	--	--	--
Pitney Bowes to December 31, 2021	5,085	5,085	5,085	5,085	--
MyBudgetFile to August 31, 2020	14,580	15,700	16,600	--	--
All Access Pass to November 30, 2020	12,750	12,750	12,750	--	--
PowerSchool to April 2020	25,302	25,302	25,302	--	--
PowerSchool to April 2021	39,401 US	39,401 US	39,401 US	39,401 US	--
Intellimedia – Dossier Open	42,655	42,655	42,655	42,655	42,655
KEV Software – SGF Open	50,111	50,111	50,111	50,111	50,111
SRB Atrieve – Software Open	77,430	77,430	77,430	77,430	77,430

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. In addition, Palliser signed a new 3 year mobility agreement with Bell Mobility as the provider of cellular telephone coverage for the period of June 16, 2017 through to June 16, 2020.

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

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### 15. 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.

### 16. Fees:

	2017	2016
Transportation fees	\$ --	\$ 6,675
Fees charged for Instructional Supplies and Materials	171,130	185,967
Other fees	1,308,092	2,028,717
	<u>\$ 1,479,222</u>	<u>\$ 2,221,359</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.

### 17. 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.

	2017	2016
Southwest RCSD	\$ 373,963	\$ 191,387
Calgary and Area RCSD	564,910	1,156,265
Southern Alberta Children Advocacy Centre	127,031	121,506

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

### 18. School generated funds:

	2017	2016
Unexpended school generated revenues, opening balance	\$ 636,756	\$ 928,926
Current year activities - gross receipts:		
Fees	752,717	1,155,656
Fundraising	611,779	973,845
Gifts and donations	118,450	106,374
Other sales and services	456,900	208,578
	1,939,846	2,444,453
Current year activities - total direct costs including costs of goods sold to raise funds	860,447	1,185,598
Current year activities – uses of funds	1,062,367	1,551,025
<b>Unexpended school generated revenues, closing balance</b>	<b>\$ 653,788</b>	<b>\$ 636,756</b>

### 19. Related party transactions:

The Government of Alberta controls school Divisions. 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	\$ 130,240	\$ --	\$ --	\$ --
Grant revenue and expenses	--	--	87,564,282	--
Treasury Board and Finance (principal)	268,435	268,435	--	--
Treasury Board and Finance (accrued interest)	--	--	--	39,033
Other GOA ministries University, College and Other School Boards	--	--	388,016	--
	--	--	164,028	--
<b>Total 2016/2017</b>	<b>\$ 398,675</b>	<b>\$ 268,435</b>	<b>\$ 88,116,326</b>	<b>\$ 39,033</b>
<b>Total 2015/2016</b>	<b>\$ 590,814</b>	<b>\$ 443,952</b>	<b>\$ 87,842,431</b>	<b>\$ 57,999</b>

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

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### 20. 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.

### 21. 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, 2016 was \$225,938 (2015 - \$204,870), out of a total members equity at December 31, 2016 of \$7,961,329 (2015 - \$6,659,324). This amount has not been recognized in the Division's financial statements.

### 22. 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 253,900 people and 417 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, 2017 was \$879,764 (2016 - \$880,949). Total current and past service contributions by employees of the Division for the year-ended August 31, 2017 was \$802,521 (2016 \$811,497).

At December 31, 2016 The Local Authorities Pension Plan reported an actuarial deficiency of \$637 million (2015 – a deficiency of \$923 million).

# PALLISER REGIONAL DIVISION No. 26

## Notes to Financial Statements

Year ended August 31, 2017

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### 22. Multi-Employer Pension Plan (continued):

#### 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 80,000 people and 82 employers in Alberta.

Total current and past service employer contributions to the ATRF for the year-ended August 31, 2017 was \$5,256,013 (2016 - \$5,352,370). Total current and past services contributions by employees of the Division for the year-ended August 31, 2017 was \$5,538,224 (2016 - \$5,803,286).

At August 31, 2016, the ATRF reported an actuarial deficiency of \$1.95 billion (2015 - \$2.364 billion).

### 23. Budget amounts:

The budget was prepared by the School Division and approved by the Board of Trustees on June 21, 2016. It is presented for information purposes only.