

Financial Statements

**Elk Island Public Schools Regional Division No. 14**

August 31, 2011

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

**Elk Island Public Schools Regional Division No. 14**

Legal Name of School Jurisdiction

**683 Wye Road, Sherwood Park, Alberta T8B 1N2**

Mailing Address

**Telephone: 780-417-8200 Fax: 780-417-8275**

Telephone and Fax Numbers

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

The financial statements of **Elk Island Public Schools Regional Division No. 14** presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

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

**Board of Trustees Responsibility**

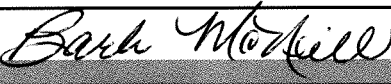

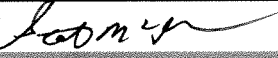
The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

**External Auditors**

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

**Declaration of Management and Board Chairman**

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

<p><b>BOARD CHAIR</b></p> <p style="text-align: center;"><b>Barb McNeill</b></p> <p style="text-align: center;">Name</p>	 <p style="text-align: center;">Signature</p>
<p><b>SUPERINTENDENT</b></p> <p style="text-align: center;"><b>Bruce Belliveau</b></p> <p style="text-align: center;">Name</p>	 <p style="text-align: center;">Signature</p>
<p><b>SECRETARY TREASURER OR TREASURER</b></p> <p style="text-align: center;"><b>Scott McFadyen</b></p> <p style="text-align: center;">Name</p>	 <p style="text-align: center;">Signature</p>

**17-Nov-11**

Board-approved Release Date

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
**Elk Island Public Schools Regional Division No. 14**

We have audited the accompanying financial statements of **Elk Island Public Schools Regional Division No. 14**, which comprise the statement of financial position as at August 31, 2011 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Administration's responsibility for the financial statements**

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

### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Elk Island Public Schools Regional Division No. 14** as at August 31, 2011 and the results of its operations, its cash flows, its changes in net assets and its capital allocations in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada,  
November 17, 2011.

*Ernst & Young LLP*

Chartered Accountants

**STATEMENT OF FINANCIAL POSITION**  
as at August 31, 2011

(in dollars)

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash and temporary investments (Note 3)	\$18,630,017	\$25,699,762
Accounts receivable (net after allowances) (Note 4)	\$2,330,368	\$3,114,202
Prepaid expenses	\$716,171	\$698,664
Other current assets	\$0	\$0
<b>Total current assets</b>	\$21,676,556	\$29,512,628
School generated assets	\$2,207,856	\$2,368,998
Trust assets (Note 5)	\$2,635,372	\$2,234,224
Long term accounts receivable	\$0	\$0
Long term investments (Note 6)	\$2,821,729	\$0
Capital assets (Note 7)		
Land	\$1,475,856	\$1,475,856
Construction in progress	\$105,613	\$12,378,002
Buildings	\$126,562,554	
Less: accumulated amortization	(\$76,526,949)	\$36,746,108
Equipment	\$34,592,189	
Less: accumulated amortization	(\$33,319,118)	\$1,437,716
Vehicles	\$2,402,036	
Less: accumulated amortization	(\$984,017)	\$1,386,933
<b>Total capital assets</b>	\$54,308,164	\$53,424,615
<b>TOTAL ASSETS</b>	\$83,649,677	\$87,540,465
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness (Note 8)	\$0	\$0
Accounts payable and accrued liabilities (Note 9)	\$9,624,649	\$11,240,708
Deferred revenue (Note 10)	\$1,576,939	\$2,587,414
Deferred capital allocations (Note 11)	\$715,741	\$3,335,590
Current portion of long term debt (Note 12)	\$999,847	\$965,904
<b>Total current liabilities</b>	\$12,917,176	\$18,129,616
School generated liabilities	\$2,207,856	\$2,368,998
Trust liabilities (Note 5)	\$2,635,372	\$2,234,224
Employee future benefit liabilities	\$0	\$0
Long term debt (Note 12)		
Supported: Debentures and other supported debt	\$1,039,199	\$1,262,504
Less: Current portion	(\$223,305)	(\$223,305)
Unsupported: Debentures and capital loans	\$3,029,105	\$3,771,704
Capital leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	(\$776,542)	(\$742,599)
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 13)	\$45,839,517	\$44,289,184
<b>Total long term liabilities</b>	\$53,751,202	\$52,960,710
<b>TOTAL LIABILITIES</b>	\$66,668,378	\$71,090,326
<b>NET ASSETS</b>		
Unrestricted net assets	\$0	\$0
Operating reserves	\$11,552,379	\$11,088,744
Accumulated operating surplus (deficit)	\$11,552,379	\$11,088,744
Investment in capital assets	\$4,717,706	\$4,418,586
Capital reserves	\$711,214	\$942,809
<b>Total capital funds</b>	\$5,428,920	\$5,361,395
<b>Total net assets</b>	\$16,981,299	\$16,450,139
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$83,649,677	\$87,540,465

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

**STATEMENT OF REVENUES AND EXPENSES**  
**for the Year Ended August 31, 2011**  
(in dollars)

	Actual 2011	Budget 2011 Note 21	Actual 2010 Restated - Note 22
<b>REVENUES</b>			
Government of Alberta	\$153,733,070	\$153,408,011	\$151,286,190
Federal Government and First Nations	\$10,229	\$116,318	\$3,198
Other Alberta school authorities	\$376,778	\$259,903	\$493,007
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$2,171,453	\$2,086,439	\$2,154,380
Transportation fees	\$562,546	\$600,000	\$534,806
Other sales and services	\$1,877,222	\$920,722	\$1,076,148
Investment income	\$287,657	\$400,000	\$345,864
Gifts and donations	\$13,438	\$23,000	\$10,134
Rental of facilities	\$208,084	\$192,000	\$210,859
Gross school generated funds	\$7,289,103	\$7,220,784	\$7,220,784
Gains on disposal of capital assets	\$0	\$0	\$2,833
Amortization of capital allocations	\$2,747,204	\$2,337,837	\$2,369,382
Other revenue	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$169,276,784</b>	<b>\$167,565,014</b>	<b>\$165,707,585</b>
<b>EXPENSES</b>			
Certificated salaries (Note 20)	\$80,897,038	\$82,391,603	\$81,326,479
Certificated benefits (Note 20)	\$8,703,771	\$9,064,699	\$8,857,334
Non-certificated salaries and wages (Note 20)	\$25,075,970	\$25,686,285	\$24,560,648
Non-certificated benefits (Note 20)	\$6,015,168	\$6,502,537	\$6,021,363
Services, contracts and supplies	\$36,087,983	\$38,394,964	\$32,885,020
Gross school generated funds	\$7,289,103	\$7,220,784	\$7,220,784
<b>Capital and debt services</b>			
Amortization of capital assets			
Supported	\$2,747,204	\$2,337,837	\$2,369,382
Unsupported	\$1,621,132	\$1,452,383	\$1,729,611
Total Amortization of capital assets	\$4,368,336	\$3,790,220	\$4,098,993
Interest on capital debt			
Supported	\$109,352	\$109,351	\$134,888
Unsupported	\$180,570	\$180,571	\$218,078
Total Interest on capital debt	\$289,922	\$289,922	\$352,966
Other interest and charges	\$439	\$0	\$628
Losses on disposal of capital assets	\$17,894	\$0	\$0
Other expense	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$168,745,624</b>	<b>\$173,341,014</b>	<b>\$165,324,215</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM</b>			
	\$531,160	(\$5,776,000)	\$383,370
Extraordinary Item	\$0	\$0	\$0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$531,160</b>	<b>(\$5,776,000)</b>	<b>\$383,370</b>

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

**STATEMENT OF CASH FLOWS**

for the Year Ended August 31, 2011

(in dollars)

	2011	2010
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATIONS</b>		
Excess (deficiency) of revenues over expenses	\$531,160	\$383,370
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$2,747,204)	(\$2,369,382)
Total amortization expense	\$4,368,336	\$4,098,993
Gains on disposal of capital assets	\$0	(\$2,833)
Losses on disposal of capital assets	\$17,894	\$0
Changes in:		
Accounts receivable	\$783,834	(\$2,018,197)
Prepays and other current assets	(\$17,507)	(\$68,407)
Long term accounts receivable	\$0	\$0
Long term investments	(\$2,821,729)	\$0
Accounts payable and accrued liabilities	(\$1,616,059)	\$2,988,747
Deferred revenue	(\$1,010,475)	\$542,748
Employee future benefit liabilities	\$0	\$0
Other (describe)	\$0	\$0
<b>Total cash flows from Operations</b>	<b>(\$2,511,750)</b>	<b>\$3,555,039</b>
<b>B. INVESTING ACTIVITIES</b>		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$4,494,503)	(\$11,344,233)
Equipment	(\$475,005)	(\$698,748)
Vehicles	(\$301,271)	(\$118,250)
Net proceeds from disposal of capital assets	\$1,000	\$2,833
Other (describe)	\$0	\$0
<b>Total cash flows from Investing activities</b>	<b>(\$5,269,779)</b>	<b>(\$12,158,398)</b>
<b>C. FINANCING ACTIVITIES</b>		
Capital allocations	\$1,454,383	\$5,403,367
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$965,904)	(\$994,868)
Add back: supported portion	\$223,305	\$284,542
Other (describe)	\$0	\$0
<b>Total cash flows from financing activities</b>	<b>\$711,784</b>	<b>\$4,693,041</b>
<b>Net cash flows from during the year</b>	<b>(\$7,069,745)</b>	<b>(\$3,910,318)</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/10</b>	<b>\$25,699,762</b>	<b>\$29,610,080</b>
<b>Cash and temporary investments, net of bank indebtedness, at Aug. 31/11</b>	<b>\$18,630,017</b>	<b>\$25,699,762</b>

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

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

School Jurisdiction Code: 2195

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL NET ASSETS  <small>Cols. 2+3+4+5</small>	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS											
				TOTAL OPERATING RESERVES  <small>Cols. 6+8+10+12+14</small>	TOTAL CAPITAL RESERVES  <small>Cols. 7+9+11+13+15</small>	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	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2010</b>	\$16,450,139	\$4,418,586	\$0	\$11,088,744	\$942,809	\$9,935,961	\$220,207	\$754,821	\$722,602	\$379,615	\$0	\$0	\$0	\$18,347	\$0
<u>Prior period adjustments</u> (describe)															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Balance, Aug. 31, 2010</b>	\$16,450,139	\$4,418,586	\$0	\$11,088,744	\$942,809	\$9,935,961	\$220,207	\$754,821	\$722,602	\$379,615	\$0	\$0	\$0	\$18,347	\$0
Excess (deficiency) of revenues over expenses	\$531,160		\$531,160												
Board funded capital additions		\$1,196,547	(\$963,952)	\$0	(\$232,595)	\$0	(\$152,400)	\$0	(\$80,195)	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	(\$18,894)	\$17,894		\$1,000		\$1,000		\$0		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Direct credits to net assets	\$0	\$0	\$0												
Amortization of capital assets		(\$4,368,336)	\$4,368,336												
Amortization of capital allocations		\$2,747,204	(\$2,747,204)												
Debt principal repayments (unsupported)		\$742,599	(\$742,599)												
Net transfers to operating reserves			(\$6,239,635)	\$6,239,635		\$5,339,739		\$553,824		\$268,597		\$0		\$77,475	
Net transfers from operating reserves			\$5,776,000	(\$5,776,000)		(\$5,488,954)		(\$61,712)		(\$206,987)				(\$18,347)	
Net transfers to capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0
Net transfers from capital reserves			\$0		\$0		\$0		\$0		\$0		\$0		\$0
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Balance at August 31, 2011</b>	\$16,981,299	\$4,717,706	\$0	\$11,552,379	\$711,214	\$9,786,746	\$68,807	\$1,246,933	\$642,407	\$441,225	\$0	\$0	\$0	\$77,475	\$0

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

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2010	\$3,335,590	\$44,289,184
Prior period adjustments	\$0	\$0
<b>Adjusted balance, August 31, 2010</b>	<b>\$3,335,590</b>	<b>\$44,289,184</b>
<b>Add:</b>		
Restricted capital allocations from:		
Alberta Education school building and modular projects	\$1,444,521	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$9,862	
Other capital grants and donations	\$0	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
P3, other ASAP and Alberta Infrastructure managed projects		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current year supported debenture principal repayment		\$223,305
Expended capital allocations - current year	(\$4,074,232)	\$4,074,232
<b>Deduct:</b>		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$2,747,204
<b>Balance at August 31, 2011</b>	<b>\$715,741</b>	<b>\$45,839,517</b>

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



## Elk Island Public Schools Regional Division No. 14

# NOTES TO FINANCIAL STATEMENTS

August 31, 2011

## 1. AUTHORITY AND PURPOSE

Elk Island Public Schools Regional Division No. 14 [the “Division”] was established under the authority of the School Act, Revised Statutes of Alberta 2000, Chapter S-3, to provide education programs in the counties of Strathcona No. 20, Lamont No. 30, and the western portion of Minburn No. 27, and the City of Fort Saskatchewan.

The Division receives allocations under Regulation 77/2003 from the Government of Alberta. The regulation allows for the setting of conditions and use of grant monies. The Division is limited on certain funding allocations and administrative expenses.

The Division is considered a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

These financial statements have been prepared by administration in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in administration’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

### Cash and temporary investments

Cash and temporary investments consist of cash and guaranteed investment certificates with initial maturity dates of less than 365 days. These investments are valued at cost plus accrued income, which approximates fair value.

### Long term investments

Long term investments consist of guaranteed investment certificates and bonds with initial maturity dates in excess of 365 days. These investments are valued at cost plus accrued income, which approximates fair value.

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2011

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
[CONTINUED]**

**Financial instruments**

The Division has chosen to apply Canadian Institute of Chartered Accountants [“CICA”] Handbook Section 3861, Financial Instruments – Disclosure and Presentation, in place of CICA 3862, Financial Instruments – Disclosures, and CICA 3863, Financial Instruments – Presentation.

Financial assets and liabilities are classified as held-for-trading, available-for-sale, loans and receivables, investments held-to-maturity, or other financial liabilities. Financial assets classified as held-for-trading are measured on the statement of financial position at fair value. Subsequent changes in the fair value of held-for-trading financial assets are recognized in excess (deficiency) of revenues over expenses immediately. Receivables and other financial liabilities are measured on the statement of financial position at amortized cost using the effective interest method.

The Division has designated its cash, temporary investments and long term investments as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities.

It is administration’s opinion that the Division is not exposed to significant interest rate, liquidity or credit risks arising from these financial instruments. The Division has invested surplus funds in accordance with Section 60 of the School Act and Section 5 of the Trustees Act.

**Capital assets**

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

Buildings	25 to 40 years
Equipment - Computer Hardware and Software	3 to 5 years
Other Equipment and Furnishings	5 to 10 years
Vehicles and Buses	5 to 10 years

Only capital assets with costs in excess of \$5,000 are capitalized.

Amortization is not recorded on assets under construction. A full year of amortization is recorded on all capital asset additions in the year the asset is acquired, or in the year construction is completed and the asset is ready for its productive use.

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

##### Operating and capital reserves

Operating reserves are established to provide for the costs of future operating expenditures. Capital reserves are established to provide for future replacement or upgrading of capital assets. These reserves are established and expended in accordance with policies established by the Board of Trustees or external restrictions specified by the Government of Alberta.

##### Pensions

The Division participates in the multi-employer Local Authorities Pension Plan, which is accounted for as a defined contribution plan with the cost of the pension benefits recognized as contributions are payable. Annual contributions for the year ended August 31, 2011 were \$2,203,664 [2010 - \$1,764,640]. At December 31, 2010, the Local Authorities Pension Plan reported a deficiency of \$4,635,250,000 [2009 - \$3,998,614,000].

The current and past service costs of the Alberta Teachers' Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plans Act, the Division does not make pension contributions for certificated staff.

##### Revenue recognition

Instruction grants and fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Capital contributions and allocations from the Government of Alberta and the Government of Canada, for the acquisition of capital assets or the repayment of debt originally incurred for the purpose of acquiring capital assets, are recorded as unamortized capital allocations and amortized to revenue on the same basis as the capital assets acquired. Capital allocations that remain unspent at year-end are recorded as deferred capital allocations until spent.

Unrestricted contributions are recognized as revenue when received or receivable. Donations in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with.

Investment income is recognized as revenue on the accrual basis. Rental and other sales and services are recognized as revenue as sales and services are provided.

**Elk Island Public Schools Regional Division No. 14**

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2011

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
[CONTINUED]**

**Contributed services**

Volunteers assist schools operated by the Division in carrying out certain activities. Because of the difficulty of determining the fair value of such services, and the fact that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

**School generated funds**

Funds generated from school-based activities are included as assets, liabilities, revenues and expenses of the Division when accountability and responsibility for control of these funds rests with school principals or their appointee[s].

**Recent accounting pronouncements**

The Public Sector Accounting Board has approved its proposal to incorporate the not-for-profit sections of the CICA Handbook into the Public Sector Accounting ["PSA"] Handbook as sections 4200 to 4270, and to direct government not-for-profit organizations to adhere to PSA standards, with or without the adoption of sections 4200 to 4270. The new standards apply to government not-for-profit organizations commencing with fiscal years beginning on or after January 1, 2012. The Division is currently considering the impact of adopting these standards on its financial statements and cannot reasonably estimate the effect at this time.

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 3. CASH AND TEMPORARY INVESTMENTS

	2011 \$	2010 \$
Cash	5,044,362	5,077,348
Guaranteed investment certificates	13,585,655	20,622,414
	<b>18,630,017</b>	<b>25,699,762</b>

The general and payroll accounts earn interest at prime less 1.9% on balances that are not in excess of \$15,000,000. Interest on the US dollar account is calculated using the US base rate less 4.0% on balances that are not in excess of US \$3,000,000. Guaranteed investment certificates earn interest at rates ranging from 1.15% to 1.55% [2010 - 0.85% to 1.46%].

#### 4. ACCOUNTS RECEIVABLE

	2011 \$	2010 \$
Government of Alberta:		
Department of Education	1,512,754	2,464,302
Department of Employment, Immigration and Industry	15,800	15,800
Alberta Health Services	10,219	10,219
Government of Canada:		
Goods and Services Tax	324,586	356,992
Other	467,009	266,889
	<b>2,330,368</b>	<b>3,114,202</b>

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 5. TRUST ASSETS AND LIABILITIES

	2011	2010
	\$	\$
Student Health Initiative Partnership	1,380,545	1,134,870
Children and Youth With Complex Needs	975,071	941,475
Deferred Salary Leave Plan	142,602	68,853
Scholarship trust funds	82,685	89,026
Alberta Video Co-Acquisition Video Consortium (COAC)	22,045	—
Official Languages in Education Protocol (OLEP)	32,424	—
	<u>2,635,372</u>	<u>2,234,224</u>

The Division manages funds on behalf of the Student Health Initiative Partnership and Children and Youth with Complex Needs, and accordingly, amounts held at year-end are restricted in their use. These entities are controlled by Government of Alberta departments. During the year, the Division received \$58,371 [2010 - \$46,755] for its fund management services.

The Division also manages funds on behalf of the COAC and the OLEP, and accordingly, amounts held at year-end are restricted in their use.

The purpose of the Deferred Salary Leave Plan is to enable eligible employees to take extended leaves of absence with pay. The program allows employees to contribute earnings into the fund to be paid out while on leave of absence.

#### 6. LONG TERM INVESTMENTS

	2011	2010
	\$	\$
Guaranteed investment certificate	1,003,029	—
Bond	1,818,700	—
	<u>2,821,729</u>	<u>—</u>

The guaranteed investment certificate earns interest at 2.01% [2010 - nil] and matures July 8, 2013. The bond earns interest at 4.58% [2010 - nil], is callable by the issuer on April 30, 2012 and matures April 30, 2017.

Elk Island Public Schools Regional Division No. 14

NOTES TO FINANCIAL STATEMENTS

August 31, 2011

7. CAPITAL ASSETS

	Land \$	Construction In Progress – Buildings \$	Building \$	Equipment – Computer Hardware and Software \$	Other Equipment and Furnishings \$	Vehicles and Buses \$	Total 2011 \$	Total 2010 \$
Estimated useful lives			25 - 40 Years	3 - 5 Years	5 - 10 Years	5 - 10 Years		
<b>Historical costs</b>								
September 1, 2010	1,475,856	12,378,002	110,160,450	2,575,785	32,791,675	2,148,000	161,529,768	149,384,232
Additions	—	105,613	4,388,890	312,819	162,186	301,271	5,270,779	12,161,231
Transfers in (out)	—	(12,378,002)	12,378,002	—	—	—	—	—
Less disposals including write-offs	—	—	(364,788)	—	(1,250,276)	(47,235)	(1,662,299)	(15,695)
<b>August 31, 2011</b>	<b>1,475,856</b>	<b>105,613</b>	<b>126,562,554</b>	<b>2,888,604</b>	<b>31,703,585</b>	<b>2,402,036</b>	<b>165,138,248</b>	<b>161,529,768</b>
<b>Accumulated amortization</b>								
September 1, 2010	—	—	73,414,342	1,777,640	32,152,104	761,067	108,105,153	104,021,855
Amortization expense	—	—	3,477,395	339,698	299,952	251,291	4,368,336	4,098,993
Effect of disposals	—	—	(364,788)	—	(1,250,276)	(28,341)	(1,643,405)	(15,695)
<b>August 31, 2011</b>	<b>—</b>	<b>—</b>	<b>76,526,949</b>	<b>2,117,338</b>	<b>31,201,780</b>	<b>984,017</b>	<b>110,830,084</b>	<b>108,105,153</b>
<b>Net book value at August 31, 2011</b>	<b>1,475,856</b>	<b>105,613</b>	<b>50,035,605</b>	<b>771,266</b>	<b>501,805</b>	<b>1,418,019</b>	<b>54,308,164</b>	<b>53,424,615</b>

Equipment – Computer Hardware and Software includes costs of nil [2010 - \$111,217] related to assets not ready for use and not yet subject to amortization.

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 8. BANK INDEBTEDNESS

The Division has a \$5,000,000 revolving credit facility available for operations and a \$3,000,000 credit facility used to secure corporate credit cards with a major bank. The credit facility available for operations bears interest annually when drawn of prime less 0.5% and is due on demand. The credit facility used to secure corporate credit cards bears interest annually at prime, calculated on a daily basis, and is due on demand. At August 31, 2011 nil [2010 – nil] was drawn on either facility.

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011 \$	2010 \$
Government of Alberta – Department of Education	62,864	198,734
Government of Alberta – Department of Finance	76,572	92,986
Employee-related accrued liabilities	4,983,978	6,422,246
Trade accounts payable	4,501,235	4,526,742
	<b>9,624,649</b>	<b>11,240,708</b>



Elk Island Public Schools Regional Division No. 14

NOTES TO FINANCIAL STATEMENTS

August 31, 2011

10. DEFERRED REVENUE

	2011			
	Beginning balance \$	Amounts received \$	Amounts recognized as revenue \$	Ending balance \$
Infrastructure Maintenance Renewal	1,119,058	2,707,929	(3,492,346)	334,641
Transportation fees	482,157	623,083	(562,546)	542,694
Alberta Initiative for School Improvement	410,484	2,202,450	(2,254,274)	358,660
ENGAGE Funding	147,701	—	(65,517)	82,184
CTS Bridge to Certification	117,884	—	(117,884)	—
Edmonton Complex Needs	99,562	15,552	(73,390)	41,724
Career Corners	61,960	-	(16,326)	45,634
Educational Programming	41,019	61,600	(43,885)	58,734
Continuing Education Fees	33,278	8,400	(33,278)	8,400
Alberta Education – Funding	30,798	29,006,975	(28,971,594)	66,179
Other	43,513	74,506	(79,930)	38,089
	<b>2,587,414</b>	<b>34,700,495</b>	<b>(35,710,970)</b>	<b>1,576,939</b>

Elk Island Public Schools Regional Division No. 14

NOTES TO FINANCIAL STATEMENTS

August 31, 2011

10. DEFERRED REVENUE [CONTINUED]

	2010			
	Beginning balance \$	Amounts received \$	Amounts recognized as revenue \$	Ending balance \$
Infrastructure Maintenance Renewal	591,334	2,649,208	(2,121,484)	1,119,058
Transportation fees	434,460	733,310	(685,613)	482,157
Alberta Initiative for School Improvement	275,086	2,179,449	(2,044,051)	410,484
ENGAGE Funding	235,139	—	(87,438)	147,701
CTS Bridge to Certification	—	136,000	(18,116)	117,884
Edmonton Complex Needs	285,818	46,258	(232,514)	99,562
Career Corners	48,471	20,000	(6,511)	61,960
Educational Programming	—	61,600	(20,581)	41,019
Continuing Education Fees	15,973	33,278	(15,973)	33,278
Alberta Education – Funding	30,798	2,626,449	(2,626,449)	30,798
Mobile Technology Grant	61,022	—	(61,022)	—
Other	66,565	216,553	(239,605)	43,513
	<u>2,044,666</u>	<u>8,702,105</u>	<u>(8,159,357)</u>	<u>2,587,414</u>

Elk Island Public Schools Regional Division No. 14

NOTES TO FINANCIAL STATEMENTS

August 31, 2011

11. DEFERRED CAPITAL ALLOCATIONS

Capital allocations received for qualifying capital projects initiated by the Division have been deferred until expended at which time they are transferred to unamortized capital allocations. Details of the changes in the deferred capital allocations account are as follows:

	2011 \$	2010 \$
<b>Beginning balance</b>	<b>3,335,590</b>	9,050,373
Add allocations received and receivable during the year	<b>1,454,383</b>	5,403,367
Less expended capital allocations	<b>(4,074,232)</b>	(11,118,150)
<b>Ending balance</b>	<b>715,741</b>	3,335,590

12. LONG-TERM DEBT

	2011 \$	2010 \$
<b>Supported</b>		
Debentures, interest rates ranging from 8.125% to 11.5% and maturity dates ranging from 2011 to 2018	<b>1,039,199</b>	1,262,504
<b>Unsupported</b>		
Debenture, monthly principal payments of \$3,633 plus interest, 5.75% interest rate, due July 2023	<b>523,200</b>	566,800
Debenture, monthly principal payments of \$3,633 plus interest, 5.875% interest rate, due June 2023	<b>523,200</b>	566,800
Term capital loan, monthly principal and interest payments of \$64,485, 5.06% interest rate, due May 2014	<b>1,982,705</b>	2,638,104
	<b>3,029,105</b>	3,771,704
	<b>4,068,304</b>	5,034,208
Less current portion	<b>(999,847)</b>	(965,904)
	<b>3,068,457</b>	4,068,304

**Elk Island Public Schools Regional Division No. 14**

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2011

**12. LONG-TERM DEBT [CONTINUED]**

The Division has pledged as security for the term capital loan a general assignment of book debts including a specific assignment of those from Ameresco Canada, and a first charge over all accounts receivable and equipment.

Term capital loan proceeds were originally restricted in use on the Division's building energy retrofit capital project. On August 30, 2005, the lender removed the restriction. As a result, of the total capital loan proceeds of \$6,063,000 received, \$5,745,634 was used for the capital project and \$317,366 was recorded in cash and temporary investments and was available for future capital purposes.

The annual repayments of long-term debt required over each of the next five years and thereafter are as follows:

	\$
2012	999,847
2013	997,132
2014	803,309
2015	234,988
2016	234,988
Thereafter	798,040
	<u>4,068,304</u>

**Elk Island Public Schools Regional Division No. 14**

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2011

**13. UNAMORTIZED CAPITAL ALLOCATIONS**

Unamortized capital allocations relate to capital funds received from governments which are used for the acquisition of capital assets or the repayment of debt originally incurred for the purpose of acquiring capital assets. These allocations are amortized on a basis consistent with the capital asset that the allocation funded. The changes in the unamortized capital allocations account are as follows:

	2011 \$	2010 \$
<b>Beginning balance</b>	<b>44,289,184</b>	35,255,874
Add expended capital allocations received to acquire capital assets	4,074,232	11,118,150
Add capital allocations received to repay long-term debt	223,305	284,542
Less amount amortized to revenue	<b>(2,747,204)</b>	<b>(2,369,382)</b>
<b>Ending balance</b>	<b>45,839,517</b>	44,289,184

**14. COMMITMENTS**

The Division has commitments with respect to operating leases for premises, land and equipment as follows:

	\$
2012	876,945
2013	503,677
2014	503,677
2015	497,185
2016	285,304
Thereafter	212,118
	<u>2,878,906</u>

In addition, the Division has lease commitments in place for two schools. These commitments consist of a fixed annual commitment of \$445,920 plus variable annual commitments currently totaling \$748,747. The lease agreement expires in 2032.

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 15. ELK ISLAND PUBLIC SCHOOLS PARTNERS IN EDUCATION FOUNDATION

Elk Island Public Schools Partners in Education Foundation [the “Foundation”] was established under the authority of The Societies Act (Alberta) to assist the Division in improving the efficiency with which it carries out its charitable objectives. The Foundation is not a controlled entity and has therefore not been consolidated with the Division’s financial information.

#### 16. CAPITAL MANAGEMENT

The Division’s objective when managing capital is to provide sufficient resources to cover normal operating and future capital expenditure requirements, as well as the opportunity to take advantage of strategic opportunities that arise. The Division defines its capital as net assets.

Resource needs are considered in the preparation of annual budgets and in the monitoring of cash flows and actual operating results compared to budgets. The Division manages its capital structure to maintain flexibility to adjust to changes in economic conditions and to respond to interest rate, credit and other risks. In order to maintain or adjust its capital structure, the Division may adjust controllable revenues and expenses accordingly, or raise debt.

As at August 31, 2011, the Division has met its capital management objectives.

#### 17. CONTINGENT LIABILITIES

In the ordinary course of operations various claims and lawsuits are brought against the Division. The ultimate settlement of such matters is not expected to be significant to the overall financial position of the Division. Administration has not recorded any liabilities in respect of the Division’s current claims and lawsuits. The resolution of such matters and the amount of loss, if any, will be accounted for in the period of determination.

#### 18. STATEMENT OF CASH FLOWS

Supplementary disclosures in respect of the statement of cash flows are as follows:

	2011 \$	2010 \$
Interest received	268,342	701,035
Interest paid	310,052	373,629

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 19. RELATED PARTY TRANSACTIONS

The Division's primary source of revenue is from the Government of Alberta through its related departments. The Division's ability to continue its operations is dependent on this funding.

Related parties are departments controlled by the Government of Alberta and entities controlled by those departments. The amounts due to and from related parties bear no interest and are unsecured, with no stated terms for repayment.

Amounts due from related parties are as follows:

	2011 \$	2010 \$
<b>Government of Alberta</b>		
Department of Education	1,512,754	2,464,302
Department of Employment, Immigration and Industry	15,800	15,800
<b>Entities controlled by Government of Alberta departments</b>		
Alberta Health Services	10,219	10,219
Alberta school jurisdictions	21,645	7,849
	<b>1,560,418</b>	<b>2,498,170</b>

Amounts due to related parties are as follows:

	2011 \$	2010 \$
<b>Government of Alberta</b>		
Department of Education	1,036,230	2,167,769
Department of Finance	76,572	92,986
Department of Employment, Immigration and Industry	45,635	61,961
<b>Entities controlled by Government of Alberta departments</b>		
Alberta Health Services	3,694	—
Alberta school jurisdictions	3,499	5,504
	<b>1,165,630</b>	<b>2,328,220</b>
<b>Government of Alberta</b>		
Long-term debt – Department of Finance	<b>2,085,599</b>	<b>2,396,104</b>

Long-term debt from the Department of Finance is represented by debentures as disclosed in note 12.

**Elk Island Public Schools Regional Division No. 14**

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2011

**19. RELATED PARTY TRANSACTIONS [CONTINUED]**

Related party transactions are summarized as follows:

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Government of Alberta</b>		
Department of Education		
Revenue – Government of Alberta	<b>153,591,592</b>	151,128,991
Expenses – Services, contracts and supplies	<b>325,094</b>	561,221
Department of Finance		
Revenue – Government of Alberta	<b>109,352</b>	134,888
Expenses – Interest on capital debt	<b>174,258</b>	204,894
Expenses – Amortization of capital allocations	<b>2,747,204</b>	2,369,382
Expenses – Services, contracts and supplies	<b>34,512</b>	19,256
Department of Human Resources and Employment		
Revenue – Government of Alberta	<b>32,126</b>	22,311
<b>Entities controlled by Government of Alberta departments</b>		
Alberta Health Services		
Revenue – Other sales and services	<b>358,662</b>	358,662
Expenses – Services, contracts and supplies	<b>13,040</b>	—
Alberta post-secondary institutions		
Expenses – Services, contracts and supplies	<b>4,440</b>	1,583
Other Alberta school jurisdictions		
Revenue – Other Alberta school authorities	<b>376,778</b>	493,007
Expenses – Services, contracts and supplies	<b>162,729</b>	122,137
Alberta Pensions Services Corporation		
Expenses – Non-certificated benefits	<b>2,203,664</b>	1,764,640

These transactions are measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.



Elk Island Public Schools Regional Division No. 14

NOTES TO FINANCIAL STATEMENTS

August 31, 2011

20. REMUNERATION AND MONETARY INCENTIVES

Remuneration paid or accrued on behalf of the following positions and persons in groups for the year ended August 31, 2011 was as follows:

	2011					2010	
FTE #	Remuneration \$	Benefits \$	Allowance \$	ERIP's Other \$	Total \$	Total \$	
Board Members:							
Chair Barb McNeill	1.0	34,286	261	3,210	—	37,757	32,034
Chair Lisa Brower	1.0	39,412	1,552	3,780	—	44,744	36,809
Mae Adamyk	0.2	4,880	205	1,093	—	6,178	36,939
Glen Buchan	0.2	4,880	190	630	—	5,700	34,062
William Gordon	1.0	29,995	228	3,873	—	34,096	33,453
Colleen Lopushinsky	0.8	25,115	1,061	5,626	—	31,802	—
Pat McLauchlan	1.0	29,995	1,173	3,873	—	35,041	34,062
Lynn Patterson	1.0	29,995	228	2,734	—	32,957	32,034
Bonnie Riddell	0.2	6,548	264	815	—	7,627	44,678
Harvey Stadnick	0.8	25,115	983	3,243	—	29,341	—
Lori Tootoosis-Friesen	0.8	25,115	982	3,243	—	29,340	—
Raymond Welsh	1.0	29,995	1,267	6,720	—	37,982	36,939
	9.0	285,331	8,394	38,840	—	332,565	321,010
Superintendent							
Bruce Beliveau	1.0	195,730	13,672	—	—	209,402	159,033
Egbert Stang	—	—	—	—	—	—	225,681
Secretary/Treasurer							
Scott McFadyen	1.0	174,559	28,567	—	—	203,126	190,029
Certificated teachers							
	894.4	80,576,444	8,690,099	44,964	79,900	89,391,407	89,799,099
Non-certificated -							
Other	554.1	24,572,240	5,978,207	—	5,000	30,555,447	30,070,972
<b>Total</b>	<b>1,459.5</b>	<b>105,804,304</b>	<b>14,718,939</b>	<b>83,804</b>	<b>84,900</b>	<b>120,691,947</b>	<b>120,765,824</b>

## Elk Island Public Schools Regional Division No. 14

### NOTES TO FINANCIAL STATEMENTS

August 31, 2011

#### 20. REMUNERATION AND MONETARY INCENTIVES [CONTINUED]

Expenses including those for items such as the reimbursement of travel, subsistence, moving costs, and conference fees paid or accrued on behalf of the following persons in performing their responsibilities for the year ended August 31 were as follows:

	2011 \$	2010 \$
Board Members:		
Chair Barb McNeill	2,602	2,522
Chair Lisa Brower	2,738	2,450
Mae Adamyk	—	1,192
Glen Buchan	—	4,028
William Gordon	533	—
Colleen Lopushinsky	2,197	—
Pat McLauchlan	2,089	1,595
Lynn Patterson	1,677	—
Bonnie Riddell	—	1,377
Harvey Stadnick	2,889	—
Lori Tootoosis-Friesen	3,329	—
Raymond Welsh	3,188	4,309
	<u>21,242</u>	<u>17,473</u>
Superintendent Bruce Beliveau	16,222	11,622
Superintendent Egbert Stang	—	4,194
Secretary/Treasurer Scott McFadyen	15,328	6,418
	<u>52,792</u>	<u>39,707</u>

#### 21. UNAUDITED INFORMATION

The budget was prepared by Division administration and approved by the Board of Trustees. Budget amounts are presented for information purposes only and have not been audited.

#### 22. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

