School Jurisdiction Code: 0053

AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Chinook's Edge School Division No. 73
Legal Name of School Jurisdiction

4904-50 Street, Innisfail, Alberta, T4G 1W4
Mailing Address

Phone (403) 227-7070 Fax (403) 227-3652
Telephone & Fax Numbers, and Email Address

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Chinook's Edge School Division No. 73 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with Canadian Public Sector Accounting Standards and follow format prescribed by Alberta Education.

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

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

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

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

BOARD CHAIR

Mrs. Colleen Butler	
Name	**Signature**

SUPERINTENDENT

Mr. Kurt Sacher	
Name	**Signature**

SECRETARY-TREASURER OR TREASURER

Mrs. Susan Roy, MBA, CSBO, CGA	
Name	**Signature**

November 26, 2014
Board-approved Release Date

c.c. **ALBERTA EDUCATION, Financial Reporting & Accountability Branch**
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: sarah.brennan@gov.ab.ca
PHONE: (780) 422-0312 (Toll free 310-0000) FAX: (780) 422-6996

School Jurisdiction Code: **0053**

TABLE OF CONTENTS

MNP LLP

Independent Auditors' Report

To the Board of Trustees of Chinook's Edge School Division No. 73:

We have audited the accompanying financial statements of Chinook's Edge School Division No. 73, which comprise the statement of financial position as at August 31, 2014 and the statements of operations, cash flows, change in net debt and remeasurement gains and losses, and schedules of changes in accumulated surplus, capital revenue, program operations, and plant operations and maintenance expenses for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Chinook's Edge School Division No. 73 as at August 31, 2014 and the results of its operations, cash flows, and change in net debt for the year then ended in accordance with Canadian public sector accounting standards.

MNP LLP
Chartered Accountants

Red Deer, Alberta
November 26, 2014

School Jurisdiction Code: 0053

STATEMENT OF FINANCIAL POSITION
As at August 31, 2014 (in dollars)

				2014	2013
FINANCIAL ASSETS					
Cash and cash equivalents		(Note 3)		$ 10,731,051	$ 9,617,391
Accounts receivable (net after allowances)		(Note 4)		$ 2,825,537	$ 1,410,205
Portfolio investments		(Note 5)		$ 716,776	$ 337,439
Other financial assets		(Note 6)		$ -	$ 1,187,274
Total financial assets				$ 14,273,364	$ 12,552,309
LIABILITIES					
Bank indebtedness		(Note 7)		$ -	$ -
Accounts payable and accrued liabilities		(Note 8)		$ 7,064,171	$ 4,839,856
Deferred revenue		(Note 9)		$ 129,981,717	$ 116,436,781
Employee future benefit liabilities		(Note 10)		$ 393,255	$ 421,962
Other liabilities		(Note 11)		$ 320,000	$ -
Debt		(Note 12)			
Supported:	Debentures and other supported debt			$ 116,913	$ 287,762
Unsupported:	Debentures and capital loans			$ -	$ -
	Capital leases			$ -	$ -
	Mortgages			$ -	$ -
Total liabilities				$ 137,876,056	$ 121,986,361
Net financial assets (debt)				$ (123,602,692)	$ (109,434,052)
NON-FINANCIAL ASSETS					
Tangible capital assets		(Note 13)			
Land				$ 2,913,509	$ 2,593,909
Construction in progress				$ 2,788,586	$ 14,729,038
Buildings			$ 207,389,077		
Less: Accumulated amortization			$ (79,763,449)	$ 127,625,628	$ 102,205,065
Equipment			$ 6,577,988		
Less: Accumulated amortization			$ (4,100,073)	$ 2,477,915	$ 2,592,611
Vehicles			$ 9,428,890		
Less: Accumulated amortization			$ (7,092,755)	$ 2,336,135	$ 2,884,285
Computer Equipment			$ 10,522,982		
Less: Accumulated amortization			$ (8,886,845)	$ 1,636,137	$ 2,735,595
Total tangible capital assets				$ 139,777,910	$ 127,740,503
Prepaid expenses				$ 1,278,654	$ 1,256,717
Other non-financial assets				$ 65	$ 65
Total non-financial assets				$ 141,056,629	$ 128,997,285
Accumulated surplus		(Note 14)		$ 17,453,937	$ 19,563,233
Accumulating surplus / (deficit) is comprised of:					
Accumulated operating surplus (deficit)				$ 17,428,941	$ 19,557,997
Accumulated remeasurement gains (losses)				$ 24,996	$ 5,236
				$ 17,453,937	$ 19,563,233
Contractual obligations		(Note 15)			
Contingent liabilities		(Note 16)			

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

School Jurisdiction Code: **0053**

STATEMENT OF OPERATIONS
For the Year Ended August 31, 2014 (in dollars)

		Budget 2014	Actual 2014	Actual 2013
REVENUES				
Alberta Education		$ 112,877,222	$ 113,827,354	$ 115,002,340
Other - Government of Alberta		$ 693,861	$ 825,972	$ 896,565
Federal Government and First Nations		$ 524,037	$ 287,230	$ 357,727
Other Alberta school authorities		$ 129,963	$ 197,000	$ 115,963
Out of province authorities		$ -	$ -	$ -
Alberta municipalities-special tax levies		$ 238,279	$ 246,792	$ 292,036
Property taxes		$ -	$ -	$ -
Fees	(Note 17)	$ 2,153,379	$ 2,508,298	$ 2,457,443
Other sales and services		$ 1,068,060	$ 1,887,353	$ 1,536,793
Investment income		$ 125,193	$ 197,263	$ 173,749
Gifts and donations		$ 210,500	$ 557,448	$ 392,203
Rental of facilities		$ 225,484	$ 228,753	$ 178,031
Fundraising		$ 835,700	$ 648,478	$ 994,672
Gains on disposal of capital assets		$ 20,000	$ 233,889	$ 53,410
Other revenue		$ 160,983	$ 92,711	$ 70,939
Total revenues		$ 119,262,661	$ 121,738,540	$ 122,521,871
EXPENSES				
Instruction (ECS - Grade 12)		$ 94,590,731	$ 96,356,638	$ 97,339,521
Plant operations and maintenance		$ 14,612,292	$ 14,949,511	$ 14,620,567
Transportation		$ 6,508,818	$ 6,615,428	$ 6,903,593
Board & system administration		$ 4,273,280	$ 4,097,385	$ 4,151,893
External services		$ 2,361,016	$ 1,848,633	$ 1,530,074
Total expenses		$ 122,346,137	$ 123,867,596	$ 124,545,648
Operating surplus (deficit)		$ (3,083,476)	$ (2,129,056)	$ (2,023,777)

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

School Jurisdiction Code: **0053**

STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2014 (in dollars)

	2014	2013
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	$ (2,129,056)	$ (2,023,779)
Add (Deduct) items not affecting cash:		
Total amortization expense	$ 7,953,340	$ 8,559,473
Gains on disposal of tangible capital assets	$ (233,889)	$ (53,410)
Losses on disposal of tangible capital assets	$ 16,295	$ 19,179
Expended deferred capital revenue recognition	$ (5,373,206)	$ (5,785,429)
Deferred capital revenue write-off	$ -	$ -
Donations in kind	$ (320,000)	$ -
Changes in:		
Accounts receivable	$ (1,415,332)	$ 624,486
Prepaids	$ (21,937)	$ (180,332)
Other financial assets	$ 1,187,274	$ (1,187,274)
Non-financial assets	$ -	$ 78
Accounts payable and accrued liabilities	$ 2,544,315	$ 1,508,876
Deferred revenue (excluding EDCR)	$ 3,500,358	$ 1,275,019
Employee future benefit liabilitiies	$ (28,707)	$ 59,018
Other (describe) Reclassify land held for resale (sold in 2013/2014)	$ (1,187,274)	$ 1,187,274
Total cash flows from operating transactions	$ 4,492,181	$ 4,003,179
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	$ -	$ -
Buildings	$ (3,154,464)	$ (1,694,898)
Equipment	$ (558,502)	$ (221,780)
Vehicles	$ -	$ (794,376)
Computer equipment	$ (554,891)	$ (662,399)
Net proceeds from disposal of unsupported capital assets	$ 1,419,762	$ 114,876
Other (describe)	$ -	$ -
Total cash flows from capital transactions	$ (2,848,095)	$ (3,258,577)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	$ (382,406)	$ 617,081
Dispositions of portfolio investments	$ 22,829	$ -
Remeasurement gains (losses) reclassified to the statement of operations	$ -	$ -
Other (describe)	$ -	$ -
Total cash flows from investing transactions	$ (359,577)	$ 617,081
D. FINANCING TRANSACTIONS		
Issue of debt	$ -	$ -
Repayment of debt	$ (170,849)	$ (422,357)
Other (describe)	$ -	$ -
Total cash flows from financing transactions	$ (170,849)	$ (422,357)
Increase (decrease) in cash and cash equivalents	$ 1,113,660	$ 939,326
Cash and cash equivalents, at beginning of year	$ 9,617,391	$ 8,678,065
Cash and cash equivalents, at end of year	$ 10,731,051	$ 9,617,391

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

School Jurisdiction Code: 0053

STATEMENT OF CHANGE IN NET DEBT

For the Year Ended August 31, 2014

	Budget 2014	2014	2013
Operating surplus (deficit)	$ (3,083,476)	$ (2,129,056)	$ (2,023,777)
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	$ (1,553,000)	$ (19,685,641)	$ (16,587,597)
Amortization of tangible capital assets	$ 8,755,926	$ 7,953,340	$ 8,559,473
Net carrying value of tangible capital assets disposed of	$ -	$ 14,895	$ 80,645
Write-down carrying value of tangible capital assets	$ -	$ -	$ 1,187,274
Other changes Land donated for new school in Sylvan Lake	$ -	$ (320,000)	$ -
Total effect of changes in tangible capital assets	$ 7,202,926	$ (12,037,406)	$ (6,760,205)
Changes in:			
Prepaid expenses	$ -	$ (21,937)	$ (180,332)
Other non-financial assets	$ -	$ -	$ 76
Net remeasurement gains and (losses)	$ -	$ 19,760	$ (33,842)
Endowments	$ -	$ -	$ -
Decrease (increase) in net debt	$ 4,119,450	$ (14,168,639)	$ (8,998,080)
Net debt at beginning of year	$ (109,434,052)	$ (109,434,052)	$ (100,435,972)
Net debt at end of year	$ (105,314,602)	$ (123,602,691)	$ (109,434,052)

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

School Jurisdiction Code: 0053

STATEMENT OF CHANGE IN NET DEBT

For the Year Ended August 31, 2014

	2014	2013
Operating surplus (deficit)	$ (2,129,056)	$ (2,023,777)
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	$ (19,685,641)	$ (16,587,597)
Amortization of tangible capital assets	$ 7,953,340	$ 8,559,473
Net carrying value of tangible capital assets disposed of	$ 14,895	$ 80,645
Write-down carrying value of tangible capital assets	$ -	$ 1,187,274
Other changes Land donated for new school in Sylvan Lake	$ (320,000)	$ -
Total effect of changes in tangible capital assets	$ (12,037,406)	$ (6,760,205)
Changes in:		
Prepaid expenses	$ (21,937)	$ (180,332)
Other non-financial assets	$ -	$ 76
Net remeasurement gains and (losses)	$ 19,760	$ (33,842)
Endowments	$ -	$ -
Decrease (increase) in net debt	$ (14,168,639)	$ (8,998,080)
Net debt at beginning of year	$ (109,434,052)	$ (100,435,972)
Net debt at end of year	$ (123,602,691)	$ (109,434,052)

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

School Jurisdiction Code: **0053**

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2014 (in dollars)

	2014	2013
Accumulated remeasurement gains (losses) at beginning of year	$ 5,236	$ 39,078
Unrealized gains (losses) attributable to:		
Portfolio investments	$ 19,760	$ (33,842)
Other	$ -	$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	$ -	$ -
Other	$ -	$ -
Net remeasurement gains (losses) for the year	$ 19,760	$ (33,842)
Accumulated remeasurement gains (losses) at end of year	$ 24,996	$ 5,236

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

School Jurisdiction Code: 0053

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2014 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2013	$ 19,563,233	$ 5,236	$ 19,557,997	$ 13,856,191	$ 90,567	$ 1,225,201	$ 4,186,038	$ 200,000
Prior period adjustments:								
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Adjusted Balance, August 31, 2013	$ 19,563,233	$ 5,236	$ 19,557,997	$ 13,856,191	$ 90,567	$ 1,225,201	$ 4,186,038	$ 200,000
Operating surplus (deficit)	$ (2,129,056)		$ (2,129,056)			$ (2,129,056)		
Board funded tangible capital asset additions				$ 834,401		$ -	$ -	$ (834,401)
Disposal of unsupported tangible capital assets	$ -		$ -	$ (14,895)		$ -		$ 14,895
Disposal of supported tangible capital assets (board funded portion)	$ -		$ -	$ -		$ -		$ -
Write-down of unsupported tangible capital assets	$ -		$ -	$ -		$ -		$ -
Write-down of supported tangible capital assets (board funded portion)	$ -		$ -	$ -		$ -		$ -
Net remeasurement gains (losses) for the year	$ 19,760	$ 19,760						
Endowment expenses	$ -		$ -		$ -	$ -		
Direct credits to accumulated surplus	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization of tangible capital assets	$ -			$ (7,953,340)		$ 7,953,340		
Capital revenue recognized	$ -			$ 5,373,206		$ (5,373,206)		
Debt principal repayments (unsupported)	$ -			$ -		$ -		
Externally imposed endowment restrictions	$ -				$ -	$ -	$ -	
Net transfers to operating reserves	$ -					$ (102,621)	$ 102,621	
Net transfers from operating reserves	$ -					$ 271,049	$ (271,049)	
Net transfers to capital reserves	$ -					$ (619,506)		$ 619,506
Net transfers from capital reserves	$ -					$ -		$ -
Assumption/transfer of other operations' surplus	$ -		$ -	$ -	$ -	$ -	$ -	$ -
Balance at August 31, 2014	$ 17,453,937	$ 24,996	$ 17,428,941	$ 12,095,563	$ 90,567	$ 1,225,201	$ 4,017,610	$ -

School Jurisdiction Code: 0053

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2014 (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
Balance at August 31, 2013	$ 4,050,917	$ 200,000	$ 99,723	$ -	$ 190,000	$ -	$ (154,602)	$ -	$ -	$ -
Prior period adjustments:										
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Adjusted Balance, August 31, 2013	$ 4,050,917	$ 200,000	$ 99,723	$ -	$ 190,000	$ -	$ (154,602)	$ -	$ -	$ -
Operating surplus (deficit)										
Board funded tangible capital asset additions	$ -	$ (398,500)	$ -	$ (395,275)	$ -	$ (36,432)	$ -	$ (4,194)	$ -	$ -
Disposal of unsupported tangible capital assets		$ 14,327		$ 568		$ -		$ -		$ -
Disposal of supported tangible capital assets (board funded portion)		$ -		$ -		$ -		$ -		$ -
Write-down of unsupported tangible capital assets		$ -		$ -		$ -		$ -		$ -
Write-down of supported tangible capital assets (board funded portion)		$ -		$ -		$ -		$ -		$ -
Net remeasurement gains (losses) for the year										
Endowment expenses										
Direct credits to accumulated surplus	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization of tangible capital assets										
Capital revenue recognized										
Debt principal repayments (unsupported)										
Externally imposed endowment restrictions	$ -		$ -		$ -		$ -		$ -	
Net transfers to operating reserves	$ -		$ -		$ 77,582		$ 25,039		$ -	
Net transfers from operating reserves	$ (10,041)		$ (261,008)				$ -		$ -	
Net transfers to capital reserves		$ 184,173		$ 394,707		$ 36,432		$ 4,194		$ -
Net transfers from capital reserves		$ -		$ -		$ -		$ -		$ -
Assumption/transfer of other operations' surplus	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Balance at August 31, 2014	$ 4,040,876	$ -	$ (161,285)	$ -	$ 267,582	$ -	$ (129,563)	$ -	$ -	$ -

SCHEDULE OF CAPITAL REVENUE
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)
for the Year Ended August 31, 2014 (in dollars)

	Unexpended Deferred Capital Revenue				
	Provincially Approved & Funded Projects (A)	**Surplus from Provincially Approved Projects (B)**	**Proceeds on Disposal of Provincially Funded Tangible Capital Assets (C)**	**Unexpended Deferred Capital Revenue from Other Sources (D)**	**Expended Deferred Capital Revenue**
Balance at August 31, 2013	$ 55,500	$ -	$ -	$ 912,334	$ 113,884,314
Prior period adjustments	$ -	$ -	$ -	$ -	$ -
Adjusted balance, August 31, 2013	$ 55,500	$ -	$ -	$ 912,334	$ 113,884,314
Add:					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	$ 378,998				
Infrastructure Maintenance & Renewal capital related to school facilities	$ 1,073,723				
Other sources: *(Describe)* Donations	$ -			$ 178,957	
Other sources *(Describe)* : Fundraising	$ -			$ 160,752	
Unexpended capital revenue receivable from:					
Alberta Education school building & modular (excl. IMR)	$ 1,600,602				
Other sources: *(Describe)*	$ -			$ -	
Other souces: *(Describe)*	$ -			$ -	
Interest earned on unexpended capital revenue	$ 987	$ -	$ -	$ 1,916	
Other unexpended capital revenue: *(Describe)*				$ -	
Net proceeds on disposal of supported tangible capital assets			$ -	$ -	
Insurance proceeds (and related interest)			$ -	$ -	
Donated tangible capital assets (Explain):					$ -
Alberta Schools Alternative Program (ASAP), Building Alberta School Construction Program, (BASCP) and other Alberta Infrastructure managed projects					$ 15,417,784
Transferred in (out) tangible capital assets (amortizable, @ net book value)					$ -
Expended capital revenue - current year	$ (3,109,810)	$ -	$ -	$ (323,645)	$ 3,433,455
Surplus funds approved for future project(s)	$ -	$ -			
Other adjustments (Explain):	$ -	$ -	$ -	$ -	$ -
Deduct:					
Net book value of supported tangible capital dispositions or write-offs					$ -
Other adjustments (Explain):	$ -	$ -	$ -	$ -	$ -
Capital revenue recognized - Alberta Education					$ 5,373,206
Capital revenue recognized - Other Government of Alberta					$ -
Capital revenue recognized - Other revenue					$ -
Balance at August 31, 2014	$ -	$ -	$ -	$ 930,314	$ 127,362,347
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2014 (A) + (B) + (C) + (D)				$ 930,314	

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.

(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.

School Jurisdiction Code: 0053

SCHEDULE OF PROGRAM OPERATIONS
for the Year Ended August 31, 2014 (in dollars)

		2014						2013
	REVENUES	Instruction (ECS- Grade 12)	Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
(1)	Alberta Education	$ 89,367,841	$ 14,339,658	$ 5,841,115	$ 4,065,646	$ 213,094	$ 113,827,354	$ 115,002,340
(2)	Other - Government of Alberta	$ 412,262	$ 22,624	$ -	$ -	$ 391,086	$ 825,972	$ 896,565
(3)	Federal Government and First Nations	$ -	$ -	$ -	$ -	$ 287,230	$ 287,230	$ 357,727
(4)	Other Alberta school authorities	$ 155,000	$ -	$ -	$ -	$ 42,000	$ 197,000	$ 115,963
(5)	Out of province authorities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(6)	Alberta municipalities-special tax levies	$ 26,733	$ -	$ -	$ -	$ 220,058	$ 246,792	$ 292,036
(7)	Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(8)	Fees	$ 2,269,843		$ 162,468		$ 75,988	$ 2,508,298	$ 2,457,443
(9)	Other sales and services	$ 1,311,474	$ 16,628	$ 18,549	$ 946	$ 539,756	$ 1,887,353	$ 1,536,793
(10)	Investment income	$ 54,161	$ 28,299	$ 114,803	$ -	$ -	$ 197,263	$ 173,749
(11)	Gifts and donations	$ 544,297	$ -	$ -	$ -	$ 13,151	$ 557,448	$ 392,203
(12)	Rental of facilities	$ 36,739	$ 125,744	$ -	$ -	$ 66,270	$ 228,753	$ 178,031
(13)	Fundraising	$ 648,478	$ -	$ -	$ -	$ -	$ 648,478	$ 994,672
(14)	Gains on disposal of tangible capital assets	$ 1,800	$ 232,089	$ -	$ -	$ -	$ 233,889	$ 53,410
(15)	Other revenue	$ 87,809	$ 4,601	$ -	$ 300	$ -	$ 92,711	$ 70,939
(16)	TOTAL REVENUES	$ 94,916,438	$ 14,769,643	$ 6,136,934	$ 4,066,892	$ 1,848,633	$ 121,738,540	$ 122,521,871
	EXPENSES							
(17)	Certificated salaries	$ 54,299,110			$ 909,365	$ -	$ 55,208,475	$ 55,869,386
(18)	Certificated benefits	$ 12,264,516			$ 236,372	$ -	$ 12,500,888	$ 12,016,359
(19)	Non-certificated salaries and wages	$ 14,245,741	$ 4,379,351	$ 2,283,103	$ 1,503,790	$ 995,821	$ 23,407,805	$ 23,360,302
(20)	Non-certificated benefits	$ 3,207,753	$ 1,106,017	$ 363,284	$ 368,706	$ 223,604	$ 5,269,363	$ 5,252,109
(21)	SUB - TOTAL	$ 84,017,121	$ 5,485,368	$ 2,646,386	$ 3,018,232	$ 1,219,425	$ 96,386,532	$ 96,498,156
(22)	Services, contracts and supplies	$ 10,107,192	$ 4,356,652	$ 3,449,915	$ 932,334	$ 629,208	$ 19,475,301	$ 19,418,490
(23)	Amortization of supported tangible capital assets	$ 495,665	$ 4,867,941	$ 9,600	$ -	$ -	$ 5,373,206	$ 5,785,429
(24)	Amortization of unsupported tangible capital assets	$ 1,711,142	$ 216,758	$ 507,727	$ 144,507	$ -	$ 2,580,134	$ 2,774,044
(25)	Supported interest on capital debt	$ -	$ 22,624	$ -	$ -	$ -	$ 22,624	$ 41,456
(26)	Unsupported interest on capital debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(27)	Other interest and finance charges	$ 11,192	$ -	$ -	$ 2,311	$ -	$ 13,503	$ 8,894
(28)	Losses on disposal of tangible capital assets	$ 14,327	$ 168	$ 1,800	$ -	$ -	$ 16,295	$ 19,179
(29)	Other expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(30)	TOTAL EXPENSES	$ 96,356,638	$ 14,949,511	$ 6,615,428	$ 4,097,385	$ 1,848,633	$ 123,867,596	$ 124,545,648
(31)	OPERATING SURPLUS (DEFICIT)	$ (1,440,200)	$ (179,868)	$ (478,494)	$ (30,493)	$ (0)	$ (2,129,056)	$ (2,023,777)

School Jurisdiction Code: 0053

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES
for the Year Ended August 31, 2014 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	2014 TOTAL Operations and Maintenance
Uncertificated salaries and wages	$ 3,132,617	$ 820,472	$ -	$ 136,941	$ 289,321		$ 4,379,351		$ 4,379,351
Uncertificated benefits	$ 804,301	$ 195,115	$ -	$ 33,951	$ 72,650		$ 1,106,017		$ 1,106,017
Sub-total Remuneration	$ 3,936,918	$ 1,015,587	$ -	$ 170,892	$ 361,971		$ 5,485,368		$ 5,485,368
Supplies and services	$ 303,551	$ 865,372	$ 6,576	$ 348,751	$ 62,557		$ 1,586,807		$ 1,586,807
Electricity			$ 1,265,494				$ 1,265,494		$ 1,265,494
Natural gas/heating fuel			$ 635,672				$ 635,672		$ 635,672
Sewer and water			$ 169,649				$ 169,649		$ 169,649
Telecommunications			$ 45,256				$ 45,256		$ 45,256
Insurance					$ 254,526		$ 254,526		$ 254,526
Amortization of tangible capital assets									
Supported								$ 4,867,941	$ 4,867,941
Unsupported						$ 216,759	$ 216,759		$ 216,759
Total Amortization						$ 216,759	$ 216,759	$ 4,867,941	$ 5,084,700
Interest on capital debt									
Supported								$ 22,624	$ 22,624
Unsupported						$ -	$ -		$ -
Lease payments for facilities				$ 399,247			$ 399,247		$ 399,247
Other interest charges						$ -	$ -		$ -
Losses on disposal of capital assets						$ 168	$ 168		$ 168
TOTAL EXPENSES	$ 4,240,469	$ 1,880,959	$ 2,122,647	$ 918,890	$ 679,054	$ 216,927	$ 10,058,946	$ 4,890,565	$ 14,949,511

SQUARE METRES									
School buildings									0.0
Non school buildings									0.0

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.

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

BOARD AND SYSTEM ADMINISTRATION (FOR INFORMATION ONLY - NOT PART OF FINANCIAL STATEMENTS)
2013/2014 EXPENSES UNDER (OVER) MAXIMUM LIMIT

TOTAL EXPENSES (From "Total" column of Line 30 of Schedule of Program Operations)	$123,867,596
Enter Number of Net Enrolled Students:	**10,985**
Enter "C" if Charter School	

STEP 1

Calculation of maximum expense limit percentage for Board and System Administration expenses

If "Total Net Enrolled Students" are 6,000 and over	= 3.6%	**3.60%**
If "Total Net Enrolled Students" are 2,000 and less	= 5.4%	

The Maximum Expense Limit for Board and System Administration is based on an arithmetical proration for the TOTAL FTE count for grades 1 -12, net of Home Education AND Adult students, between 2,000 to 6,000 at .00045 per FTE (Example: 4,500 FTE count grades 1-12 = 6,000 - 4,500 = 1,500 X .00045 = 0.675% plus 3.6% = maximum expense limit of 4.275%).

STEP 2

A. Calculate maximum expense limit amounts for Board and System Administration expenses

Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES	$4,459,233

B. Considerations for Charter Schools and Small School Boards:

If charter schools and small school boards,

The amount of Small Board Administration funding (*Funding Manual* Section 1.13)	$0
2013/2014 MAXIMUM EXPENSE LIMIT (the greater of A or B above)	$4,459,233
Actual Board & System Administration from Line 30 of "Schedule of Program Operations" (Board & System Administration Column)	$4,097,385
Amount Overspent	$0

1. AUTHORITY AND PURPOSE

Chinook's Edge School Division No. 73 (the "Division") delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The Division receives funding for instruction and support under Education Grants Regulation (AR 120/2008). The regulation allows for the setting of conditions and use of grant monies. The 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 a 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 Division has investments in bonds and mutual funds that have no maturity dates or have a maturity of greater than 3 months.

The change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are derecognized. Upon derecognition, the accumulated remeasurement gains or losses associated with the derecognized portfolio investments are reversed and reclassified to the Statement of Operations.

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amounts of the write-down is reported in the Statement of Remeasurement Gains and Losses. A subsequent increase in value would be recognized on the Statement of Remeasurement Gains and Losses and realized on the Statement of Operations only when sold.

Detailed information regarding portfolio investments is disclosed in Note 5.

d) Tangible capital assets

The following criteria applies:

- Tangible capital assets acquired or constructed 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 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.
- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the Division to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. For supported assets, the write-downs are accounted for as reductions to Expended Deferred Capital Revenue.
- Buildings that are demolished or destroyed are written-off.
- Tangible capital assets with costs in excess of $5,000 are capitalized.
- Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the Board are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing or the interest rate implicit in the lease.
- Tangible capital assets are amortized over their estimated useful lives on a straight line basis, at the following rates:

Buildings	25 – 50 years
Vehicles & Buses	5 – 10 years
Computer Hardware & Software	3 – 5 years
Playground Equipment (included in equipment)	20 years
Equipment & Furnishings	5 – 10 years

- No amortization is taken in the year of acquisition

e) Inventories (included in prepaid expenses)

Inventories are recorded at the lesser of cost or net realizable value.

f) Prepaid Expenses

Certain expenditures incurred before the close of the school year are for school supplies, which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses.

g) Deferred Revenue

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per *Public Sector Accounting Standard (PSAS) PS 3200*. These contributions are recognized as deferred revenue by the Division once it has met all eligibility criteria to receive the contributions. When stipulations are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

Deferred revenue also includes contributions for capital expenditures, unexpended and expended:

- Unexpended Deferred Capital Revenue
  Unexpended Deferred Capital Revenue represents externally restricted supported capital funds provided for a specific capital purpose received or receivable by the Division, but the related expenditure has not been made at year-end. These contributions must also have stipulations that meet the definition of a liability per *PS 3200* when expended.

- Expended Deferred Capital Revenue
  Expended Deferred Capital Revenue represent externally restricted supported capital funds that have been expended but have yet to be amortized over the useful life of the related capital asset. Amortization over the useful life of the related capital asset is due to certain stipulations related to the contributions that require that the Division use the asset in a prescribed manner over the life of the associated asset.

h) Employee Future Benefit Liabilities

The Division provides certain post-employment and retirement benefits including vested and non-vested benefits for certain employees pursuant to certain contracts.

The Division accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include defined-benefit retirement plans, post-employment benefit continuation, severance and overtime.

Defined Benefit Pension Plan

The actuarial determination of the accrued benefit obligation for pensions used the project benefit method prorated on service (which incorporated management's best estimate of future salary levels, retirement ages of employees and other actuarial factors). The discount rate used to determine the accrued benefit obligation and current service costs was based on direction from Alberta Education which was 6.15% (2013 – 4.95%). Actuarial gains (losses) arise from the difference resulting from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the greater of the benefit obligation and the fair value of the plan assets is amortized over the remaining service period of active employees. The average remaining service period of active employees covered by the pension plan is 6 years. Past service costs arising from plan initiation are deferred and amortized on a straight line basis over the average remaining service period of employees active at the date of initiation.

i) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the asset. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included on the Statement of Operations.

The Division has determined that it has a conditional asset retirement obligation relating to certain school sites. These obligations will be discharged in the future by funding through the Alberta Government. The Division believes that there is insufficient information to estimate the fair value of the asset retirement obligation because the settlement date or range of potential settlement dates has not been determined and information is not available to apply an expected present value technique.

j) Operating and Capital Reserves

Certain amounts are internally 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.

k) Revenue Recognition

Revenue is 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 Division has to meet in order to receive certain contributions. Stipulations describe what the Division 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 year the stipulated related expenses are incurred;
- Unexpended Deferred Capital Revenue; or
- Expended Deferred Capital Revenue.

l) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Allocation of costs

- Actual salaries of personnel assigned to two more programs are allocated based on the time spent in each program.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

m) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

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 Plan Act, the Division does not make pension contributions for certificated teaching staff. The Government portion of the current service contribution to the Alberta Teachers' Retirement Fund on behalf of the division is included in both revenue and expenses. For the year ended August 31, 2014, the amount contributed by the Government was $6,656,385 (2013 – $5,626,627).

The Division participates in a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of $1,260,643 (2013 - $1,185,546). At December 31, 2013, the Local Authorities Pension Plan reported an actuarial deficiency of $4,861,516,000 (2012 deficiency of $4,977,303,000).

The Division participates in a multi-employer senior management registered pension plan (SIPP) and does not report on any unfunded liabilities. The expense of this pension plan is equivalent to the annual employer contributions of $47,841 (2013 - $46,363).

The Division participates in a Supplementary Executive Retirement Plan (SERP). This is an unfunded pension arrangement with no assets as defined under *PS 3250*. The actuarial determination of the accrued benefit obligation uses the projected benefit method prorated on service, which incorporates management's best estimate of future salary levels, retirement ages of employees, and other actuarial factors. The expense of this pension plan is equivalent to the annual employer contributions and any increase in the actuarial determination of the obligation under *PS 3250*. The expense for the year ended August 31, 2014 was $67,700 (2013 - $53,400).

n) 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), both contracted or board operated, including transportation facilities.
- **Board and 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.

These segments are differentiated by service lines. Segment results are aligned with how the Division manages its operations. The allocation of revenue and expenses are reported by program, source, and object on the Schedule of Program Operations.

o) Scholarship Endowment Funds

Contributions to scholarship endowment funds must be held in perpetuity in accordance with the agreement with the donor. Provisions of the agreement allow the income to be disbursed for the purposes of the scholarships.

Unspent income earned on endowment principal is recognized as deferred revenue or as revenue in the year to the extent that stipulations have been met.

p) Trusts Under Administration

The Division has property that has been transferred or assigned to it to be administered or directed by a trust agreement. The Division holds title to the property for the benefit of the beneficiary.

Trusts under administration have been excluded from the financial reporting of the Division. Trust balances can be found in Note 18.

q) 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 the financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, debt, employee future benefit liabilities 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 measured at cost or amortized cost upon initial recognition. The gain or loss arising from recognition of a financial instrument is recognized in the Statement of Operations. Gains and losses arising from changes in fair value are recognized in the Statement of Remeasurement Gains and Losses. Impairment losses such as write-downs or write-offs are reported in the Statement of Operations.

r) Measurement Uncertainty

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. Significant areas requiring the use of management estimates relate to the potential impairment of assets, rates for amortization and estimated employee future benefits.

s) Recent accounting pronouncements

In June 2010, the Public Sector Accounting Board (PSAB) issued *PS 3260 Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Division has not yet determined the effect of the new section on its financial statements.

3. CASH AND CASH EQUIVALENTS

	2014			2013
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash	1.2%	$ 10,506,071	$ 10,506,071	$ 9,309,798
Cash equivalents				
Other, including GIC's	0.84%	224,980	224,980	307,593
Total cash and cash equivalents		$ 10,731,051	$ 10,731,051	$ 9,617,391

4. ACCOUNTS RECEIVABLE

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants	$ 295,666	$ -	$ 295,666	$ 319,302
Alberta Education - Capital	563,344	-	563,344	60,000
Alberta Education - IMR	1,120,645	-	1,120,645	-
Alberta Education - Supported Debentures	116,913	-	116,913	287,762
Other Alberta school jurisdictions	65,398	-	65,398	63,628
Treasury Board and Finance - Accrued interest on supported debentures	7,379	-	7,379	11,413
Alberta Health Services	35,278	-	35,278	42,029
Post-secondary institutions	-	-	-	19,520
Other Government of Alberta Ministries	-	-	-	9,663
Federal government	333,397	-	333,397	332,780
Municipalities	326	-	326	40,432
Other	395,495	(108,304)	287,191	223,676
Total	$ 2,933,841	$ (108,304)	$ 2,825,537	$ 1,410,205

5. PORTFOLIO INVESTMENTS

	2014			
	Cost	Fair Value	Balance	2013 Balance
Fixed income securities				
Government of Canada, direct and guaranteed	$ -	$ -	$ -	$ -
Provincial, direct and guaranteed	132,069	138,259	138,259	200,367
Municipal	-	-	-	-
Corporate	379,684	387,642	387,642	-
Pooled investment funds	-	-	-	-
Total fixed income securities	511,753	525,901	525,901	200,367
Equities				
Canadian	174,323	181,179	181,179	129,927
Foreign	5,704	9,696	9,696	7,145
Real estate	-	-	-	-
Total equities	180,027	190,875	190,875	137,072
Total portfolio investments	$ 691,780	$ 716,776	$ 716,776	$ 337,439

The following is the maturity structure for fixed income securities based on the principal amount:

	2014	2013
3 months to 5 years	48.7%	63.4%
6 to 10 years	51.3%	36.6%
11 to 20 years	0.0%	0.0%
Over 20 years	0.0%	0.0%
	100.0%	100.0%

It is management's opinion that there has been no impairment during the year.

6. OTHER FINANCIAL ASSETS

	2014	2013
Land held for resale	-	1,187,274
Total	$ -	$ 1,187,274

7. BANK INDEBTEDNESS

The Division has an authorized line of credit in the amount of $5,000,000 (2013 - $5,000,000) that bears interest at the Servus Credit Union prime rate less 1.0% and is secured by a general security arrangement. The balance outstanding on the line of credit at August 31, 2014 was nil (2013 – nil). Bank indebtedness is monitored throughout the year to ensure compliance with Section 183(1) of the *School Act*. The section requires that total borrowing cannot exceed total receivables.

	2014	2013
Accounts Receivable	$ 2,825,537	$ 1,410,205
Less: Bank indebtedness	-	-
Allowable Bank Indebtedness	$ 2,825,537	$ 1,410,205

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Alberta Education	$ 1,948,353	$ 935,081
Other Alberta school jurisdictions	234,727	479,981
Alberta Capital Finance Authority (Interest on long-term debt - Supported)	7,379	11,413
Alberta Health Services	745,158	357,125
Post-secondary institutions	267,754	186,794
Federal government	160,748	73,211
Accrued vacation pay liability	367,430	331,693
Other salaries & benefit costs	1,139,969	806,781
Other trade payables and accrued liabilities	2,192,653	1,657,777
Total	$ 7,064,171	$ 4,839,856

9. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2013	ADD: 2013/2014 Restricted Funds Received/ Receivable	DEDUCT: 2013/2014 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2013/2014 Adjustments for Returned Funds	DEFERRED REVENUE as at Aug. 31, 2014
Unexpended deferred operating revenue					
Alberta Education:					
Infrastructure Maintenance Renewal	$ 97,999	$ 2,589,325	$ (2,687,324)	$ -	$ -
Dual Credit Grant - Tourism		135,000	(30,405)	-	104,595
Dual Credit Grant - Trades	-	108,000	(32,914)	-	75,086
Other Alberta Education def'd revenue (specify)	115,261	10,603	(123,337)	-	2,527
Other Government of Alberta:					-
CIP Grant	-	50,000	-	-	50,000
Other Deferred Revenue:					-
School Generated Funds	176,845	3,005,767	(2,901,066)	-	281,546
Fees	71,669	2,839,061	(2,752,276)	-	158,454
Donations	15,239	-	(15,239)	-	-
Municipal FCSS	38,698	267,198	(246,093)		59,803
Government of Canada Employment Program	25,231	289,541	(287,230)	-	27,542
Scholarships	789,089	140,651	(141,963)	-	787,777
Other	254,603	4,150	(117,028)	-	141,725
Total unexpended deferred operating revenue	$ 1,584,634	$ 9,439,296	$ (9,334,875)	$ -	$ 1,689,055
Unexpended deferred capital revenue	967,834	3,395,935	(3,433,455)	-	930,314
Expended deferred capital revenue	113,884,314	18,851,239	(5,373,205)	-	127,362,348
Total	$ 116,436,782	$ 31,686,470	$ (18,141,535)	$ -	$ 129,981,717

10. EMPLOYEE FUTURE BENEFIT LIABILITIES

	2014	2013
Defined benefit pension plan liability	$ 285,200	$ 217,500
Other compensated absences	70,028	80,032
Post-employment benefits	14,750	28,324
Retirement allowances	23,277	46,106
Other termination benefits	-	50,000
Total	$ 393,255	$ 421,962

11. OTHER LIABILITIES

	2014	2013
Land with reserve for educational purpose only	320,000	-
Total	$ 320,000	$ -

12. DEBT

	2014	2013
Debentures outstanding at August 31, 2014 have interest rates between 9.50% to 9.625%. The terms of the loans are 20 years, payments made annually, supported by Alberta Education	$ 116,913	$ 287,762
Total	$ 116,913	$ 287,762

Principal repayments are estimated as follows:

	Principal	Interest	Total
2014-2015	$ 116,913	$ 7,379	$ 124,292
Total	$ 116,913	$ 7,379	$ 124,292

13. TANGIBLE CAPITAL ASSETS

	2014							2013
	Land	Construction In Progress - Buildings	Buildings	Equipment & Furnishings	Vehicles & Buses	Computer Hardware & Software	Total	Total
Estimated useful life			25-50 Years	5-20 Years	5-10 Years	3-5 Years		
Historical cost								
Beginning of year	$ 2,593,909	$14,729,038	$177,039,475	$ 6,199,245	$ 9,453,776	$ 9,968,091	$219,983,534	$209,585,151
Prior period adjustments	-	-	-	-	-	-	-	-
Additions	320,000	18,572,249	-	558,502	-	554,891	20,005,642	16,587,597
Transfers in (out)	-	(30,512,701)	30,512,701	-	-	-	-	(1,187,275)
Less disposals including w rite-	(400)	-	(163,099)	(179,759)	(24,886)	-	(368,144)	(5,001,939)
	$ 2,913,509	$ 2,788,586	$207,389,077	$ 6,577,988	$ 9,428,890	$10,522,982	$239,621,032	$219,983,534
Accumulated amortization								
Beginning of year	$ -	$ -	$ 74,834,410	$ 3,606,634	$ 6,569,491	$ 7,232,496	$ 92,243,031	$ 88,604,853
Prior period adjustments	-	-	-	-	-	-	-	-
Amortization	-	-	5,092,138	658,704	548,150	1,654,349	7,953,341	8,559,472
Other additions	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including w rite-	-	-	(163,099)	(165,265)	(24,886)		(353,250)	(4,921,294)
	$ -	$ -	$ 79,763,449	$ 4,100,073	$ 7,092,755	$ 8,886,845	$ 99,843,122	$ 92,243,031
Net Book Value at End of Year	$ 2,913,509	$ 2,788,586	$127,625,628	$ 2,477,915	$ 2,336,135	$ 1,636,137	$139,777,910	$127,740,503
Net Book Value at Beginning of Year	$ 2,593,909	$14,729,038	$102,205,065	$ 2,592,611	$ 2,884,285	$ 2,735,595	$127,740,503	

Construction in Progress includes $1,509,061 partially financed under Alberta School Alternative Procurement Initiative (2013 - $13,775,885). The Division's tangible capital assets include land in the amount of $320,000, contributed for the purpose of building a new school.

14. ACCUMULATED SURPLUS

The Division's accumulated surplus is summarized as follows:

	2014	2013
Unrestricted surplus	$ 1,225,201	$ 1,225,201
Operating reserves	4,017,611	4,186,038
Accumulated surplus (deficit) from operations	5,242,812	5,411,239
Investment in tangible capital assets	12,095,562	13,856,191
Capital reserves	-	200,000
Endowments (1)	90,567	90,567
Accumulated remeasurement gains (losses)	24,996	5,236
Accumulated surplus (deficit)	$ 17,453,937	$ 19,563,233

Accumulated surplus (deficit) from operations (ASO) include school generated funds of $1,101,069 These funds are raised at school level and are not available to spend at board level.
The Division's Adjusted surplus (deficit) from operations is calculated as follows:

	2014	2013
Accumulated surplus (deficit) from operations	$ 5,242,812	$ 5,411,239
Deduct: School generated funds included in accumulated surplus (Note 19)	1,101,069	1,110,742
Adjusted accumulated surplus (deficit) from operations (2)	$ 4,141,743	$ 4,300,497

(1) Terms of the endowments stipulate that the principal balance be maintained permanently. Investment income of $38,462 (2013 - $36,525) is externally restricted for scholarships and is included in deferred revenue. Investment income of $ nil (2013 - $nil) is unrestricted.

(2) Adjusted accumulated surplus from operations represents funds available for use by the Division after deducting funds raised at the school level.

15. CONTRACTUAL OBLIGATIONS

	2014	2013
Building projects [1]	$ 1,111,981	$ 217,049
Building leases [2]	403,130	513,134
Service providers [3]	101,200	385,600
Total	$ 1,616,311	$ 1,115,783

(1) Building projects: The Division is committed to further capital expenditures for various infrastructure Maintenance and Renewal projects at approximately $1,111,981.
(2) Building leases: The Division is committed to building lease payments from which annual rental fees are recovered fully. As at August 31, 2014 building lease payments total $403,130.
(3) Service Providers: The Division has $101,200 in commitments relating to information technology contracts.

Estimated payment requirements for each of the next three years are as follows:

	Building Projects	Building Leases	Service Providers	Other (Specify)	Other
2014-15	$ 1,111,981	$ 403,130	$ 101,200	$ -	$ -
2015-16	-	37,093	82,222	-	-
2016-17	-	24,456	82,000	-	-
2017-18	-	-	-	-	-
2018-19	-	-	-	-	-
Thereafter	-	-	-	-	-
	$ 1,111,981	$ 464,679	$ 265,422	$ -	$ -

16. CONTINGENT LIABILITIES

The Division is a member of a reciprocal insurance exchange called ASBIE. A portion of the premiums paid each year represent equity contributions to the insurance fund. These payments have been recorded as expenses in the financial statements, as the value of equity is subject to liability claims.

The Division is subject to a number of insurance claims, the outcome of which is not determinable as at the date of reporting. As these claims are covered by insurance, no provision has been made in the financial statements for any costs associated with them.

The Division was named co-defendant in a lawsuit involving a motor vehicle accident of a student. Given the very early stage of the lawsuit and, as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome or to estimate the loss, if any, which may result at the date of this report. The Division's insurers have been advised of this claim and are cooperating with the Division in the defense of this lawsuit subject to policy deductibles, limits and terms of conditions.

The Division has been named in four claims, two of which the outcome is not determinable. Of these interminable claims, one has specified amounts totalling $25,000. The remaining claim has no amount specified. Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

17. FEES

	2014	2013
Transportation fees (1)	$ 162,468	$ 139,307
Fees charged for instruction material and supplies (2)	1,159,130	1,167,569
School generated Funds	1,110,712	1,150,527
Fees for external services	75,988	40
Total	$ 2,508,298	$ 2,457,443

(1) Charged under School Act, Section 51 (3)

(2) Charged under School Act Section 60 (2) (j)

18. TRUSTS UNDER ADMINISTRATION

The balances represent assets that are held in trust by the Division. They are not recorded on the statements of the Division.

	2014	2013
Deferred salary leave plan	$ 27,162	$ 13,500
Student Health Initiative (Banker board)	-	572,933
Children and Youth with Complex Needs (Banker board)	-	59,884
Staff Funds	51,977	58,974
DARE	6,001	7,040
ECD Mapping Intiatives	32,473	68,318
Prior Year Grad Funds	5,610	5,569
CASS/ASBOA Zone 4 & 5 Conference	5,468	5,468
Regional Collaborative Service Delivery (Banker board)	486,683	-
Charity Funds	919	132
Total	$ 616,293	$ 791,818

19. SCHOOL GENERATED FUNDS

	2014	2013
School Generated Funds, Beginning of Year	$ 1,287,587	$ 1,284,477
Gross Receipts:		
Fees	1,110,712	1,150,527
Fundraising	744,639	939,659
Gifts and donations	297,507	225,322
Grants to schools	28,307	12,637
Other sales and services	948,938	915,902
Total gross receipts	3,130,103	3,244,047
Total Related Expenses and Uses of Funds	2,014,184	2,156,864
Total Direct Costs Including Cost of Goods Sold to Raise Funds	1,020,891	1,084,073
School Generated Funds, End of Year	$ 1,382,615	$ 1,287,587
Balance included in Deferred Revenue	$ 281,546	$ 176,845
Balance included in Accumulated Surplus (Operating Reserves)	$ 1,101,069	$ 1,110,742

20. RELATED PARTY TRANSACTIONS

All entities that are consolidated in the accounts of the Government of Alberta are related parties of the 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)	Revenues	Expenses
Government of Alberta (GOA):				
Education				
Accounts receivable / Accounts payable	$ 859,010	$ 116,913	$ 107,170,969	$ -
Prepaid expenses / Deferred operating revenue	-	232,208	-	-
Expended deferred capital revenue		124,584,638		
Other Alberta school jurisdictions	65,398	234,727	197,000	114,329
Treasury Board and Finance (Principal)	116,913		-	-
Treasury Board and Finance (Accrued interest)	7,379		22,624	22,624
Alberta Health	-	-	-	-
Alberta Health Services	35,278	745,158	616,704	328
Enterprise and Advanced Education	-	-	-	-
Post-secondary institutions	-	267,754	-	172,836
Alberta Infrastructure	1,120,645	1,831,440	-	-
Human Services	-	-	-	-
Alberta Foundation for the Arts	-	-	31,784	-
Other Government of Alberta	-	-	154,860	-
Other:				
Alberta Capital Financing Authority	-	-	-	-
Alberta Distance Learning	-	4,800	-	148,227
Local Authorities Pension Plan	-	207,615	-	1,260,643
Other Related Parties	-	-	-	-
TOTAL 2013/2014	$ 2,204,623	$ 128,225,253	$ 108,193,941	$ 1,718,987
TOTAL 2012/2013	$ 813,565	$ 113,330,595	$ 116,014,882	$ 1,310,077

21. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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

22. DEFINED BENEFIT PENSION PLAN

The expense and obligations relating to the defined benefit pension plan are determined in accordance with Canadian PSAS and actuarial principles. Obligations are based on the projected benefits method of valuation that includes employee service to date and present pay levels, as well as a projection of salaries and service to retirement.

Accrued benefit plan obligation	**2014**	**2013**
Accrued benefit plan obligation, beginning of year	$191,300	$114,100
Accrual for services	59,200	50,700
Interest cost	10,900	6,900
Benefits payments	-	-
Actuarial gain (loss) on accrued benefit plan obligation	(47,100)	19,600
Accrued benefit plan obligation, end of year	**$214,300**	**$191,300**

Accrued benefit liability	**2014**	**2013**
Accrued benefit plan obligation	$214,300	$191,300
Balance of unamortized amounts	70,900	26,200
Accrued benefit liability	**$285,200**	**$217,500**

Elements of defined benefit costs recognized in the year	**2014**	**2013**
Current service cost	$59,200	$50,700
Interest cost	10,900	6,900
Amortization of experience (gains)/losses	(2,400)	(4,200)
Defined benefit costs recognized	**$67,700**	**$53,400**

Significant assumptions	**2014**	**2013**
Accrued benefit obligation discount	6.15%	4.95%

23. FINANCIAL INSTRUMENTS

Credit concentration

Accounts receivable from the provincial government in connection with grant revenue represents 71% (2013 – 48%) of the total accounts receivable as at August 31, 2014. The Division believes that there is minimal risk associated with the collection of these amounts as they are from government bodies. Allowances for potentially uncollectable accounts receivable are considered each year.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Division is not exposed to interest rate risk on long-term debt as it is fully funded by the Government of Alberta

Liquidity Risk

Liquidity risk is the risk that the Division will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Division enters into transactions to purchase goods and services on credit, borrow funds from financial institutions or other creditors, etc., for which repayment is required at various maturity dates. The Division manages its liquidity risk by maintaining sufficient cash and cash equivalents and operating within its budget.

Contractual maturities of long-term debt are disclosed in Note 12.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Division interests into transactions to purchase stocks, for which the market price fluctuates. The Division's portfolio investments of $716,776 (2013 - $337,439) are subject to normal market fluctuations and the risks inherent in investment and financial markets.

24. REMUNERATION AND MONETARY INCENTIVES

The Division has paid or accrued expenses for the year ended August 31, 2014 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Expenses
Chair, Colleen Butler	1.0	$ 27,029	$ 2,322	$22,398
Vice Chair, Ron Fisher	1.0	25,970	4,580	$20,534
Penny Archibald	0.2	1,756	649	$730
Sheldon Ball	0.8	13,973	4,689	$10,794
Holly Bilton	0.8	13,753	4,679	$9,860
Sherry Cooper	1.0	17,719	5,583	$10,910
Connie Huelsman	1.0	8,657	5,138	$5,001
Trudy James	1.0	20,371	4,176	$17,714
Gord Kerr	1.0	14,846	5,437	$12,624
Joanne Knispel-Matejka	0.2	2,364	814	$1,159
Bill MacFarquhar	0.2	2,253	809	$1,305
Jacqueline Swainson	0.8	9,664	4,472	$5,488
Subtotal	*9.0*	*$ 158,355*	*$ 43,348*	*$118,517*
Superintendent	1.0	$207,330	$56,473	$18,776
Board Secretary	1.0	$171,164	$43,880	$12,534
Board Treasurer	1.0	$133,153	$37,052	$6,449
Certificated teachers	594.0	$54,829,981	$12,400,535	
Non-certificated - other	609.0	$23,116,297	$5,188,963	
TOTALS		**$78,616,280**	**$17,770,251**	

25. BUDGET AMOUNTS

The budget was prepared by the Division and approved by the Board of Trustees on May 29, 2013.

26. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2013/2014 presentation. The 2013 accrued vacation pay in the amount of $331,693 and banked time in the amount of $101,138 have been disclosed as accounts payable and accrued liabilities rather than employee future benefits.

27. SUBSEQUENT EVENTS

Chinook's Edge has entered into an agreement to sell River Glen School, Red Deer, Alberta to Red Deer Public School District No. 104 . The sale will not result in a gain or loss on disposal.