

EAST CENTRAL ALBERTA CATHOLIC SEPARATE SCHOOLS REGIONAL DIVISION NO. 16
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2007

1. AUTHORITY AND PURPOSE

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

The jurisdiction receives instruction and support allocations under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

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

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

b) Capital Assets

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

Buildings - 2.5% to 4%

Equipment & Furnishings - 10% to 20%

Vehicles & Busses - 10% to 20%

Capital assets with costs in excess of \$5,000 are capitalized. Capital allocations received for asset additions are amortized into revenues over the same period as the amortization expense.

c) School Generated Funds

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained, and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.).

d) Vacation Pay

Vacation pay is accrued in the period in which the employee earns the benefit.

e) Prepaid Expenses

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

f) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the jurisdiction, to set aside funds for operating and for future capital expenditures. Such reserves are appropriations of unrestricted net assets.

g) Financial Instruments

The jurisdiction's financial instruments consist of cash and temporary investments, accounts receivable, school generated assets and liabilities, trust assets and liabilities, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the jurisdiction is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The jurisdiction has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the Trustees Act.

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2. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Contributed Services

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered such as kindergarten, lunch services and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements

i) Pensions

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

The current service and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the East Central Alberta Catholic Separate Schools Regional Division No. 16 does not make pension contributions for certificated staff.

j) Investments

Temporary investments are valued at the lower of cost or market value.

k) Recent Accounting Pronouncements

The Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. Section 3855 *Financial Instruments - Recognition and Measurement* establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Additionally Section 4400 *Not For Profit Organizations* will require presentation of gains, losses, revenues and expenses arising from derivatives, hedges and other financial instruments as separate components of the change in net assets. Transitional provisions are complex and vary based on the type of financial instruments under consideration. The Regional Division has not yet adopted these new standards on its financial statements.

3. CASH AND TEMPORARY INVESTMENTS

	2007	2006
Cash	\$ 1,541,485	\$ 352,288
Temporary Investments	4,726,265	4,052,416
	\$ 6,267,750	\$ 4,404,704

The jurisdiction has designated funds for both deferred capital contributions and operating and capital reserves. The investments are redeemable guaranteed investment certificates. They bear interest at prime rate less 2.1%, 2.35% and 2.1% and mature in November 2007, January 2008 and February 2008.

4. ACCOUNTS RECEIVABLE

	2007	2006
Alberta Education	\$ 23,389	\$ 100,349
Alberta Infrastructure and Transportation	---	---
Alberta Finance	21,117	33,443
Other Province of Alberta	8,572	4,800
Federal Government	122,369	222,705
Alberta Municipalities	146,046	156,184
Other Alberta School Jurisdictions	107,720	98,486
Other Accounts Receivable	9,267	8,814
	\$ 438,480	\$ 624,781

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2007		2006	
Alberta Education	\$	166,435	\$	153,684
Alberta Finance		21,117		33,443
Other Alberta School Jurisdictions		---		27,296
Other Trade Payables and Accrued Liabilities		287,910		282,815
	\$	475,462	\$	497,238

6. DEFERRED REVENUE	2007		2006	
Alberta Infrastructure and Transportation				
Infrastructure Maintenance Program	\$	367,696	\$	421,535
Infrastructure Modernization Grant		73,277		73,277
Alberta Education				
Infrastructure Maintenance Renewal		629,238		81,137
Infrastructure Modernization Grant		15,465		15,465
Alberta Initiative for School Improvement		45,395		55,924
Class Size Initiative		64,696		---
Other Deferred Revenues		29,566		24,691
	\$	1,225,333	\$	672,029

7. LONG TERM DEBT

The debenture debt bears interest at rates varying between 8.5% and 12%. The debenture debt is fully supported by Alberta Finance. Interest paid on long term debt during 2007 was \$61,123 (2006 - \$84,849). Debenture payments due over the remaining years are as follows:

	Principal		Interest		Total
2007-2008	\$	193,404	\$	37,397	\$ 230,801
2008-2009		109,786		17,440	127,226
2009-2010		50,000		5,368	55,368
	\$	353,190	\$	60,205	\$ 413,395

8. TRUST ASSETS AND LIABILITIES	2007		2006	
Family School Liaison Program	\$	31,791	\$	---
Building Better Communities		31,104		62,468
Emile & Marie Chanut Scholarship		10,894		10,000
	\$	73,789	\$	72,468

Emile & Marie Chanut Scholarship amount of \$10,000 in 2006 was reclassified from accounts payable to trust liabilities and from cash and temporary investments to trust assets for comparative purposes.

9. DEFERRED CAPITAL ALLOCATIONS

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure has not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

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10. UNAMORTIZED CAPITAL ALLOCATIONS

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayments.

	2007	2006
Opening balance	\$ 14,668,120	\$ 14,687,973
Debenture and loan principal repaid	232,564	232,565
Amortization for the year	(544,712)	(446,182)
Net capital allocations	---	193,764
	\$ 14,355,972	\$ 14,668,120

11. OPERATING RESERVES

	Opening	Transfer to Reserve	Transfer from Reserve	Closing
Schools	\$ 360,778	\$ 658,740	\$ (20,554)	\$ 998,964
Administration	251,289	---	---	251,289
Operations/maintenance	207,886	---	---	207,886
Transportation	9,090	---	---	9,090
	\$ 829,043	\$ 658,740	\$ (20,554)	\$ 1,467,229

12. CAPITAL RESERVES

	Opening	Transfer to Reserve	Transfer from Reserve	Closing
Buildings	\$ 108,125	\$ 139,188	\$ ---	\$ 247,313
Vehicles	110,908	---	(27,518)	83,390
	\$ 219,033	\$ 139,188	\$ (27,518)	\$ 330,703

13. CONTINGENCIES

Contingent Asset

The jurisdiction is a member of a reciprocal insurance exchange called ASBIE. A portion of the premiums paid each year represents 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 and is not an asset that the jurisdiction can liquidate.

Contingent Liability

The jurisdiction is a member of a reciprocal insurance exchange called ASBIE. Under the terms of membership, the jurisdiction could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

14. OPERATING LEASE COMMITMENTS

Christ-King School

The Christ-King School is located in the Waverly School Building. The jurisdiction is committed to lease the school space until the building is officially transferred from the Clearview School Division No. 71 to East Central Alberta Catholic Separate Schools Regional Division No. 16. It is anticipated that the building will be transferred to the jurisdiction during the 2007-2008 school year. In 2007-2008, the jurisdiction was advised by Alberta Infrastructure and Transportation to lease the premises from the Clearview School Division No. 71 at no charge.

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15. RELATED PARTY TRANSACTIONS

School jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

All related-party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

2006-2007	Balances		Transactions	
	Assets	Liabilities	Revenues	Expenses
Government of Alberta:				
Education	\$ 23,389	\$ 921,229	\$ 18,115,467	\$ 158,508
Infrastructure and Transportation	---	440,973	53,838	---
Finance	21,117	21,117	61,123	61,123
Human Resources & Employment	3,800		9,547	---
Municipal Finance Corporation	---	353,190	---	---
Other Government of Alberta	4,772	---	---	---
Other:				
Health Authorities	---	---	---	1,175
Other Alberta school jurisdictions	107,720	---	---	96,993
Post-secondary Institutions	---	---	---	41,826
TOTAL 2006-2007	\$ 160,798	\$ 1,736,509	\$ 18,239,975	\$ 359,625
TOTAL 2005-2006	\$ 237,078	\$ 1,447,517	\$ 18,326,525	\$ 452,833

16. DISCLOSURE OF SALARIES, BENEFITS AND REIMBURSED EXPENSES

	FTE	Salaries & Wages	Benefits, Allowances & Other	Total	Reimbursed Expenses
Myron Ganser (Chairman)	1	\$ 4,950	\$ 88	\$ 5,038	\$ 5,651
Jim Brady (Vice-Chairman)	1	4,350	74	4,424	5,073
Larry Wasylik (Trustee)	1	5,400	1,566	6,966	5,391
Harry Loonen (Trustee)	1	3,450	302	3,752	3,042
Mardy Charlebois (Trustee)	1	2,775	21	2,796	3,126
Debra Klein (Trustee)	1	2,850	4,592	7,442	3,668
Chris Nichols (Trustee)	1	2,625	4,593	7,218	3,793
Rob Nichols (Trustee)	1	2,925	4,441	7,366	3,044
Stephen MacKenzie (Superintendent)	1	121,608	10,455	132,063	24,444
Iveta Paulik (Secretary-Treasurer)	1	106,580	15,542	122,122	9,250
Salaries - Certificated	131	9,936,919	1,051,138	10,988,057	---
Salaries and Wages - Uncert.	59	1,860,167	403,477	2,263,644	---
		\$ 12,054,599	\$ 1,496,289	\$ 13,550,888	

Benefits for the superintendent do not include Alberta Education contributions to the Teachers Retirement Fund pension plan.

Benefits for the Secretary-Treasurer include Registered Retirement Savings Plan contributions.

Note that the reimbursed expenses were recoveries of costs incurred while on school jurisdiction business and no personal expenses were paid by the school jurisdiction.

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17. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

The East Central Alberta Catholic Separate Schools Regional Division No. 16's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

18. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Trustees. Several budget amounts were revised where necessary to reflect significant changes and presented to the Board of Trustees during the school year. The budget amounts are presented for information purposes only and have not been audited.

19. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2007 presentation.