

EAST CENTRAL ALBERTA CATHOLIC SEPARATE SCHOOLS REGIONAL DIVISION NO. 16
NOTES TO FINANCIAL STATEMENTS
For the year ended August 31, 2008

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.

On June 1, 2008, the jurisdiction started to participate in a multi-employer pension plan, the Local Authorities Pension Plan. It does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$35,009 for the year ended August 31, 2008. At December 31, 2007, the Local Authorities Pension Plan reported an actuarial deficiency of \$1,183,334,000 (2006 deficiency of \$746,651,000).

j) Investments

Short-term investments are valued at the lower of cost or market value.

k) Recent Accounting Pronouncement

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, 2008. 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

	2008	2007
Cash	\$ 3,962,356	\$ 1,541,485
Temporary Investments	4,360,687	4,726,265
	\$ 8,323,043	\$ 6,267,750

The jurisdiction has designated funds for both deferred capital contributions and operating reserves. The investments are redeemable guaranteed investment certificates. They bear interest at prime rate less 1.85%, and 2.0% and mature in November 2008 and February 2009.

4. ACCOUNTS RECEIVABLE

	2008	2007
Alberta Education	\$ 18,157	\$ 23,389
Alberta Finance	9,604	21,117
Other Province of Alberta	2,640	8,572
Federal Government	127,521	122,369
Alberta Municipalities	174,631	146,046
Other Alberta School Jurisdictions	125,965	107,720
Other Accounts Receivable	21,624	9,267
	\$ 480,142	\$ 438,480

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2008	2007
Alberta Education	\$ 165,410	\$ 166,435
Alberta Finance	9,604	21,117
Other Alberta School Jurisdictions	34,610	---
Other Trade Payables and Accrued Liabilities	310,640	287,910
	\$ 520,264	\$ 475,462

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	As at Aug.31, 2007	ADD:2007/2008 Restricted Funds Received/Receivable	DEDUCT:2007/2008 Restricted Funds Expended (Paid/Payable)	ADD (DEDUCT):Adjustments or Returned Funds	As at Aug. 31, 2008
6. DEFERRED REVENUE					
Alberta Infrastructure and Transportation					
Infrastructure Maintenance Program	\$ 367,696	\$ ---	\$ 252,674	\$ ---	\$ 115,022
Infrastructure Modernization Grant	73,277	---	---	---	73,277
Alberta Education					
Infrastructure Maintenance Renewal	629,238	341,457	---	---	970,695
Infrastructure Modernization Grant	15,465	---	---	---	15,465
Alberta Initiative for School Improvement	45,395	389,070	362,134	---	72,331
Class Size Initiative	64,696	471,882	536,578	---	-
Other Deferred Revenues	29,566	313,816	11,991	---	331,391
	\$ 1,225,333	\$ 1,516,225	\$ 1,163,377	\$ ---	\$ 1,578,181

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 2008 was \$37,397 (2007 - \$61,123). Debenture payments due over the remaining years are as follows:

	Principal	Interest	Total
2008-2009	\$ 109,786	\$ 17,440	\$ 127,226
2009-2010	50,000	5,368	55,368
	\$ 159,786	\$ 22,808	\$ 182,594

8. TRUST ASSETS AND LIABILITIES

	2008	2007
Family School Liaison Program	\$ 44,710	\$ 31,791
Building Better Communities	7,515	31,104
Emile & Marie Chanut Scholarship	11,289	10,894
	\$ 63,514	\$ 73,789

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.

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.

	2008	2007
Opening balance	\$ 14,355,972	\$ 14,668,120
Debenture and loan principal repaid	193,405	232,564
Amortization for the year	(544,712)	(544,712)
Net capital allocations	266,836	---
	\$ 14,271,501	\$ 14,355,972

11. OPERATING RESERVES

	Opening	Transfer to Reserve	Transfer from Reserve	Closing
Schools	\$ 998,964	\$ 724,832	(42,758)	\$ 1,681,038
Administration	251,289	---	(7,722)	243,567
Operations/maintenance	207,886	---	---	207,886
Transportation	9,090	---	---	9,090
	\$ 1,467,229	\$ 724,832	\$ (50,480)	\$ 2,141,581

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12. CAPITAL RESERVES

	Opening	Transfer to Reserve	Transfer from Reserve	Closing
Buildings	\$ 247,313	\$ 500,000	\$ ---	\$ 747,313
Vehicles	83,390	300,000	---	383,390
	\$ 330,703	\$ 800,000	\$ ---	\$ 1,130,703

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. The building was transferred to the jurisdiction during the 2008-2009 school year. In 2007-2008, the jurisdiction leased the premises from the Clearview School Division No. 71 for \$34,610, which represented the actual operating costs.

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.

2007-2008	Balances		Transactions	
	Assets	Liabilities	Revenues	Expenses
Government of Alberta:				
Education	\$ 18,157	\$ 1,223,901	\$ 18,903,077	\$ 139,800
Infrastructure and Transportation	---	188,299	252,674	---
Finance	9,604	9,604	37,397	37,397
Human Resources & Employment	2,640	---	1,889	---
Municipal Finance Corporation	---	159,786	---	---
Other Government of Alberta	---	---	---	---
Other:				
Health Authorities	---	---	---	1,019
Other Alberta school jurisdictions	125,965	34,610	---	80,455
Post-secondary Institutions	---	---	---	63,844
TOTAL 2007-2008	\$ 156,366	\$ 1,616,200	\$ 19,195,037	\$ 322,515
TOTAL 2006-2007	\$ 160,798	\$ 1,736,509	\$ 18,239,975	\$ 359,625

16. TARGETED FUNDING FOR PROVINCIAL INITIATIVES EXPENSES

	Certificated Remuneration	Non-Certificated Remuneration	Supplies & Services	Other Expenses
Alberta Initiative for School Improvement	275,338	20,394	66,402	---
Small Class Size Initiative	740,768	---	---	---
SuperNet Services	---	---	57,913	---

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17. DISCLOSURE OF SALARIES, BENEFITS AND REIMBURSED EXPENSES

	FTE	Remuneration	Benefits	Negotiated Allowances	ERIPs/Other	Reimbursed Expenses
Myron Ganser	0.2	\$ 550	\$ 3	\$ ---	\$ ---	\$ 40
Jim Brady (Chairman)	1	9,575	244	---	---	9,101
Larry Wasyluk (Trustee)	1	5,625	1,600	---	---	7,188
Harry Loonen (Vice Chairman)	1	4,125	377	---	---	2,805
Mardy Charlebois (Trustee)	1	2,850	2,920	---	---	2,209
Debra Klein (Trustee)	1	4,125	4,758	---	---	5,223
Chris Nichols (Trustee)	1	2,400	4,717	---	---	4,005
Rob Nichols (Trustee)	1	3,225	4,738	---	---	1,849
Greg Ibach (Trustee)	0.3	975	637	---	---	1,377
Stephen MacKenzie (Superintendent)	1	136,608	11,231	---	---	21,540
Iveta Paulik (Secretary-Treasurer)	1	117,000	17,959	---	---	10,783
Salaries - Certificated	125	9,996,843	1,068,497	---	32,800	---
Salaries and Wages - Uncert.	61	1,969,191	433,581	---	---	---
		\$ 12,253,092	\$ 1,551,262	\$ ---	\$ 32,800	\$ 66,120

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

Benefits for the Secretary-Treasurer include ten months of Registered Retirement Savings Plan contributions and two months of Local Authorities Pension 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.

There are no performance bonuses.

18. 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.

19. 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.

20. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2008 presentation.