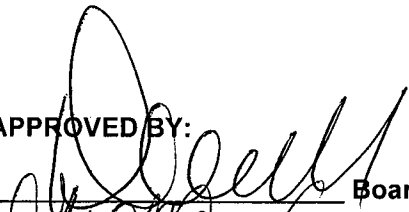
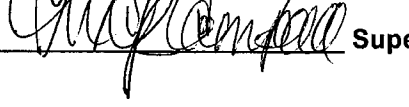


PARKLAND SCHOOL DIVISION NO. 70

FINANCIAL STATEMENTS

AUGUST 31, 2007

APPROVED BY:

Board Chairperson

Superintendent

December 4, 2007

Auditors' Report

**To the Board of Trustees of
Parkland School Division No. 70**

We have audited the statement of financial position of **Parkland School Division No. 70** as at August 31, 2007 and the statements of revenues and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the school division's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school division at August 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in notes 10 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The budgeted information in the statement of revenue and expenses has not been subjected to audit procedures and, accordingly, we do not express an opinion on this information.

PricewaterhouseCoopers LLP

Chartered Accountants

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PARKLAND SCHOOL DIVISION NO. 70
Statement of Financial Position
August 31, 2007

	<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets			
Cash		\$17,074,246	\$13,788,753
Accounts receivable (Note 3)		1,583,703	2,772,805
Prepaid expenses		351,241	249,187
		<u>19,009,190</u>	<u>16,810,745</u>
School Generated Funds (Note 10)		1,292,345	1,127,523
Trust Assets (Note 4)		304,754	264,154
Property and Equipment (Note 5)		58,015,545	53,421,309
		<u>\$78,621,834</u>	<u>\$71,623,731</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Current Liabilities			
Accounts payable and accruals (Note 6)		\$ 4,955,328	\$ 3,183,424
Deferred revenue (Note 7)		620,699	1,361,336
Deferred capital contributions (Note 8)		245,800	991,491
Current portion of long-term debt (Note 9)		910,240	1,280,663
		<u>6,732,067</u>	<u>6,816,914</u>
Unamortized Capital Allocations (Note 8)		48,524,803	43,638,751
Trust Liabilities (Note 4)		304,754	264,154
Long-term Debt (Note 9)		2,321,894	3,232,134
School Generated Funds (Note 10)		1,292,345	1,127,523
		<u>59,175,863</u>	<u>55,079,476</u>
Net Assets			
Investment in property and equipment		6,258,608	5,269,761
Unrestricted		4,520,801	3,745,201
Restricted - Operating and capital (Note 11)		8,666,562	7,529,293
		<u>19,445,971</u>	<u>16,544,255</u>
		<u>\$78,621,834</u>	<u>\$71,623,731</u>

PARKLAND SCHOOL DIVISION NO. 70
Statement of Revenues and Expenses
Year Ended August 31, 2007

	<u>2007</u> <u>Budget</u> (Note 19)	<u>2007</u> <u>Actual</u>	<u>2006</u> <u>Actual</u>
Revenues			
Provincial government (Note 14)	\$73,484,367	\$73,490,933	\$73,036,737
Federal government/First nations	1,119,954	1,405,884	1,257,631
Instruction and transportation fees	1,042,492	1,336,029	1,281,384
Sales and services to other school divisions	73,396	73,328	76,450
School generated funds (Note 10)	461,102	177,433	389,311
Investment	295,000	602,417	376,313
Amortization of capital allocations	1,988,438	2,221,297	2,016,778
Other	140,124	1,087,948	1,638,213
Gain on sale of property and equipment	-	8,957	151,730
	<u>78,604,873</u>	<u>80,404,226</u>	<u>80,224,547</u>
Expenses (Note 12)			
Salaries, wages and benefits (Note 13)	53,238,528	53,644,624	54,749,569
Services, contracts and supplies	22,247,613	18,623,144	17,553,394
School generated funds (Note 10)	461,102	177,433	389,311
IMR and portable relocation	3,115,155	1,945,934	896,560
Amortization of property and equipment	2,384,760	2,707,961	2,442,266
Interest on long-term debt	479,370	401,591	570,896
Loss on sale of property and equipment	-	1,823	-
	<u>81,926,528</u>	<u>77,502,510</u>	<u>76,601,996</u>
Excess of revenues over expenses	<u><u>\$(3,321,655)</u></u>	<u><u>\$ 2,901,716</u></u>	<u><u>\$ 3,622,551</u></u>

PARKLAND SCHOOL DIVISION NO. 70
Statement of Changes in Net Assets
Year Ended August 31, 2007

	<u>Investment in Property and Equipment</u>	<u>Unrestricted Net Assets (+/-)</u>	<u>Restricted Net Assets (Note 11)</u>	<u>2007 Total Net Assets</u>	<u>2006 Total Net Assets</u>
Balance, beginning of year	\$ 5,269,761	\$ 3,745,201	\$ 7,529,293	\$16,544,255	\$12,921,704
Excess of revenues over expenses	-	2,901,716	-	2,901,716	3,622,551
Difference between amortization of property and equipment and amortization of capital allocations	(486,664)	486,664	-	-	-
Board funded capital transactions	1,482,984	(464,240)	(1,018,744)	-	-
Disposal of property and equipment	(7,473)	(7,134)	14,607	-	-
Transfers to restricted operating	-	(3,277,447)	3,277,447	-	-
Transfers from restricted operating	-	1,694,664	(1,694,664)	-	-
Transfers to restricted capital	-	(558,623)	558,623	-	-
Balance, end of year	<u>\$ 6,258,608</u>	<u>\$4,520,801</u>	<u>\$ 8,666,562</u>	<u>\$19,445,971</u>	<u>\$16,544,255</u>

PARKLAND SCHOOL DIVISION NO. 70
Statement of Cash Flows
Year Ended August 31, 2007

	<u>2007</u>	<u>2006</u>
	<u>Actual</u>	<u>Actual</u>
Cash Flows From Operating Activities:		
Excess of revenues over expenses for the year	\$ 2,901,716	\$ 3,622,551
Add (deduct) items not requiring cash:		
Amortization of capital allocations revenue	(2,221,297)	(2,016,778)
Total amortization expense	2,707,961	2,442,266
Gain on sale of property and equipment	(8,957)	(151,730)
Loss on sale of property and equipment	1,823	-
Changes in accrued accounts:		
Accounts receivable	1,189,102	2,231,527
Prepaid expenses	(102,054)	(7,374)
Accounts payable and accruals	1,771,904	213,266
Deferred revenue	(740,637)	789,694
	5,499,561	7,123,422
Cash Flows from Investing and Financing Activities:		
Purchases of property and equipment	(7,326,945)	(1,842,061)
Proceeds on disposal of property and equipment	14,609	189,632
Capital allocations received	5,098,268	1,587,283
	(2,214,068)	(65,146)
Net increase in cash	3,285,493	7,058,276
Cash, beginning of year	13,788,753	6,730,477
Cash, end of year	\$ 17,074,246	\$ 13,788,753

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

1. Authority and Purpose

Parkland School Division No. 70 delivers education programs under the authority of the School Act, Chapter S3.1, Statutes of Alberta, January 1, 2000.

The School Division receives block allocations for Instruction, Support and Capital purposes under Regulation 77/2003. The Regulation limits funding and expenses for administration. It permits the School Division, within specified limits, to reallocate funding between the instruction and support blocks.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations. The financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue Recognition

Revenue from the Provincial and Federal governments for instruction and support is recognized in the year to which they relate.

Instruction and transportation fees are recognized when the services are provided.

Unrestricted contributions are recognized as revenue when received and receivable.

Capital allocations from the province or other agencies are recorded as deferred capital contributions until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired by the grant.

School Generated Funds

Funds generated from school based activities are included as assets, liabilities, revenues and expenses of the School Division because the accountability and control/ownership of these funds rests with School Division officials or their appointee(s).

Property and Equipment

Property and equipment are recorded at cost and amortized over their estimated useful lives on a straight line basis at the following rates:

Buildings	2.5% to 4%
Equipment	20%
Vehicles	10% and 20%

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

Only property and equipment with costs in excess of \$5,000 are capitalized. Any capital allocations received for asset additions are amortized over the same period as the related asset.

Contributed Services

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

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 Parkland School Division No. 70 does not make pension contributions for certificated staff.

The School Division participates in the multi-employer pension plan, Local Authorities Pension Plan. At August 31, 2007, the School Division's expense for this pension plan is equivalent to the annual contributions of \$1,214,847 (2006 - \$1,067,539).

At December 31, 2006, the Local Authorities Pension Plan reported an actuarial deficiency of \$746,651,000 (2005 deficiency of \$863,558,000).

Financial Instruments

The School Division's financial instruments consist of cash, accounts receivable, trust assets, trust liabilities, accounts payable and accruals and long-term debt. It is management's opinion that the division 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 School Division has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the Trustees Act.

Reserves

Reserves created by authorization of the Board of Trustees represent allocations for future capital expenditures and future operating expenses. The reserves are established and expended in accordance with terms and conditions established by the Board of Trustees.

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

3. Accounts Receivable

	<u>2007</u>	<u>2006</u>
Provincial government	\$ 1,004,630	\$ 2,305,639
Federal government/First nations	170,966	204,978
Municipalities	5,548	22,104
Other school divisions	4,639	12,123
Other	397,920	227,961
	\$ 1,583,703	\$ 2,772,805

4. Trust Assets and Liabilities

	<u>2007</u>	<u>2006</u>
Endowment funds for scholarships	\$ 76,319	\$ 81,088
Deferred salaries	228,435	183,066
	\$ 304,754	\$ 264,154

5. Property and Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 4,167,683	-	\$ 4,167,683	\$ 4,167,683
Buildings	90,769,275	39,277,107	51,492,168	47,314,364
Equipment	4,877,379	3,045,884	1,831,495	1,512,222
Vehicles	1,016,477	492,278	524,199	427,040
	\$100,830,814	\$42,815,269	\$58,015,545	\$53,421,309

6. Accounts Payable and Accruals

	<u>2007</u>	<u>2006</u>
Provincial government	\$ 165,079	\$ 242,859
Federal government/First nations	759,464	600,798
Other	4,030,785	2,339,767
	\$ 4,955,328	\$ 3,183,424

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

7. Deferred Revenue

	<u>2007</u>	<u>2006</u>
Alberta Education		
IMR	\$ 162,797	\$ -
Edmonton Regional Learning Consortium	86,992	1,095,970
Funding Framework	108,769	-
Other	262,141	265,366
	\$ 620,699	\$ 1,361,336

8. Deferred Capital Contributions and Unamortized Capital Allocations

	<u>2007</u>		<u>2006</u>	
	<u>Deferred Capital Contributions</u>	<u>Unamortized Capital Allocations</u>	<u>Deferred Capital Contributions</u>	<u>Unamortized Capital Allocations</u>
Balance, beginning of year	\$ 991,491	\$43,638,751	\$ 390,066	\$43,005,359
Government grants	5,098,268	-	1,587,283	-
Expended on property and equipment	(5,843,959)	5,843,959	(985,858)	985,858
Debt retirement	-	1,280,663	-	1,692,495
Unamortized capital allocation reduced by a disposal	-	(17,273)	-	(28,183)
Amortization of capital assets acquired from capital contributions	-	(2,221,297)	-	(2,016,778)
Balance, end of year	\$ 245,800	\$48,524,803	\$ 991,491	\$43,638,751

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

9. Long-term Debt

The debenture debt bears interest at rates varying between 6% and 12%. The debenture debt is fully supported by Alberta Finance.

	<u>2007</u>	<u>2006</u>
Debentures	\$ 3,232,134	\$ 4,512,797
Less current portion	910,240	1,280,663
	<u>\$ 2,321,894</u>	<u>\$ 3,232,134</u>

Debenture principle and interest amounts due in each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	910,240	335,549	1,245,789
2009	658,151	235,651	893,802
2010	505,351	165,916	671,267
2011	448,920	114,517	563,437
2012	365,885	69,890	435,775
2013 and thereafter	343,587	56,374	399,961
	<u>\$ 3,232,134</u>	<u>\$ 977,897</u>	<u>\$ 4,210,031</u>

Cash interest paid during the year by the School Division was \$479,370 (2006 - \$672,493).

10. School Generated Funds

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 1,127,523	\$ 1,214,137
Source of Net School Generated Funds (SGF)	342,255	302,697
Net SGF available for discretionary spending	1,469,778	1,516,834
Net Less: net SGF expended for the year	(177,433)	(389,311)
Balance, end of year	<u>\$ 1,292,345</u>	<u>\$ 1,127,523</u>

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

11. Restricted Net Assets

	<u>Balance, beginning of year</u>	<u>Appropriated during the year</u>	<u>Utilized during the year</u>	<u>Balance, end of year</u>
Operating Reserves				
School instructional	\$ 3,772,758	\$ 2,632,995	\$ 1,438,926	\$ 4,966,827
System administration	404,036	-	232,713	171,323
Operation & maintenance	472,771	499,303	23,025	949,049
Transportation	145,339	145,149	-	290,488
	<u>\$ 4,794,904</u>	<u>\$ 3,277,447</u>	<u>\$ 1,694,664</u>	<u>\$ 6,377,687</u>
Capital Reserves				
Land	29,194	-	-	29,194
Buildings	930,050	86,785	136,730	880,105
Equipment	1,487,360	336,374	690,850	1,132,884
Vehicles	287,785	150,071	191,164	246,692
	<u>2,734,389</u>	<u>573,230</u>	<u>1,018,744</u>	<u>2,288,875</u>
TOTAL	<u>\$ 7,529,293</u>	<u>\$ 3,850,677</u>	<u>\$ 2,713,408</u>	<u>\$ 8,666,562</u>

12. Program Expenses

	<u>2007 Budget (Note 19)</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Early childhood services	1,951,620	3,567,604	2,468,088
Student instruction	55,875,567	49,998,270	52,551,376
Operation and maintenance	12,688,200	11,040,512	9,597,909
Student transportation	7,754,265	7,675,102	7,201,237
Board/system administration	3,010,450	3,143,548	2,638,546
External services	185,324	1,900,041	1,755,529
School generated funds (Note 10)	461,102	177,433	389,311
	<u>\$81,926,528</u>	<u>\$77,502,510</u>	<u>\$76,601,996</u>

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

13. Remuneration and Monetary Incentives

Parkland School Division had paid or accrued expenses for the year ended August 31, 2007 to or on behalf of the following positions and persons in groups as follows:

Board Members	<u>Number</u>	<u>Remuneration</u>	<u>Benefits and Allowances</u>	<u>ERIP's/ Other</u>	<u>Expenses</u>
Chair - Grace Gruber	1.0	\$ 21,181	\$ 4,817	\$ -	\$ 12,365
Ward 2 - Jeanette Smith	1.0	17,178	2,536	-	7,560
Ward 3 - Marie Anstey	1.0	10,523	5,324	-	1,723
Ward 4 - Irene Goebel	1.0	10,083	549	-	4,952
Ward 5 - Sharon Cornelius	1.0	13,445	1,139	-	5,544
Ward 5 - Kim Leenders	0.5	5,794	489	-	2,730
Ward 6 - Sherry Waddle	1.0	11,071	4,390	-	5,762
Subtotal	<u>6.5</u>	<u>89,275</u>	<u>19,244</u>	<u>-</u>	<u>40,636</u>
Superintendent - Mary Lynne Campbell	1.0	153,962	12,412	-	8,810
Secretary Treasurer - Thomas Olson	0.8	127,958	11,132	64,164	\$ 8,655
Secretary Treasurer - Claire Jonsson	0.2	21,388	3,140	-	
Salaries - Certificated	503.8	33,735,495	4,342,805	158,354	
Salaries - Uncertificated	480.5	11,601,455	3,238,374	65,466	
Totals	<u>996.3</u>	<u>\$ 45,729,533</u>	<u>\$ 7,627,107</u>	<u>\$ 287,984</u>	

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

14. Related Party Transactions

Effective 2006-2007, 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.

	<u>Balances</u>		<u>Transactions</u>	
	Assets (cost or net realizable value)	Liabilities (fair value)	Revenues	Expenses
Government of Alberta				
Education	\$ 751,899	\$ 604,358	\$ 72,805,200	\$ -
Infrastructure & transportation	-	-	-	-
Finance	165,079	3,397,213	401,591	401,591
Other	87,652	-	284,142	-
	<u>1,004,630</u>	<u>4,001,571</u>	<u>73,490,933</u>	<u>401,591</u>
Other				
Health authorities	-	-	-	634
Post-secondary institutions	-	-	-	1,936
Other Alberta school jurisdictions	4,639	-	73,328	3,396
TOTAL 2006-2007	<u><u>\$ 1,009,269</u></u>	<u><u>\$ 4,001,571</u></u>	<u><u>\$ 73,564,261</u></u>	<u><u>\$ 407,557</u></u>
TOTAL 2005-2006	<u><u>\$ 2,317,762</u></u>	<u><u>\$ 6,843,117</u></u>	<u><u>\$ 73,113,187</u></u>	<u><u>\$ 596,586</u></u>

15. Economic Dependence on Related Third Party

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

16. Contingencies

The School Division is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the School Division could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred will be accounted for as a current transaction in the year the losses are determined.

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2007

17. Asset Retirement Obligations

The School Division has applied the interpretations of the Canadian Institute of Chartered Accountants Emerging Issues Committee abstract 159 "Conditional Asset Retirement Obligations" (EIC-159). Under EIC-159, a liability should be recognized if the entity has sufficient information to reasonably estimate the fair value of the asset retirement obligation. The School Division has determined that it has a conditional asset retirement obligation relating to certain school sites. These obligations will be covered in the future by funding through the Alberta Government. The School Division believes that there is insufficient information to estimate the fair value of the asset retirement obligation because the settlement date or the range of potential settlement dates has not been specified and information is not available to apply an expected present value technique.

18. Budget Amounts

The budget was prepared by the School Division management with the Board of Trustees approval given on June 13, 2006. A revised budget based on student enrolments at September 30, 2006 is presented in these statements for information purposes only and has not been audited.

19. Subsequent Events

The contract with the teaching staff (ATA Local #10) expired on August 31, 2006. The School Division and the union concluded a voluntary interest arbitration process on October 21, 2007. It is now up to the three panel arbitration board to render a decision which will form the salary component of the new collective agreement.