

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Parkland School Division No. 70

Legal Name of School Jurisdiction

4603 48 Street, Stony Plain, AB, T7Z 2A8

Mailing Address

780-963-8402, 780-963-4169

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Parkland School Division No. 70 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

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

Board of Trustees Responsibility

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

External Auditors

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

Declaration of Management and Board Chairman

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

BOARD CHAIR

Richard Gilchrist

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Timothy Monds

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Claire Jonsson

Name

"ORIGINAL SIGNED"

Signature

25-Nov-10

Board-approved Release Date

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November 25, 2010

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, 2010 and the statements of revenue and expenses, cash flows, changes in net assets and capital allocations 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 as at August 31, 2010 and the results of its operations, cash flows, changes in net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

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.

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2010

(in dollars)

	2010	2009 (Note) Restated
ASSETS		
Current assets		
Cash and temporary investments	\$12,141,093	\$16,147,535
Accounts receivable (net after allowances) (Note 3)	\$1,479,786	\$2,209,531
Prepaid expenses	\$311,397	\$90,945
Other current assets	\$0	\$0
Total current assets	\$13,932,276	\$18,448,011
School generated assets		
Trust assets (Note 4)	\$148,814	\$1,480,363
Long term accounts receivable	\$0	\$593,324
Long term investments	\$0	\$0
Capital assets (Note 5)		
Land	\$4,167,683	\$4,167,683
Construction in Progress	\$0	\$25,978,130
Buildings	\$136,050,448	
Less: accumulated amortization	(\$46,328,388)	\$89,722,060
Equipment	\$8,507,949	
Less: accumulated amortization	(\$4,800,728)	\$3,707,221
Vehicles	\$1,325,393	
Less: accumulated amortization	(\$729,038)	\$596,355
Total capital assets	\$98,193,319	\$81,870,881
TOTAL ASSETS	\$113,520,492	\$102,618,321
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities (Note 6)	\$2,604,275	\$3,744,701
Deferred revenue (Note 7)	\$455,654	\$647,409
Deferred capital allocations	\$1,006,192	\$1,399,933
Current portion of long term debt	\$448,921	\$505,351
Total current liabilities	\$4,515,042	\$6,297,394
School generated liabilities (Note 8)		
Trust liabilities (Note 4)	\$148,814	\$225,742
Employee future benefit liabilities	\$0	\$0
Long term debt (Note 9)		
Supported: Debentures and other supported debt	\$1,158,393	\$1,663,743
Less: Current portion	(\$448,921)	(\$505,351)
Unsupported: Debentures and Capital Loans	\$0	\$0
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations	\$90,309,186	\$73,261,484
Total long term liabilities	\$92,413,555	\$76,125,981
TOTAL LIABILITIES	\$96,928,597	\$82,423,375
NET ASSETS		
Unrestricted net assets	\$1,236,119	\$1,238,689
Operating Reserves (Note 10)	\$5,778,919	\$9,269,991
Accumulated Operating Surplus (Deficit)	\$7,015,038	\$10,508,680
Investment in capital assets	\$6,725,736	\$6,945,649
Capital Reserves (Note 10)	\$2,851,121	\$2,740,617
Total Capital Funds	\$9,576,857	\$9,686,266
Total net assets	\$16,591,895	\$20,194,946
TOTAL LIABILITIES AND NET ASSETS	\$113,520,492	\$102,618,321

Note: Please input "(Restated)" in 2009 column heading where comparatives are not taken from the finalized 2008-2009 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2010
(in dollars)

	Actual 2010	Budget 2010 (Note 17)	Actual 2009 (Note 18) Restated
REVENUES			
Government of Alberta	\$83,940,836	\$82,296,133	\$83,439,522
Federal Government and First Nations	\$1,349,490	\$1,510,040	\$1,436,797
Other Alberta school authorities	\$85,643	\$24,255	\$37,470
Out of province authorities	\$0	\$8,755	\$5,470
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$1,462,008	\$1,081,590	\$1,295,152
Transportation fees	\$264,405	\$270,432	\$281,556
Other sales and services	\$1,080,746	\$513,732	\$947,240
Investment income	\$114,937	\$108,000	\$192,125
Gifts and donations	\$0	\$0	\$0
Rental of facilities	\$31,701	\$13,680	\$15,839
Gross school generated funds	\$2,999,915	\$317,285	\$2,636,185
Gains on disposal of capital assets	\$7,796	\$0	\$4,556
Amortization of capital allocations	\$2,517,708	\$2,333,924	\$2,338,703
Other revenue	\$0	\$0	\$29,752
Total Revenues	\$93,855,185	\$88,477,826	\$92,660,367
EXPENSES			
Certificated salaries (Note 12)	\$44,877,695	\$43,658,536	\$41,353,413
Certificated benefits (Note 12)	\$4,901,744	\$4,547,047	\$4,617,981
Non-certificated salaries and wages (Note 12)	\$15,435,047	\$15,602,688	\$14,221,137
Non-certificated benefits (Note 12)	\$3,998,707	\$3,773,139	\$3,637,412
Services, contracts and supplies	\$21,648,806	\$22,737,492	\$23,690,115
Gross school generated funds	\$2,999,915	\$317,285	\$2,636,185
Capital and debt services			
Amortization of capital assets			
Supported	\$2,517,708	\$2,333,924	\$2,338,703
Unsupported	\$933,293	\$1,050,487	\$759,632
Total Amortization of capital assets	\$3,451,001	\$3,384,411	\$3,098,335
Interest on capital debt			
Supported	\$145,321	\$145,321	\$199,813
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$145,321	\$145,321	\$199,813
Other interest and charges	\$0	\$0	\$0
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
Total Expenses	\$97,458,236	\$94,165,919	\$93,454,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	(\$3,603,051)	(\$5,688,093)	(\$794,024)
Extraordinary Item			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$3,603,051)	(\$5,688,093)	(\$794,024)

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statements filed with Alberta Education. Budget 2010 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2010

(in dollars)

	2010	2009 (Note) Restated
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$3,603,051)	(\$794,024)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$2,517,708)	(\$2,338,703)
Total amortization expense	\$3,451,001	\$3,098,335
Gains on disposal of capital assets	(\$7,796)	(\$4,556)
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$729,745	(\$315,454)
Prepays and other current assets	(\$220,452)	
Long term accounts receivable	\$593,324	\$65,665
Long term investments	\$0	(\$593,324)
Accounts payable and accrued liabilities	(\$1,140,426)	\$0
Deferred revenue	(\$191,755)	\$1,278,281
Employee future benefit liabilities	\$0	(\$1,296,352)
Other (describe)	\$0	\$0
Total cash flows from Operations	(\$2,907,118)	(\$900,132)
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$18,159,781)	(\$26,647,541)
Equipment	(\$1,202,506)	(\$1,583,928)
Vehicles	(\$64,442)	(\$269,848)
Net proceeds from disposal of capital assets	\$7,796	\$4,556
Other (describe)	\$1	\$0
Total cash flows from Investing activities	(\$19,418,932)	(\$28,496,761)
C. FINANCING ACTIVITIES		
Capital allocations	\$18,319,607	\$27,568,911
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$505,350)	(\$658,151)
Add back: supported portion	\$505,351	\$658,151
Other (describe)	\$0	
Total cash flows from financing activities	\$18,319,608	\$27,568,911
Net cash flows from during the year	(\$4,006,442)	(\$1,827,982)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/09	\$16,147,535	\$17,975,517
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$12,141,093	\$16,147,535

Note: Please input "(Restated)" where Actual 2009 comparatives are not as presented in the finalized 2008-2009 Audited Financial Statement filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2010**

School Jurisdiction Code: 2305

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS											
				TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Admin.		Transportation		External Services	
				Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2009	\$20,194,946	\$8,108,258	\$847,737	\$9,269,991	\$1,968,960	\$7,864,260	\$214,335	\$595,590	\$293,877	\$475,132	\$1,227,881	\$335,009	\$232,867	\$0	\$0
<u>Prior period adjustments (describe)</u>															
Move donated equipment and buildings out of ICA (Note 18)	\$0	(\$1,162,609)	\$390,952	\$0	\$771,657	\$0	\$771,657	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug.31, 2009	\$20,194,946	\$6,945,649	\$1,238,689	\$9,269,991	\$2,740,617	\$7,864,260	\$985,992	\$595,590	\$293,877	\$475,132	\$1,227,881	\$335,009	\$232,867	\$0	\$0
Excess (deficiency) of revenues over expenses	(\$3,603,051)		(\$3,603,051)												
Board funded capital additions		\$713,380	\$0	\$0	(\$713,380)	\$0	(\$481,709)	\$0	(\$42,572)	\$0	(\$29,494)	\$0	(\$159,605)	\$0	\$0
Disposal of unsupported capital assets	\$0	\$0	(\$7,796)		\$7,796		\$0		\$7,796		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Direct credits to net assets	\$0	\$0	\$0												
Amortization of capital assets		(\$3,451,001)	\$3,451,001												
Amortization of capital allocations		\$2,517,708	(\$2,517,708)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			(\$1,113,846)	\$1,113,846		\$1,113,846		\$0		\$0		\$0		\$0	
Net transfers from operating reserves			\$4,604,918	(\$4,604,918)		(\$3,605,245)		(\$595,590)		(\$69,074)		(\$335,009)		\$0	
Net transfers to capital reserves			(\$943,315)		\$943,315		\$621,874		\$154,188		\$142,104		\$15,128		\$10,021
Net transfers from capital reserves			\$127,227		(\$127,227)		\$0		\$0		(\$127,227)		\$0		\$0
Assumption/transfer of other operations' net assets	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2010	\$16,591,895	\$6,725,736	\$1,236,119	\$5,778,919	\$2,851,121	\$5,372,861	\$1,126,157	\$0	\$413,289	\$406,058	\$1,213,264	\$0	\$88,390	\$0	\$10,021

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
 for the Year Ended August 31, 2010
 (in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2009	\$1,399,933	\$72,098,875
Prior period adjustments	\$0	\$1,162,609
Adjusted balance, August 31, 2009	\$1,399,933	\$73,261,484
Add:		
Restricted capital allocations from:		
Alberta Education including school and modular projects	\$18,307,080	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$8,000	
Interest earned on provincial government capital allocations	\$4,527	
Other capital grants and donations	\$0	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$346,711
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$505,351
Expended capital allocations - current year	(\$18,713,348)	\$18,713,348
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$2,517,708
Balance at August 31, 2010	\$1,006,192	\$90,309,186

* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded from this Statement, since those contributions are not externally restricted to capital.

PARKLAND SCHOOL DIVISION NO. 70

Notes to the Financial Statements

Year Ended August 31, 2010

1. Authority and Purpose

Parkland School Division No. 70 delivers education programs under the authority of the School Act, Chapter S3, 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 and accounting policies consistent with those prescribed by Alberta Education for Alberta school jurisdictions. 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 prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Changes in Significant Accounting Policies

Capital disclosures

Effective September 1, 2009, the School Division adopted the following amendments to existing guidelines which are relevant to not-for-profit organizations.

CICA 4400 – Financial Statement Presentation by not-for-profit organizations,
CICA 4430 – Capital Assets held by not-for-profit organizations,
CICA 4460 – Disclosure of Related Party Transactions by not-for-profit organizations,
CICA 4470 – Disclosure of Allocated Expenses by not-for-profit organizations,
CICA 1540 – Cash Flow Statements Emerging Issues Committee “EIC” 123 – Reporting Revenue Gross as a Principal Versus Net as an Agent, and
CICA 1751 – Interim Financial Statements.

The adoption of these accounting policies did not have an impact on the School Division's financial statements, except as disclosed in note 18.

Revenue Recognition

Revenue from the Provincial and Federal governments for instruction and support is 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 donations are recognized as revenue when received or receivable. Donations in-kind are recorded at fair market value when reasonably determinable.

PARKLAND SCHOOL DIVISION NO. 70

Notes to the Financial Statements Year Ended August 31, 2010

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

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 property and equipment asset acquired by the grant.

Vacation Pay

Vacation pay is recorded in the period in which it is earned.

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% to 25%
Vehicles	10% and 20%

Property and equipment are amortized in the year following the acquisition. 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.

Amortization

Amortization expense is reflected as a period expense on the statement of revenues and expenses and results in a reduction to operating reserves and unrestricted net assets. However, an amount equal to the amortization of supported assets is recorded as revenue. Amortization expense results in a transfer from investment in capital assets to unrestricted net assets on the statement of changes in net assets. The transfer from investment in capital assets to unrestricted net assets offsets the effect of the amortization expense of the period resulting in no change to the accumulated surplus.

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.

PARKLAND SCHOOL DIVISION NO. 70

Notes to the Financial Statements Year Ended August 31, 2010

The School Division participates in the multi-employer pension plan, Local Authorities Pension Plan. At August 31, 2010, the School Division's expense for this pension plan is equivalent to the annual contributions of \$1,022,441 (2009 - \$890,169). At December 31, 2009, the Pension Plan reported an actuarial deficiency of \$3,998,614,000 (2008- \$4,413,971,000 deficiency). Effective for the 2008-2009 fiscal year, the Government of Alberta has taken responsibilities of the LAPP unfunded liabilities.

Internally restricted net assets

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

Capital Debt

Capital debt interest is recorded as an expenditure in the financial statements. Grants are receivable from Alberta Treasury for the interest expense and principal payments made on supported debt. The grant amounts received or receivable for the interest expense have been recorded as revenue in the financial statements. The total principal repayments on supported debt have been recorded to the debenture debt liability and equity in capital assets.

Financial Instruments

The Division's financial instruments consist of cash, trust assets, account receivable, accounts payable and accrued liabilities, trust 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.

Held-to-maturity: Financial instruments that are initially recognized at their fair values and subsequently measured at amortized cost using the effective interest method. Impairment losses are charged in the period which they arise.

Held-for-trading: Financial instruments that are carried at fair value with changes in fair value charged or credited to expenses in the period in which they arise.

Loans and receivables: Items that are initially recognized at fair value, with any resulting premium or discount from the face value being amortized to income or expense using the effective interest method. Impairment losses are charged in the period which they arise.

Available-for-sale: Financial instruments that are carried at fair value with changes in the fair value charged or credited to net assets. Impairment losses are charged in the period which they arise.

Other financial liabilities: Items that are initially measured at cost or amortized cost, depending upon the nature of the instrument, with any resulting premium or discount from the face value being amortized to revenues or expenses using the effective interest method.

CICA Handbook Section 3861 – "Financial Instruments – Disclosure and Presentation" establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed regarding the significance of financial instruments to an entity's financial position, performance and cash flows. The Division adopted this section in its 2008 financial statements. CICA handbook Sections 3862 and 3863 expand on the disclosure requirements of section 3861, including quantitative and qualitative analysis of each type of risk arising from financial instruments. Not-for-profit organizations are permitted to apply Section 3861 in place of Sections 3862 and 3863, which the Division has elected to do.

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2010

3. Accounts Receivable

	<u>2010</u>	<u>2009</u>
Provincial government	\$ 791,078	\$ 1,797,622
Federal government	82,867	211,474
First Nations	25,902	-
Municipalities	6,774	2,704
Other school divisions	6,407	814
Other	566,758	196,917
	\$ 1,479,786	\$ 2,209,531

4. Trust Assets and Liabilities

	<u>2010</u>	<u>2009</u>
Endowment funds for scholarships	\$ 71,901	\$ 76,278
Deferred salaries	76,913	149,464
	\$ 148,814	\$ 225,742

5. Capital Assets

	<u>Land</u>	<u>Construction In Progress- Building</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>2010</u>	<u>2009</u>
<u>Historical cost</u>							
Balance, beginning of year	\$4,167,683	\$25,978,130	\$91,912,537	\$6,958,732	\$1,321,314	130,338,396	\$102,040,327
Additions	-	-	18,159,781	1,549,217	64,442	19,773,440	28,501,317
Transfers In (Out)	-	(25,978,130)	25,978,130	-	-	-	-
Disposals	-	-	-	-	(60,363)	(60,363)	(203,248)
Balance, end of year	<u>\$4,167,683</u>	<u>\$ -</u>	<u>\$136,050,448</u>	<u>\$8,507,949</u>	<u>\$1,325,393</u>	<u>\$150,051,473</u>	<u>\$130,338,396</u>
<u>Accumulated amortization</u>							
Balance, beginning of year	-	-	\$43,923,598	\$3,927,989	\$615,928	\$48,467,515	\$45,572,428
Amortization expense	-	-	2,404,790	872,739	173,473	3,451,002	3,098,336
Effect of disposals	-	-	-	-	(60,363)	(60,363)	(203,249)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$46,328,388</u>	<u>\$4,800,728</u>	<u>\$729,038</u>	<u>\$51,858,154</u>	<u>\$48,467,515</u>
Net Book Value	<u>\$4,167,683</u>	<u>\$ -</u>	<u>\$89,722,060</u>	<u>\$3,707,221</u>	<u>\$596,355</u>	<u>\$98,193,319</u>	<u>\$81,870,881</u>

PARKLAND SCHOOL DIVISION NO. 70

Notes to the Financial Statements

Year Ended August 31, 2010

6. Accounts Payable and Accruals

	<u>2010</u>	<u>2009</u>
Provincial government	\$ 97,088	\$ 117,734
Federal government	766,710	781,815
Other	1,740,477	2,845,152
	<u>\$ 2,604,275</u>	<u>\$ 3,744,701</u>

7. Deferred Revenue

	<u>Balance, beginning of year</u>	<u>Received/ Receivable during the year</u>	<u>Expended/ Payable during the year</u>	<u>Balance, end of year</u>
Alberta Education Restricted Operational Funding:				
Alberta Initiative for School Improvement	\$ 17,791	\$1,257,041	(\$1,117,316)	\$157,516
Children and Youth with Complex Needs	234,561	152,599	(387,160)	-
Institutional Education Programs	-	242,355	(242,355)	-
Small Class Size Initiative	-	3,171,900	(3,171,900)	-
SuperNet Service	-	151,050	(151,050)	-
Other Alberta Education Deferred Revenue	240,000	-	(119,929)	120,071
Other Deferred Revenue:				
Instructional and Transportation Fees	127,671	174,364	(127,671)	174,364
Other	27,386	3,703	(27,386)	3,703
	<u>\$647,409</u>	<u>\$5,153,012</u>	<u>(\$5,344,767)</u>	<u>\$455,654</u>

8. School Generated Funds

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$1,480,363	\$ 1,322,721
Source of Gross School Generated Funds (SGF)	2,765,635	2,793,827
SGF available for spending	4,245,998	4,116,548
Less: gross SGF expended for the year	(2,999,915)	(2,636,185)
Balance, end of year	<u>\$1,246,083</u>	<u>\$ 1,480,363</u>

PARKLAND SCHOOL DIVISION NO. 70

Notes to the Financial Statements

Year Ended August 31, 2010

9. Long-term Debt

The debentures outstanding at August 31, 2010 have interest rates which vary between 6% and 12%. Terms of the debentures are 20-25 years with payments of principal and interest made annually. The debenture debt is fully supported by Alberta Finance.

	<u>2010</u>	<u>2009</u>
Debentures	\$ 1,158,393	\$ 1,663,743
Less current portion	(448,921)	(505,351)
	<u><u>\$ 709,472</u></u>	<u><u>\$ 1,158,392</u></u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	448,921	114,517	563,438
2012	365,885	69,890	435,775
2013	187,742	34,288	222,030
2014	118,129	16,081	134,210
2015	22,346	4,219	26,565
2016 and thereafter	15,370	1,786	17,156
	<u><u>\$ 1,158,393</u></u>	<u><u>\$ 240,781</u></u>	<u><u>\$ 1,399,174</u></u>

Cash interest paid during the year by the School Division was \$165,916 (2009 - \$235,651).

10. 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	\$ 7,864,260	\$ 1,113,846	\$ 3,605,245	\$ 5,372,861
System administration	475,132	-	69,074	406,058
Operation & maintenance	595,590	-	595,590	-
Transportation	335,009	-	335,009	-
	<u><u>\$ 9,269,991</u></u>	<u><u>\$ 1,113,846</u></u>	<u><u>\$ 4,604,918</u></u>	<u><u>\$ 5,778,919</u></u>
Capital Reserves				
Land	29,194	-	-	29,194
Buildings	1,098,581	141,070	127,227	1,112,424
Equipment	1,401,825	628,770	648,936	1,381,659
Vehicles	211,017	181,269	64,442	327,844
	<u><u>2,740,617</u></u>	<u><u>951,109</u></u>	<u><u>840,605</u></u>	<u><u>2,851,121</u></u>
TOTAL	<u><u>\$ 12,010,608</u></u>	<u><u>\$ 2,064,955</u></u>	<u><u>\$ 5,445,523</u></u>	<u><u>\$ 8,630,040</u></u>

PARKLAND SCHOOL DIVISION NO. 70
Notes to the Financial Statements
Year Ended August 31, 2010

11. Program Expenses

	2010 Budget (Note 17)	2010 Actual	2009 Actual
Early childhood services	3,437,864	5,029,020	4,173,743
Student instruction	66,911,417	68,678,359	64,050,823
Operation and maintenance	11,523,861	10,898,480	12,965,628
Student transportation	8,801,666	9,177,947	8,662,313
Board/system administration	3,452,431	3,514,417	3,427,442
External services	38,680	160,013	174,442
	<u>\$94,165,919</u>	<u>\$97,458,236</u>	<u>\$93,454,391</u>

12. Remuneration and Monetary Incentives

Parkland School Division had paid or accrued expenses for the year ended August 31, 2010 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	ERIP's / Other	Expenses
Chair - Richard Gilchrist	1.0	\$ 25,061	\$ 4,811	\$ -	\$ 4,400
Ward 1 - Robert Gillard	1.0	16,124	5,110	-	10,293
Ward 2 - Kathleen Linder	1.0	15,545	5,066	-	5,733
Ward 4 - Irene Goebel	1.0	13,496	108	-	3,071
Ward 5 - Dorcas Kilduff	1.0	19,644	5,247	-	4,209
Ward 5 - Darcy Kolodnicki	1.0	14,798	2,707	-	3,194
Ward 6 - Elsie Kinsey	1.0	16,680	5,126	-	4,980
	7.0	121,348	28,175	-	35,880
Superintendent - Mary Lynne Campbell	0.9	159,099	14,055		18,868
Acting Superintendent - Timothy Monds	0.1	13,800	1,512		1,839
Secretary-Treasurer Claire Jonsson	1.0	149,777	31,318		13,018
Certificated Teachers	513.7	44,638,531	4,886,177	66,265	
Non-certificated - Other	381.5	15,163,922	3,939,214	-	
	904.2	\$ 60,246,477	\$ 8,900,451	\$ 66,265	

PARKLAND SCHOOL DIVISION NO. 70

Notes to the Financial Statements
Year Ended August 31, 2010

13. Related Party Transactions

Effective 2005-2006, 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>	
	<u>Assets</u> (cost or net realizable value)	<u>Liabilities</u> (fair value)	<u>Revenues</u>	<u>Expenses</u>
Government of Alberta				
Education	\$ 735,596	\$ 44,659	\$ 83,260,846	\$ -
Finance	52,429	1,210,821	145,321	145,321
Other	3,052	-	534,668	174,511
	<u>791,077</u>	<u>1,255,480</u>	<u>83,940,835</u>	<u>319,832</u>
Other				
Post-secondary institutions	-	-	-	2,420
Other Alberta school jurisdictions	6,407	-	85,643	312,757
TOTAL 2009-2010	<u>\$ 797,484</u>	<u>\$ 1,255,480</u>	<u>\$84,026,478</u>	<u>\$ 635,009</u>
TOTAL 2008-2009	<u>\$ 2,391,759</u>	<u>\$ 1,781,477</u>	<u>\$ 83,476,992</u>	<u>\$ 715,373</u>

14. 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.

15. Contingencies

The School Division is a member of the Alberta School Boards 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, 2010

16. 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.

17. Budget Amounts

The budget was prepared by the School Division management with the Board of Trustees approval given on November 17, 2009. A revised budget based on student enrolments at September 30, 2009 is presented in these statements for information purposes only and has not been audited.

18. Prior Period Adjustments

As a result of a change in accounting treatment regarding donated capital assets, the following adjustments have been performed.

	Reported Balance, beginning of year	Prior period adjustment	Restated balance, beginning of year
Unamortized capital allocations	\$ 72,098,875	\$ 1,162,609	\$ 73,261,484
Other long term liabilities	996,539	(996,539)	-
Deferred revenue	813,479	(166,070)	647,409
Investment in capital assets	8,108,258	(1,162,609)	6,945,649
Unrestricted net assets	847,737	390,952	1,238,689
Capital reserves	\$ 1,968,960	\$ 771,657	\$ 2,740,617

As per section 4400.37 of the CICA handbook, School generated funds are now reported on a gross basis and not net of related expenses.

	Reported Balance, beginning of year	Prior period adjustment	Restated balance, beginning of year
Gross school generated funds (revenue)	\$ 348,958	\$ 2,287,227	\$ 2,636,185
Gross school generated funds (expense)	\$ 348,958	\$ 2,287,227	\$ 2,636,185

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010
[School Act, Section 276]

Parkland School Division No. 70

Legal Name of School Jurisdiction

4603 48 Street, Stony Plain, AB, T7Z 2A8

Mailing Address

780-963-8402, 780-963-4169

Telephone and Fax Numbers

Declaration of Secretary-Treasurer / Chief Financial Officer

To the best of my knowledge and belief, these unaudited schedules have been prepared following Alberta Education's reporting requirements for Alberta school jurisdictions. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

Claire Jonsson
Name

"ORIGINAL SIGNED"
Signature

25-Nov-10

Dated

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: Cindy.Wang@gov.ab.ca
PHONE: (780) 644-5672 FAX: (780) 422-6996

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SCHEDULE B	School Generated Funds (SGF)	4
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SCHEDULE A

School Jurisdiction Code: 2305

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2009-2010

REVENUES	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Administration	External Services	TOTAL
(1) Alberta Education	\$4,507,501	\$60,205,740	\$7,357,503	\$8,088,909	\$3,101,194	\$0	\$83,260,847
(2) Other - Government of Alberta	\$534,668	\$0	\$145,321	\$0	\$0	\$0	\$679,989
(3) Federal Government and First Nations	\$0	\$1,165,289	\$135,081	\$0	\$49,120	\$0	\$1,349,490
(4) Other Alberta school authorities	\$0	\$54,643	\$0	\$31,000	\$0	\$0	\$85,643
(5) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Instruction resource fees	\$37,398	\$1,424,610					\$1,462,008
(8) Transportation fees-ECS				\$18,480			\$18,480
(9) Transportation fees-Grades 1-12				\$245,925			\$245,925
(10) Other sales and services	\$0	\$677,640	\$32,341	\$229,836	\$12,233	\$128,696	\$1,080,746
(11) Investment income	\$0	\$0	\$0	\$0	\$114,937	\$0	\$114,937
(12) Gifts and donations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(13) Rental of facilities	\$0	\$0	\$6,001	\$0	\$0	\$25,700	\$31,701
(14) Gross school generated funds	\$0	\$2,999,915	\$0	\$0	\$0	\$0	\$2,999,915
(15) Gains on disposal of capital assets	\$0	\$0	\$7,796	\$0	\$0	\$0	\$7,796
(16) Amortization of capital allocations	\$0	\$0	\$2,502,070	\$0		\$15,638	\$2,517,708
(17) Other revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(18) TOTAL REVENUES	\$5,079,567	\$66,527,837	\$10,186,113	\$8,614,150	\$3,277,484	\$170,034	\$93,855,185
EXPENSES							
(19) Certificated salaries	\$1,928,088	\$42,402,619			\$546,988	\$0	\$44,877,695
(20) Certificated benefits	\$226,345	\$4,619,629			\$55,770	\$0	\$4,901,744
(21) Non-certificated salaries and wages	\$936,622	\$9,138,881	\$3,466,080	\$415,288	\$1,419,179	\$58,997	\$15,435,047
(22) Non-certificated benefits	\$238,895	\$2,421,552	\$914,374	\$88,510	\$330,759	\$4,617	\$3,998,707
(23) SUB - TOTAL	\$3,329,950	\$58,582,681	\$4,380,454	\$503,798	\$2,352,696	\$63,614	\$69,213,193
(24) Services, contracts and supplies	\$1,699,070	\$6,480,213	\$3,709,340	\$8,659,021	\$1,020,401	\$80,761	\$21,648,806
(25) Gross school generated funds	\$0	\$2,999,915					\$2,999,915
(26) Amortization of capital assets	\$0	\$615,550	\$2,663,365	\$15,128	\$141,320	\$15,638	\$3,451,001
(27) Interest and charges	\$0	\$0	\$145,321	\$0	\$0	\$0	\$145,321
(28) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(29) Other expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(30) TOTAL EXPENSES	\$5,029,020	\$68,678,359	\$10,898,480	\$9,177,947	\$3,514,417	\$160,013	\$97,458,236
(31) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$50,547	(\$2,150,522)	(\$712,367)	(\$563,797)	(\$236,933)	\$10,021	(\$3,603,051)

**SCHEDULE B
SCHOOL GENERATED FUNDS (SGF) - 2009-2010**

Unexpended SGF - Opening Balance August 31, 2009 (Note 1)			\$1,480,363
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$1,890,696	\$1,669,964	\$220,733
Student fees (Non-Instructional) (Note 1)	\$645,613	\$642,734	\$2,879
Donations and grants to schools	\$129,729	\$74,696	\$55,033
Other (describe):	\$99,596	\$138,517	(\$38,921)
Net Additions to SGF	\$2,765,634	\$2,525,911	\$239,723
Net SGF Available			\$1,720,087
Uses of Net School Generated Funds:			
Extra-curricular activities			\$180,693
Field Trips			\$40,654
Other (describe): School beautification, equipment, donations to charity, student recognition			\$252,657
Total Uses of Net SGF (Note 2)			\$474,004
Unexpended SGF - Closing Balance August 31, 2010 (Note 3)			\$1,246,083

School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include any other funds collected at the school but remitted to central office and accounted for by central office (facility rentals, capital assets purchases, etc.)

Notes:

- 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for CEU-related activities are recorded as instruction resource fees, not SGF.
- 2 The sum of "total related expenses" and "total uses of net SGF" is reported as "gross school generated funds" in the Statement of Revenues & Expenses.
- 3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position.

SCHEDULE C
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2009-2010

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$2,441,920	\$723,009	\$0	\$0	\$301,151		\$3,466,080		\$3,466,080
Uncertificated benefits	\$646,847	\$200,354	\$0	\$0	\$67,173		\$914,374		\$914,374
Sub-total Remuneration	\$3,088,767	\$923,363	\$0	\$0	\$368,324		\$4,380,454		\$4,380,454
Supplies and services	\$170,473	\$984,084	\$0	\$629,525	\$0		\$1,784,082		\$1,784,082
Electricity			\$736,479				\$736,479		\$736,479
Natural Gas/Heating Fuel			\$899,946				\$899,946		\$899,946
Sewer and Water			\$65,925				\$65,925		\$65,925
Telecommunications			\$15,541				\$15,541		\$15,541
Insurance					\$207,367		\$207,367		\$207,367
Amortization of capital assets									
Supported								\$2,502,070	\$2,502,070
Unsupported				\$0		\$161,295	\$161,295		\$161,295
Total Amortization				\$0		\$161,295	\$161,295	\$2,502,070	\$2,663,365
Interest on capital debt									
Supported								\$145,321	\$145,321
Unsupported				\$0		\$0	\$0		\$0
Other interest charges						\$0	\$0		\$0
Losses on disposal of capital assets						\$0	\$0		\$0
TOTAL EXPENSES	\$3,259,240	\$1,907,447	\$1,717,891	\$629,525	\$575,691	\$161,295	\$8,251,089	\$2,647,391	\$10,898,480
SQUARE METRES									
School Buildings									119,844.5
Non School Buildings									10,873.7

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 Relocations:** All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.
- 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.

PARKLAND SCHOOL DIVISION NO. 70
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2010

Management's discussion and analysis

The following is a discussion of the financial condition and results of operations of Parkland School Division No. 70 for the twelve month period ended August 31, 2010 and should be read together with Parkland School Division's audited financial statements.

Parkland School Division's audited financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP)

Section	Contents	Page
1. Significant Changes and Events	Summary of significant changes and events in the twelve months ending August 31, 2010 that impact the financial condition of Parkland School Division.	1
2. Results from operations	A detailed discussion of operating results for the twelve months ending August 31, 2010	3
3. Financial condition	A discussion of significant changes in the Statement of Financial Position as at August 31, 2010.	7
Schedule A	Current status of IMR projects for 2009-10	11

1. Significant Changes and Events

1.1 Labour Relations

Parkland School Division and the International Union of Operating Engineers Local 955, which represents the division's custodial and maintenance staff, signed a collective agreement covering from September 1, 2008 until August 31, 2011. The contract included market increases to certain categories as well as a wage increase to all categories according to the Alberta Average Weekly Earnings (AAWE) index.

Parkland School Division and the Central Alberta Association of Municipal and School Employees Local 1, which represents most of the division's support staff, signed a collective agreement covering from September 1, 2008 until August 31, 2011. The contract included market increases to certain categories as well as an annual wage increase to all categories according to the Alberta Average Weekly Earnings (AAWE) index.

Parkland School Division currently has an agreement with the Alberta Teachers Association covering from September 1, 2006 until August 31, 2012. This contract includes an annual wage increase to all categories according to the Alberta Average Weekly Earnings (AAWE) index.

In arbitration between the ATA and the Government of Alberta, the teachers were awarded an increase of 1.17%, bringing the AAWE from 4.82% to 5.99%. As all employees of Parkland School Division are paid based on the AAWE, this decision cost the Division an additional \$740K for the 2009-10 school year.

1.2 Infrastructure Maintenance Renewal (IMR)

The IMR program started the 2009-10 school year in a \$2.1M deficit due to emergent items in previous years. Approximately 629K of IMR expenditures was spent in the 2009-10 school year to finish emergent items and complete mandatory roofing repairs. As the Division received \$1.5M in IMR funding this year, the IMR program is in a \$1.2M deficit at the end of the 2009-10 school year.

In light of direction from Alberta Education, revenues from future years were not recognized this year, increasing the deficit in the O&M block by \$629K.

1.3 New Memorial Composite High School

On February 8, 2010, the new Memorial Composite High School in Stony Plain opened for students and staff. While Operations and Maintenance funding is provided for this new site, additional annual expenditures of \$120K relating to the old site will continue until the disposition of the building.

1.4 Economic Environment

1.4.1 Provincial Funding 2009-10

In August 2009, it was announced that School Division's were to have their 2009-10 funding reduced by a Fiscal Correction, which was an amount calculated based on the Division's accumulated Operating and Unrestricted Reserves. The Division's funding was reduced \$1.14M as a result of this calculation.

Also announced in August 2009 was the elimination of the Transportation Fuel Initiative Grant. This grant was used to cover the Division's contracts with its contractors, which pay an additional fuel amount based on the price of diesel. As the price of diesel is averaging 80 cents per liter, it is expected to create a deficit of over \$300K in the Transportation block.

Alberta Education increased the base funding by 1.12% (\$620K) to cover the certificated AAWE increase.

1.4.2 Prime Rate

The Division continues to earn limited interest income on its funds compared to previous years due to the prime rate being at 2.25% for most of the year. The prime rate was increased 1.00% over the summer, which will yield the Division more interest income in the upcoming school year.

1.5 Reporting Changes for School Generated Funds (SGF)

In accordance with the CICA Handbook section 4400.37, the Division is required to report SGF revenues, expenses, assets and liabilities on a gross rather than a net basis for the 2009-10 school year.

This change was applied retroactively to the 2008-09 school year for comparability and Management has also aligned the Q2 Revised Budget to reflect this change. The change has no net impact on the financial position of the Division. Overall, the change increased budget revenues and expenditures by \$2.319M.

1.6 Prior Period Adjustment

In 2008-09, the Division had received \$1.162M in donated playground equipment and a modular for the Parkland Village Daycare. This amount was recorded in Investment in Capital Assets and deducted from the Board's capital reserves.

In 2009-10, management has aligned the reporting of the Division's supported and donated assets. On the Statement of Net Assets and Statement of Deferred Capital Allocations, the 2008-09 balances have been adjusted to no longer include this amount in its Investment in Capital Assets and Capital Reserves. This amount as well as the Woodhaven Playground donations are now included in Unamortized Capital Allocations.

2. Results from operations

2.1 Revenues

2.1.1 Revenue from Provincial Government

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
82,296,133	83,940,836	102.00%	83,439,522	0.60%

The Alberta Government is the key revenue source of the division as it provides the division with 89% of its revenues.

Revenue from the Government of Alberta exceeded budget due to more funded CEUs than expected as well as additional Program Unit Funding, Children with Complex Needs Funding and higher Transportation grants.

Revenues have increased 0.6% over the 2008/09 school year due average grant increases of 4.3% for the Instructional block and 3% for Maintenance and Transportation blocks, offset by the 2009-10 funding correction of \$1.14M. There were also no IMR revenues recognized in the 2009-10 school year.

2.1.2 Revenue from Federal Government

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
1,510,040	1,349,490	89.37%	1,436,797	-6.08%

The Federal Government provides funding for French Language Education and First Nation's students. Revenue from the Federal Government was only 89% of budget due as funded enrollments were lower than expected.

Revenues have decreased year over year due to a decrease in funded enrollments.

2.1.3 Other Revenues

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
4,671,653	8,564,859	183.34%	7,784,048	10.03%

Other revenues are currently at 183% of target as the reporting changes to SGF revenues were not incorporated into the Approved Budget. Instructional and transportation student fee collection is also currently over 97%.

Other revenues have increased year over year due to increase school generated funds spending, increase in capital allocations recognized, offset by a decrease in interest revenue due to the significant reduction in the prime rate.

2.2 Expenditures

2.2.1 Salaries, Wages and Benefits

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
67,581,408	69,213,193	102.41%	63,829,943	8.43%

Salaries, wages and benefits are currently 2.41% over budget due to the impact of the AAWE arbitration decision. Additional support positions were also added to serve increased PUF and special needs enrollments.

There was an 8.43% increase over last year in this category due to the negotiated salary increases of 5.99%, an increase in support and certificated benefit costs as well as a slight increase in staffing to serve higher enrollments.

2.2.2 Service, contracts and supplies

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
21,812,789	21,019,281	96.36%	20,819,019	0.96%

Spending in this category was less than expected, as schools had spent less than was originally estimated. The purchase of MIG Schoollogic, which was budgeted in 2009-10 will be made in the 2010-11 school year.

Expenditures have increased slightly over last year due to higher bus contractor and utility costs, offset by lower professional development, software and textbook expenses.

2.2.3 Infrastructure Maintenance Renewal

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
924,703	629,525	68.08%	2,871,096	-78.07%

Currently, all of the funding for the 2009-10 school year and \$1.2M of the 2010-11 school year has been expended. This deficit is a direct result of emergent items that have surfaced over the past years. More detail can be found on the IMR program in the attached Schedule A.

2.2.4 Other Expenses

Annual Budget 2009-10	Twelve months ending August 31, 2010	% of Target	Twelve months ending August 31, 2009	Change %
3,847,017	6,596,237	171.46%	5,934,333	11.15%

Other expenses are currently at 171% of target as the reporting changes to SGF expenses were not incorporated into the Approved Budget.

Other expenses have increased year over year due to higher amortization costs related to equipment purchased in 2008-09 and higher expenditures from the School Generated Funds.

2.3 Excess of Revenues over Expenses

Block	Budget 2009-10	Actual 2009-10	Actual 2008-09
Instruction	(3,620,248)	(1,217,868)	(306,553)
Administration	(129,384)	(195,852)	(384,577)
Operations and Maintenance	(514,632)	(598,252)	(138,585)
Transportation	(282,682)	(459,953)	35,691
External Services	-	10,021	-
Fiscal Correction	(1,141,147)	(1,141,147)	-
Total	(5,688,093)	(3,603,051)	(794,024)

The Instructional block deficit was less than expected due to increased government revenues and less supplies and services purchased by the schools than expected.

The Administration block had a higher deficit than budgeted related to over \$127K that was expended on required repairs to the HVAC system at the Centre for Education. Capital reserves were used to cover this expenditure.

A deficit in the Operations and Maintenance block is related to the change in recognition of the IMR revenues for 2010-11, which cannot be recognized until next year.

The Transportation block currently has a higher deficit than expected due to higher contractor costs than anticipated. A deficit of \$282K was expected due to the elimination of the Fuel Price Contingency grant.

The External Services surplus is restricted to a capital reserve to fund the replacement of the Parkland Village Daycare once it has been used for its useful life.

A reserve to cover the 2009-10 fiscal correction was established by the Board on 15 September 2009.

2.4 Operating Reserves

Block	Operating Reserves at Sept 1, 2009	August 31, 2010 Surplus (Deficit)	Impact of Reserve Movements	Operating Reserves at Aug 31, 2010
Instruction - Schools	5,870,996	(1,504,914)	-	4,366,082
Instruction - Other	852,117	287,046	2,117	1,141,279
Administration	475,132	(195,852)	126,777	406,058
Operations and Maintenance*	595,589	(598,252)	(6,894)	(9,557)
Transportation*	335,010	(459,953)	-	(124,943)
External Services	-	10,021	(10,021)	-
Fiscal Correction	1,141,147	(1,141,147)	-	-

*Audited Financial Statements reflect a loan from Instructional Reserves to O&M and Transportation to cover the negative balances

3. Financial Condition

The following are changes in the Statement of Financial Position for the twelve months ending August 31, 2010.

	<u>August 31,</u> <u>2010</u>	<u>August 31,</u> <u>2009</u>	<u>Change</u>	<u>Explanation for Change in Balance</u>
Current Assets				
Cash	12,141,093	16,147,535	(4,006,442)	Impact of current deficit and use of capital funding for new Memorial Composite High School.
Accounts receivable	1,479,786	2,209,531	(729,745)	Decrease in IMR Funding receivable
Prepaid expenses	311,397	90,945	220,452	Purchase of software not installed until 2010-11
School Generated Assets	1,246,083	1,480,363	(234,280)	Use of funds by schools
Trust Assets	148,814	225,742	(76,928)	Participation in Deferred Salary Plans and Scholarships.
Other long term receivables	-	593,324	(593,324)	No IMR funding receivable from 2011-12 school year
Property and equipment	98,193,319	81,870,881	16,322,438	Remainder of new Memorial Composite High School costs capitalized.
	113,520,492	102,618,321	10,902,171	
Current Liabilities				
Accounts payable and accruals	2,604,275	3,744,701	(1,140,426)	Substantially less prior year expenses paid in September 2010 than September 2009.
Deferred revenue	455,654	647,409	(191,755)	Less future year revenue received in August 2010 than August 2009
Deferred Capital Contributions	1,006,192	1,399,933	(393,741)	Equipment purchases for new Memorial Replacement High School and setup and installation costs for 6 modulars at École Meridian Heights.
Current portion of long-term debt	448,920	505,351	(56,431)	Payment of debt by Alberta Finance.

	<u>August 31,</u> <u>2010</u>	<u>August 31,</u> <u>2009</u>	<u>Change</u>	<u>Explanation for Change in Balance</u>
Unamortized Capital Allocations	90,309,186	73,261,484	17,047,702	Recording of remainder of new MCHS costs and costs of modulars at École Meridian Heights, offset by amortization of supported assets.
School Generated Liabilities	1,246,083	1,480,363	(234,280)	Use of funds by schools
Trust Liabilities	148,814	225,742	(76,928)	Participation in Deferred Salary Plans
Long-term Debt	709,473	1,158,392	(448,919)	Payment of debt by Alberta Finance.
Net Assets				
Investment in property and equipment	6,725,736	6,945,649	(219,913)	Purchases of unsupported equipment exceeded by amortization of unsupported assets.
Unrestricted	1,236,119	1,238,689	(2,570)	Movement of funds to benefits committee reserve
Restricted - Operating	5,778,919	9,269,991	(3,491,072)	Deficiency of revenues over expenses allocated to blocks
Restricted - Capital	2,851,121	2,740,617	110,504	Purchases of unsupported equipment exceeded by amortization of unsupported assets, offset by Admin building reserve being used for HVAC repairs to Centre for Education.
	113,520,492	102,618,321	10,902,171	

Schedule A - Current status of IMR projects for 2009-10

SCHOOL	JOB DESCRIPTION	BUDGET TOTAL	PROJECT TOTAL
Brookwood	Replace sidewalk at north side of school	10,000	9,469
Broxton	Reroofing Phase 1	55,000	107,987
Broxton	Fire suppression system for kitchen	2,400	-
High Park	Re-roofing over hallway H-11	110,000	-
Millgrove	Installation of New HVAC	11,500	11,132
Muir Lake	Re-roof south side of school	50,000	38,885
Seba Beach	Re-roofing phase 1	72,000	82,175
SGCHS	Phase 4 third floor centre	135,000	55,355
SPC	Replace Cement Pad E11	15,000	827
Total Outstanding IMR Projects 2009-2010		460,900	305,831
Brookwood	Replace Hot Water Tank	3,500	3,716
High Park	Rebuild Boilers	5,080	5,457
Keephills	Water Filtration System	10,160	11,304
MCHS	Capital funding of feasibility study	(25,000)	(25,000)
Millgrove	Replace Flooring (8) Rms 110,111,117-120,122	43,688	42,623
Millgrove	Installation of New HVAC System	1,763,014	1,642,538
Millgrove	Develop Parking Lot Plan	3,048	2,859
SGCHS	Replace Heating Pumps and Refractory Rm 203	12,436	12,258
SGCHS	Resurface Parking Lot	554,406	563,645
SGCHS	Underground storage tank	31,496	30,682
SPC	Phase 3	137,160	134,622
Tomahawk	Parking lot plan/rebuild sewage road	13,716	11,345
Woodhaven	Re-roof Portable 163	15,000	12,000
Total Completed IMR Projects 2009-2010		2,567,704	2,448,049
Year to Date IMR Expense at August 31, 2010			629,525
IMR Deficit at September 1, 2009			2,093,600
IMR Allocation 2009-2010			(1,500,278)
IMR Projects funded by future allocations			1,222,848