

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

Palliser Regional Division No. 26

Legal Name of School Jurisdiction

101, 3305 18th Avenue North, Lethbridge, AB T1H 5S1

Mailing Address

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SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Palliser Regional Division No. 26 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with Canadian Public Sector Accounting Standards and follow format prescribed by Alberta Education.

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

Board of Trustees Responsibility

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

External Auditors

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

Declaration of Management and Board Chair

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

BOARD CHAIR

Colleen Deitz

Name

Signature

SUPERINTENDENT

Kevin Gietz

Name

Signature

SECRETARY-TREASURER OR TREASURER

Wayne T. Braun

Name

Signature

November 25, 2014

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
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Independent Auditors' Report

To the Board of Trustees of Palliser Regional Division No. 26

Report on the Financial Statements

We audited the accompanying financial statements of the Palliser Regional Division No. 26, which comprise the statements of financial position as at August 31, 2014, the statements of operations, cash flows, change in net debt, and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits, we conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Palliser Regional Division No. 26 as at August 31, 2014, and the results of its operations, cash flows, change in net debt, and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

November 25, 2014
Lethbridge, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

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

		2014	2013
			Recast (Note 23)
FINANCIAL ASSETS			
Cash and cash equivalents	(Note 3)	\$ 8,759,855	\$ 5,665,012
Accounts receivable (net after allowances)	(Note 4)	\$ 2,774,996	\$ 2,387,480
Portfolio investments	(Note 5)	\$ 103,221	\$ 74,324
Other financial assets		\$ -	\$ -
Total financial assets		\$ 11,638,072	\$ 8,126,816
LIABILITIES			
Bank indebtedness	(Note 6)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 7)	\$ 3,599,059	\$ 3,225,599
Deferred revenue	(Note 8)	\$ 36,844,939	\$ 36,773,346
Employee future benefit liabilities	(Note 9)	\$ 264,800	\$ 258,400
Other liabilities		\$ -	\$ -
Debt	(Note 10)		
Supported: Debentures and other supported debt		\$ 952,240	\$ 1,258,861
Unsupported: Debentures and capital loans		\$ -	\$ -
Capital leases		\$ -	\$ -
Mortgages		\$ -	\$ -
Total liabilities		\$ 41,661,038	\$ 41,516,206
Net financial assets (debt)		\$ (30,022,966)	\$ (33,389,390)
NON-FINANCIAL ASSETS			
Tangible capital assets	(Note 11)		
Land		\$ 340,000	\$ 340,000
Construction in progress		\$ 495,602	\$ 636,028
Buildings		\$ 62,148,154	
Less: Accumulated amortization		\$ (26,479,278)	\$ 35,668,876
Equipment		\$ 2,872,951	
Less: Accumulated amortization		\$ (2,495,154)	\$ 377,797
Vehicles		\$ 7,709,475	
Less: Accumulated amortization		\$ (5,519,639)	\$ 2,189,836
Computer Equipment		\$ 1,390,222	
Less: Accumulated amortization		\$ (1,382,849)	\$ 7,373
Total tangible capital assets		\$ 39,079,484	\$ 39,846,208
Prepaid expenses		\$ 361,113	\$ 469,650
Other non-financial assets		\$ 5,918	\$ 8,593
Total non-financial assets		\$ 39,446,515	\$ 40,324,451
Accumulated surplus	(Note 12)	\$ 9,423,549	\$ 6,935,061
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 9,423,549	\$ 6,935,061
Accumulated remeasurement gains (losses)		\$ -	\$ -
		\$ 9,423,549	\$ 6,935,061
Contractual obligations	(Note 13)		
Contingent liabilities	(Note 14)		

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

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

	Budget 2014 Note 22	Actual 2014	Actual 2013
REVENUES			
Alberta Education	\$ 76,140,633	\$ 79,923,428	\$ 77,287,364
Other - Government of Alberta	\$ 861,274	\$ 490,044	\$ 294,937
Federal Government and First Nations	\$ 370,000	\$ 332,347	\$ 390,709
Other Alberta school authorities	\$ 90,000	\$ 180,439	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Note 15)	\$ 1,286,514	\$ 1,295,159	\$ 1,383,832
Other sales and services	\$ 33,000	\$ 1,971,480	\$ 270,415
Investment income	\$ 68,400	\$ 71,295	\$ 69,067
Gifts and donations	\$ 13,023	\$ 95,649	\$ 184,141
Rental of facilities	\$ 313,215	\$ 329,766	\$ 308,820
Fundraising	\$ 1,301,529	\$ 1,103,003	\$ 707,805
Gains on disposal of capital assets	\$ -	\$ 16,992	\$ 2,244
Other revenue	\$ 1,169,673	\$ 728,969	\$ 1,614,191
Total revenues	\$ 81,647,261	\$ 86,538,571	\$ 82,513,525
EXPENSES			
Instruction (ECS - Grade 12)	\$ 66,549,285	\$ 67,434,634	\$ 66,604,827
Plant operations and maintenance	\$ 8,575,981	\$ 8,812,275	\$ 8,600,541
Transportation	\$ 3,709,052	\$ 3,825,252	\$ 3,627,256
Board & system administration	\$ 2,327,477	\$ 3,174,341	\$ 3,063,843
External services	\$ 466,390	\$ 804,067	\$ 509,209
Total expenses	\$ 81,628,165	\$ 84,050,569	\$ 82,405,676
Operating surplus (deficit)	\$ 19,076	\$ 2,488,002	\$ 107,849

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

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

	2014	2013
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 2,488,002	\$ 107,849
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 2,395,981	\$ 1,955,774
Gains on disposal of tangible capital assets	\$ (16,992)	\$ (2,244)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (1,358,375)	\$ (1,151,003)
Deferred capital revenue write-off	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ (387,516)	\$ 195,939
Prepays	\$ 108,537	\$ (293,901)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ 2,675	\$ (3,013)
Accounts payable and accrued liabilities	\$ 373,460	\$ (912,356)
Deferred revenue (excluding EDCR)	\$ 1,429,968	\$ 2,562,107
Employee future benefit liabilities	\$ 6,400	\$ 181,100
Other (describe) Endowments/adjustment	\$ 484	\$ -
Total cash flows from operating transactions	\$ 5,042,624	\$ 2,620,252
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (1,232,342)	\$ (6,176,153)
Equipment	\$ (24,402)	\$ (170,577)
Vehicles	\$ (390,163)	\$ (726,552)
Computer equipment	\$ -	\$ (317,397)
Net proceeds from disposal of unsupported capital assets	\$ 34,644	\$ 59,222
Other (describe)	\$ -	\$ -
Total cash flows from capital transactions	\$ (1,612,263)	\$ (7,331,457)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ (28,897)	\$ (18,722)
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement gains (losses) reclassified to the statement of operations	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from investing transactions	\$ (28,897)	\$ (18,722)
D. FINANCING TRANSACTIONS		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ (306,621)	\$ (320,211)
Other (describe)	\$ -	\$ -
Total cash flows from financing transactions	\$ (306,621)	\$ (320,211)
Increase (decrease) in cash and cash equivalents	\$ 3,094,843	\$ (5,050,138)
Cash and cash equivalents, at beginning of year	\$ 5,665,012	\$ 10,715,150
Cash and cash equivalents, at end of year	\$ 8,759,855	\$ 5,665,012

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

STATEMENT OF CHANGE IN NET DEBT
For the Year Ended August 31, 2014

	Budget 2014	2014	2013
Operating surplus (deficit)	\$ 19,076	\$ 2,488,002	\$ 107,849
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	\$ (980,000)	\$ (1,646,907)	\$ (7,390,679)
Amortization of tangible capital assets	\$ 1,674,489	\$ 2,395,981	\$ 1,955,774
Net carrying value of tangible capital assets disposed of	\$ -	\$ 17,652	\$ 56,978
Write-down carrying value of tangible capital assets	\$ -	\$ -	\$ -
Other changes	\$ -	\$ (2)	\$ -
Total effect of changes in tangible capital assets	\$ 694,489	\$ 766,724	\$ (5,377,927)
Changes in:			
Prepaid expenses	\$ 100,000	\$ 108,537	\$ (293,901)
Other non-financial assets	\$ -	\$ 2,675	\$ (3,013)
Net remeasurement gains and (losses)	\$ -	\$ -	\$ -
Endowments	\$ -	\$ 486	\$ -
Decrease (increase) in net debt	\$ 813,555	\$ 3,366,424	\$ (5,566,992)
Net debt at beginning of year	\$ (33,389,460)	\$ (33,389,390)	\$ (27,822,398)
Net debt at end of year	\$ (32,575,895)	\$ (30,022,966)	\$ (33,389,390)

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

STATEMENT OF CHANGE IN NET DEBT
For the Year Ended August 31, 2014

	2014	2013
Operating surplus (deficit)	\$ 2,488,002	\$ 107,849
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	\$ (1,646,907)	\$ (7,390,679)
Amortization of tangible capital assets	\$ 2,395,981	\$ 1,955,774
Net carrying value of tangible capital assets disposed of	\$ 17,652	\$ 56,978
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes	\$ (2)	\$ -
Total effect of changes in tangible capital assets	\$ 766,724	\$ (5,377,927)
Changes in:		
Prepaid expenses	\$ 108,537	\$ (293,901)
Other non-financial assets	\$ 2,675	\$ (3,013)
Net remeasurement gains and (losses)	\$ -	\$ -
Endowments	\$ 486	\$ -
Decrease (Increase) in net debt	\$ 3,368,424	\$ (5,566,992)
Net debt at beginning of year	\$ (33,389,390)	\$ (27,822,398)
Net debt at end of year	\$ (30,022,966)	\$ (33,389,390)

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES
 For the Year Ended August 31, 2014 (in dollars)

	2014	2013
Accumulated remeasurement gains (losses) at beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -
Accumulated remeasurement gains (losses) at end of year	\$ -	\$ -

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

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

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2013	\$ 6,935,061	\$ -	\$ 6,935,061	\$ 3,595,629	\$ 85,520	\$ 2,217,963	\$ 1,035,949	\$ -
Prior period adjustments:								
Record 2012/13 Board Funded Capital Assets (Note 23)	\$ -	\$ -	\$ -	\$ 1,160,221	\$ -	\$ (1,160,221)	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2013	\$ 6,935,061	\$ -	\$ 6,935,061	\$ 4,755,850	\$ 85,520	\$ 1,057,742	\$ 1,035,949	\$ -
Operating surplus (deficit)	\$ 2,488,002		\$ 2,488,002			\$ 2,488,002		
Board funded tangible capital asset additions				\$ 414,565		\$ (379,921)		\$ (34,644)
Disposal of unsupported tangible capital assets	\$ -		\$ -	\$ (17,652)		\$ (16,992)		\$ 34,644
Disposal of supported tangible capital assets (board funded portion)	\$ -		\$ -	\$ -		\$ -		\$ -
Write-down of unsupported tangible capital assets	\$ -		\$ -	\$ -		\$ -		\$ -
Write-down of supported tangible capital assets (board funded portion)	\$ -		\$ -	\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year	\$ -		\$ -	\$ -		\$ -		\$ -
Endowment expenses	\$ -		\$ -	\$ -		\$ -		\$ -
Direct credits to accumulated surplus	\$ 486		\$ 486	\$ -	\$ 486	\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -		\$ -	\$ (2,395,981)		\$ 2,395,981		\$ -
Capital revenue recognized	\$ -		\$ -	\$ 1,358,375		\$ (1,358,375)		\$ -
Debt principal repayments (unsupported)	\$ -		\$ -	\$ -		\$ -		\$ -
Externally imposed endowment restrictions	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Net transfers to operating reserves	\$ -		\$ -	\$ -		\$ (448,705)	\$ 448,705	\$ -
Net transfers from operating reserves	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -
Net transfers to capital reserves	\$ -		\$ -	\$ -		\$ (730,000)		\$ 730,000
Net transfers from capital reserves	\$ -		\$ -	\$ -		\$ -		\$ -
Assumption/transfer of other operations surplus	\$ -		\$ -	\$ -		\$ -		\$ -
Balance at August 31, 2014	\$ 9,423,549	\$ -	\$ 9,423,549	\$ 4,115,157	\$ 86,006	\$ 3,007,732	\$ 1,484,654	\$ 730,000

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

	INTERNALLY RESTRICTED RESERVES BY PROGRAM											
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services			
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2013	\$ 1,035,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustments:												
Record 2012/13 Board Funded Capital Assets (Note 23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2013	\$ 1,035,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating surplus (deficit)												
Board funded tangible capital asset additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of supported tangible capital assets (board funded portion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write-down of unsupported tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write-down of supported tangible capital assets (board funded portion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net remeasurement gains (losses) for the year												
Endowment expenses												
Direct credits to accumulated surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets												
Capital revenue recognized												
Debt principal repayments (unsupported)												
Externally imposed endowment restrictions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers to operating reserves	\$ 28,705	\$ -	\$ 420,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers from operating reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers to capital reserves	\$ -	\$ -	\$ -	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers from capital reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2014	\$ 1,064,654	\$ -	\$ 420,000	\$ 230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects ^(A)	Surplus from Provincially Approved Projects ^(B)	Proceeds on Disposal of Provincially Funded Tangible Capital Assets ^(C)	Unexpended Deferred Capital Revenue from Other Sources ^(D)	
Balance at August 31, 2013	\$ 129,635	\$ -	\$ -	\$ -	\$ 35,090,358
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ 1
Adjusted balance, August 31, 2013	\$ 129,635	\$ -	\$ -	\$ -	\$ 35,090,359
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ 1,395,721				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ 110,392				
Other sources: (Describe)	\$ -			\$ -	
Other sources (Describe):	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ 119,326				
Other sources: (Describe)	\$ -			\$ -	
Other sources: (Describe)	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ 8,198	\$ -	\$ -	\$ -	
Other unexpended capital revenue: (Describe)				\$ -	
Net proceeds on disposal of supported tangible capital assets			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets (Explain):					
Alberta Schools Alternative Program (ASAP), Building Alberta School Construction Program, (BASCP) and other Alberta infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (1,232,342)	\$ -	\$ -	\$ -	\$ 1,232,342
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments (Explain):	\$ -	\$ -	\$ -	\$ -	\$ -
Deduct:					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments (Explain):	\$ -	\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 1,358,375
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2014	\$ 530,930	\$ -	\$ -	\$ -	\$ 34,964,326
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2014 (A) + (B) + (C) + (D)				\$ 530,930	

Unexpended Deferred Capital Revenue

(A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only.

(B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.

(C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.

(D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

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

REVENUES	2014						2013
	Instruction (ECS-Grade 12)	Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
(1) Alberta Education	\$ 64,082,349	\$ 9,348,153	\$ 3,570,149	\$ 2,912,777	\$ -	\$ 79,923,428	\$ 77,287,364
(2) Other - Government of Alberta	\$ 355,377	\$ 117,637	\$ -	\$ 17,030	\$ -	\$ 490,044	\$ 284,937
(3) Federal Government and First Nations	\$ 320,800	\$ -	\$ -	\$ 11,547	\$ -	\$ 332,347	\$ 390,709
(4) Other Alberta school authorities	\$ -	\$ -	\$ 174,169	\$ 6,270	\$ -	\$ 180,439	\$ -
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ 1,294,159	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,295,159	\$ 1,383,632
(9) Other sales and services	\$ 1,305,712	\$ -	\$ 195,439	\$ 39,653	\$ 430,676	\$ 1,971,480	\$ 270,415
(10) Investment income	\$ -	\$ -	\$ -	\$ 71,295	\$ -	\$ 71,295	\$ 69,067
(11) Gifts and donations	\$ 71,516	\$ -	\$ -	\$ 24,133	\$ -	\$ 95,649	\$ 184,141
(12) Rental of facilities	\$ -	\$ -	\$ -	\$ -	\$ 329,766	\$ 329,766	\$ 308,820
(13) Fundraising	\$ 1,103,003	\$ -	\$ -	\$ -	\$ -	\$ 1,103,003	\$ 707,605
(14) Gains on disposal of tangible capital assets	\$ -	\$ -	\$ 16,992	\$ -	\$ -	\$ 16,992	\$ 2,244
(15) Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 728,969	\$ 728,969	\$ 1,614,191
(16) TOTAL REVENUES	\$ 68,542,916	\$ 9,466,790	\$ 3,957,749	\$ 3,082,705	\$ 1,489,411	\$ 85,538,571	\$ 82,513,525
EXPENSES							
(17) Certificated salaries	\$ 40,720,047			\$ 522,471	\$ -	\$ 41,242,518	\$ 40,766,805
(18) Certificated benefits	\$ 9,481,959			\$ 109,163	\$ -	\$ 9,591,122	\$ 8,965,485
(19) Non-certificated salaries and wages	\$ 8,033,455	\$ 1,413,606	\$ 1,762,451	\$ 1,068,743	\$ 459,362	\$ 12,737,807	\$ 13,219,512
(20) Non-certificated benefits	\$ 1,981,080	\$ 395,122	\$ 218,046	\$ 234,166	\$ 107,297	\$ 2,935,711	\$ 3,058,804
(21) SUB - TOTAL	\$ 60,216,541	\$ 1,808,928	\$ 1,980,497	\$ 1,934,543	\$ 566,649	\$ 66,507,158	\$ 66,010,603
(22) Services, contracts and supplies	\$ 7,012,461	\$ 5,498,870	\$ 1,450,155	\$ 910,129	\$ 156,129	\$ 15,027,744	\$ 14,289,242
(23) Amortization of supported tangible capital assets	\$ -	\$ 1,358,375	\$ -	\$ -	\$ -	\$ 1,358,375	\$ 1,151,003
(24) Amortization of unsupported tangible capital assets	\$ 205,632	\$ 27,737	\$ 394,155	\$ 328,793	\$ 81,289	\$ 1,037,606	\$ 804,771
(25) Supported interest on capital debt	\$ -	\$ 117,637	\$ -	\$ -	\$ -	\$ 117,637	\$ 150,057
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(27) Other interest and finance charges	\$ -	\$ 728	\$ 445	\$ 876	\$ -	\$ 2,049	\$ -
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) TOTAL EXPENSES	\$ 67,434,634	\$ 8,812,275	\$ 3,825,252	\$ 3,174,341	\$ 804,067	\$ 84,050,569	\$ 82,405,676
(31) OPERATING SURPLUS (DEFICIT)	\$ 1,108,282	\$ 653,515	\$ 132,497	\$ (91,636)	\$ 685,344	\$ 2,488,002	\$ 107,849

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	2014 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 877,524	\$ 234,643	\$ -	\$ 170,080	\$ 131,560		\$ 1,413,807		\$ 1,413,807
Uncertificated benefits	\$ 254,214	\$ 60,363	\$ -	\$ 45,920	\$ 34,625		\$ 395,122		\$ 395,122
Sub-total Remuneration	\$ 1,131,738	\$ 295,005	\$ -	\$ 216,000	\$ 166,185		\$ 1,808,929		\$ 1,808,929
Supplies and services	\$ 1,913,569	\$ 1,090,634	\$ 565,400	\$ 745,280	\$ 18,105		\$ 4,022,988		\$ 4,022,988
Electricity			\$ 415,577				\$ 415,577		\$ 415,577
Natural gas/heating fuel			\$ 234,405				\$ 234,405		\$ 234,405
Sewer and water			\$ 46,721				\$ 46,721		\$ 46,721
Telecommunications			\$ 9,262				\$ 9,262		\$ 9,262
Insurance					\$ 154,412		\$ 154,412		\$ 154,412
Amortization of tangible capital assets									
Supported								\$ 1,358,375	\$ 1,358,375
Unsupported						\$ 27,736	\$ 27,736	\$ 27,736	\$ 27,736
Total Amortization						\$ 27,736	\$ 27,736	\$ 1,386,111	\$ 1,386,111
Interest on capital debt									
Supported									
Unsupported								\$ 117,637	\$ 117,637
Lease payments for facilities				\$ 615,505			\$ 615,505		\$ 615,505
Other interest charges								\$ 728	\$ 728
Losses on disposal of capital assets									
TOTAL EXPENSES	\$ 2,745,307	\$ 1,385,640	\$ 1,261,365	\$ 1,576,785	\$ 338,702	\$ 28,464	\$ 7,336,263	\$ 1,476,012	\$ 8,812,275

SQUARE METRES	
School buildings	96,933.5
Non school buildings	5,189.0

Note:

- Custodial:** All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.
- Maintenance:** All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.
- Utilities & Telecommunications:** All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications
- Expensed IMR & Modular Unit Relocation & Lease Pmts:** All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects, modular unit (portable) relocation, and payments on leased facilities
- Facility Planning & Operations Administration:** All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project 'administration', administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.
- Supported Capital & Debt Services:** All expenses related to supported capital assets, amortization and interest on supported capital debt.

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

TOTAL EXPENSES (From "Total" column of Line 30 of Schedule of Program Operations) \$84,050,569

Enter Number of Net Enrolled Students: 6,769
 Enter "C" if Charter School []

STEP 1

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

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

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

STEP 2

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

Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES \$3,025,820

B. Considerations for Charter Schools and Small School Boards:

If charter schools and small school boards:

The amount of Small Board Administration funding (*Funding Manual* Section 1.13) \$0

2013/2014 MAXIMUM EXPENSE LIMIT (the greater of A or B above) \$3,025,820

Actual Board & System Administration from Line 30 of "Schedule of Program Operations" (Board & System Administration Column) \$3,174,341

Amount Overspent \$148,521

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

1. Authority and purpose:

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

The School Division receives instruction and support allocations under Education Grants Regulation (AR 120/2008). The regulation allows for setting of conditions and use of grant monies. The School Division is limited on certain funding allocations and administration expenses.

2. Summary of significant accounting policies:

These financial statements have been prepared in accordance with the CICA Canadian public sector accounting standards. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Cash and cash equivalents:

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

b) Accounts receivable:

Accounts receivable are shown net of allowance for doubtful accounts.

c) Portfolio investments:

The School Division has investments in GIC's that have a maturity of greater than 3 months. GIC's and other investments not quoted in an active market are reported at cost or amortized cost.

d) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset. Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion, and is not amortized until after the project is complete and the asset is in service.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

2. Summary of significant accounting policies (continued):

Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:

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

Equipment	5 years
Vehicles	6 -10 years
Buildings	25 - 50 years

e) Employee future benefits:

The Division participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Division's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Division has insufficient information to apply defined benefit plan accounting. Pension costs included in these financial statements include the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Division's portion of this pension plans' deficit or surplus is not recorded by the Division.

The Division participates in the Alberta Teachers' Retirement Fund. This is a multi-employer defined benefit plan that provides pensions for the Division's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied for this multi-employer defined benefit plan. Pension costs included in these financial statements include the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Division's portion of this pension plans' deficit or surplus is not recorded by the Division.

For the Alberta Teachers' Retirement fund pension costs include the Provincial contributions made on behalf of the Division for current service employees during the year.

The Division provides a defined benefit Senior Executive Retirement Plan ("SERP") to certain senior employees. Costs of these benefits are actuarially determined using the projected benefit method prorated on service, an interest rate based on the Division's cost of borrowing and management's best estimate of expected costs and benefit coverage period. Net actuarial recoveries and deficiencies of the benefit obligation are amortized over the expected average remaining service life of the employees. Current service costs in the actuarial present value of the benefits earned in the fiscal period and applicable adjustments to prior year due to changes in the underlying assumptions. The Plan is unfunded.

f) Operating and capital reserves:

Certain amounts are internally or externally restricted for future operating or capital purposes. Transfers to and from reserves are recorded when approved by the Board of Trustees. Capital reserves are restricted to capital purposes and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

2. Summary of significant accounting policies (continued):

g) Revenue recognition:

Revenues are recorded on an accrual basis. Instruction and support allocations are recognized in the year to which they relate. Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Contributed services are not recognized in the financial statements.

Eligibility criteria are criteria that the School District has to meet in order to receive certain contributions. Stipulations describe what the School District must perform in order to keep the contributions. Contributions without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity. Contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity and all eligibility criteria have been met.

Contributions with stipulations are recognized as revenue in the period the stipulations are met, except when and to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with *Section PS 3200*. Such liabilities are recorded as deferred revenue. The following items fall under this category:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the period the stipulated related expenses are incurred;
- Unexpended Deferred Capital Revenue; or
- Expended Deferred Capital Revenue, with ongoing stipulations.

h) Financial instruments:

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Division recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, debt and other liabilities. Unless otherwise noted, it is management's opinion that the Division is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

Portfolio investments in equity instruments quoted in an active market and derivatives are recorded at fair value. All other financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of items in the cost or amortized cost upon initial recognition. The gain or loss arising from de-recognition of a financial instrument is recognized in the Statement of Operations. Impairment losses such as write-downs or write-offs are reported in the Statement of Operations.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

2. Summary of significant accounting policies (continued):

Recognition, de-recognition and measurement policies followed in the financial statements for periods prior to the effective date of September 1, 2012 specified are not reversed and, therefore, the financial statements of prior periods, including the comparative information, have not been restated.

i) Program reporting:

The Division's operations have been segmented as follows:

ECS-Grade 12 Instruction: The provision of Early Childhood Services education and grades 1 - 12 instructional services that fall under the basic public education mandate.

Plant Operations and Maintenance: The operation and maintenance of all school buildings and maintenance shop facilities.

Transportation: The provision of regular and special education bus services (to and from school), whether contracted or board operated, including transportation facilities.

Board & System Administration: The provision of board governance and system-based / central office administration.

External Services: All projects, activities, and services offered outside the public education mandate for ECS children and students in grades 1-12. Services offered beyond the mandate for public education are to be self-supporting, and Alberta Education funding may not be utilized to support these programs.

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations.

j) Scholarship and endowment funds:

Contributions to scholarship and endowment funds must be held in perpetuity in accordance with the agreement with the donor.

Contributions of endowment principal represent a direct increase to accumulated surplus. The income earned on endowment principal is recognized as deferred revenue or as revenue in the year to the extent that stipulations have been met.

Unrealized gains and losses associated with the endowment are recorded in the Statement of Remeasurement Gains and Losses.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

3. Cash and temporary investments:

		2014	2013
	Average effective (market) yield	Cost	Amortized cost
Cash and cash equivalents	1.09%	\$ 8,759,855	\$ 5,665,012

Cash and cash equivalents includes school generated funds on hand of \$1,116,184 (2013 - \$1,076,178).

4. Accounts receivable:

	2014	2013
Alberta Education	\$ 234,512	\$ 99,450
Alberta Finance	952,240	1,258,861
Federal Government	90,022	116,791
First Nations	--	--
Student Health Insurance Plan ("SHIP")	--	110,490
Other	1,498,222	801,888
	\$ 2,774,996	\$ 2,387,480

5. Portfolio investments:

The composition, fair value and annual market yield on portfolio investments are as follows:

	Level 1	Total 2014
Fixed income mutual funds	\$ 103,221	\$ 103,221

	Level 1	Total 2013
Fixed income mutual funds	\$ 74,324	\$ 74,324

Level 1 - Quoted prices in active markets for identical assets or liabilities.

The average effective yields of the fixed income mutual funds were 0.13% (2013 - 0.10%). These investments have no set date of maturity.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

6. Bank indebtedness:

The Division has negotiated a line of credit with RBC in the amount of \$600,000 that bears interest at the bank's prime rate plus 0.3%. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the Division. There was no balance outstanding on the line of credit at August 31, 2014 (2013 – nil). Prime rate at August 31, 2014 was 3.0% (2013 – 3.0%).

7. Accounts payable:

	2014	2013
Federal goods and services tax	\$ 1,050	\$ 935
Payroll remittances	245,559	23,372
Central Professional Development Funds	372,329	342,292
Vacation/banked liability	324,206	270,939
Regional Collaborative Service Delivery ("RCSD")	--	100,000
Other	2,655,915	2,488,061
	<hr/>	<hr/>
	\$ 3,599,059	\$ 3,225,599

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

8. Deferred revenue:

	Deferred revenue as at August 31, 2013	Add 2013/2014 restricted funds received/receivable	Transfers 2013/2014 (paid/payable)	Deduct 2013/2014 restricted funds expended	Deferred revenue as at August 31, 2014
Unexpected deferred operating revenue:					
Alberta Education:					
Infrastructure Maintenance Renewal	\$ 300,374	\$ 827,452	\$ (110,392)	\$ (961,282)	\$ 56,152
Other Government of Alberta:					
Technology Modernization funds	4,110	--	--	--	4,110
	6,102	--	--	--	6,102
Other deferred revenue:					
School generated funds	1,076,178	2,670,899	--	(2,630,893)	1,116,184
Other Arrowwood School donation	8,460	--	--	(8,460)	--
Other	158,129	29,329	--	(20,322)	167,136
Total unexpended deferred operating revenue	1,553,353	3,527,680	(110,392)	(3,620,957)	1,349,684
Unexpended deferred capital revenue	129,635	1,523,245	(1,121,950)	--	530,930
Expended deferred capital revenue	35,090,358	--	1,232,342	(1,358,375)	34,964,325
Total	\$36,773,346	\$ 5,050,925	\$ --	\$(4,979,332)	\$ 36,844,939

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

9. Accrued benefit obligation:

The accrued benefit obligation is the obligation related to the Senior Executive Retirement Plan. The obligation has been determined through an actuarial report from Morneau Shepell dated September 30, 2014 using a measurement date of August 31, 2014.

Reconciliation of the funded status of the Benefit Plan to the amounts recorded in the financial statements:

	2014	Recast 2013	2013
Accrued benefit obligations	\$ 173,300	\$ 148,900	\$ 106,400
Fair value of plan assets	(103,221)	(74,324)	(74,324)
Funded status – deficit	70,079	74,576	86,076
Balance of unamortized amounts	91,500	109,500	98,000
Benefit deficiency	\$ 161,579	\$ 184,076	\$ 184,076
Employee future benefit liabilities	\$ 264,800	\$ 258,400	\$ 258,400
Portfolio investments (see note 5)	(103,221)	(74,324)	(74,324)
Benefit deficiency	\$ 161,579	\$ 184,076	\$ 184,076

10. Long-term debt:

	2014	2013
Supported debenture outstanding at August 31, 2014 have interest rates between 7.500% to 11.625%. The terms of the loan range and are maturing at various dates up to May, 2019, payments made annually are supported by Alberta Education.	\$ 952,240	\$ 1,258,861

The following is a schedule of repayment of debt related to capital lease:

2014 – 2015	\$ 389,148
2015 – 2016	264,717
2016 – 2017	214,550
2017 – 2018	198,992
2018 to maturity	100,835
Total payments	1,168,242
Less amount representing interest	216,002
TOTAL	\$ 952,240

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

11. Tangible capital assets:

August 31, 2014	Construction in progress - buildings				Equipment	Vehicles	Computer Hardware and Software		Total
	Land	Buildings	5-10 years	3-5 years			Hardware	Software	
<u>Estimated useful lives</u>		25-50 years	5-10 years	3-5 years					
Historical cost:									
Balance, beginning of year	\$ 340,000	\$ 636,029	\$ 2,832,819	\$ 1,390,222	\$ 7,749,774	\$ 1,390,222	\$ 73,762,023		
Additions	--	1,121,949	24,402	--	390,163	--	1,646,907		
Transfers in (out)	--	(1,262,376)	37,794	--	--	--	--		
Less disposals including write-offs	--	--	(22,064)	--	(430,462)	--	(452,526)		
	340,000	495,602	2,872,951	1,390,222	7,709,475	1,390,222	74,956,404		
Accumulated amortization:									
Balance, beginning of year	--	--	2,363,214	977,319	5,535,667	977,319	33,915,814		
Additions	--	--	136,352	405,530	414,434	405,530	2,395,980		
Transfers in (out)	--	--	(4,412)	--	(430,462)	--	(434,874)		
Less disposals including write-offs	--	--	--	--	--	--	--		
	--	--	2,495,154	1,382,849	5,519,639	1,382,849	35,876,920		
Net book value at end of year	\$ 340,000	\$ 495,602	\$ 377,797	\$ 7,373	\$ 2,189,836	\$ 7,373	\$ 39,079,484		

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

12. Accumulated surplus:

Detailed information related to accumulated surplus is available on the Schedule of Changes in Accumulated Surplus. Accumulated surplus may be summarized as follows:

	2014	Recast 2013
Unrestricted surplus	\$ 3,007,732	\$ 1,057,742
Operating reserves	1,484,654	1,035,949
Capital Reserves	730,000	--
Investment in tangible capital assets	4,115,157	4,755,850
Endowments	86,006	85,520
Accumulated surplus (deficit)	\$ 9,423,549	\$ 6,935,061

13. Contractual obligations:

Building projects:

The Division is committed to further capital expenditures for the modernization at Noble Central School and the completion of the Jennie Emery School Modulars of approximately \$8,713,638 (2013 - \$104,015). It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.

Service providers:

The jurisdiction is committed to lease photocopiers and computer hardware as follows:

	2015	2016	2017	2018	2019
Copiers:					
Xerox Copiers to August 31, 2016	\$ 89,608	\$ 89,608	\$ --	\$ --	\$ --
Toshiba Copiers to August 31, 2019	6,144	6,144	6,144	6,144	6,144
Computers/Equipment:					
Macquarie Leasing to May 2, 2016	\$ 95,508	\$ 21,824	\$ --	\$ --	\$ --
CSI Leasing to January 31, 2019	118,597	104,336	63,360	64,360	26,400
CSI Leasing to August 31, 2019	72,804	72,804	72,804	72,804	72,804

The Division has also signed effective January 1, 2014, an electrical multi-year agreement with Enmax for the provision of electrical commodity services for Palliser school buildings at a fixed rate per MWH consumed.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

14. Contingent liabilities:

(i) Legal actions:

The Division has been named as a defendant in various legal actions. In the opinion of management, these matters are without substantial merit and no provision has been made in the accounts.

(ii) Asset retirement obligations:

Asset retirement obligations represent legal obligations associated with the retirement of a tangible long-lived asset that result from its acquisition, construction, development or normal operation. The Division has a legal obligation to remove hazardous material located under the sale of the central office building upon its disposal. A liability, however, has not been recognized because the fair value cannot be reasonably estimated.

15. Fees:

	2014	2013
Transportation fees	\$ 1,000	\$ 163,456
Fees charged for instruction material and supplies	1,294,159	1,220,376
Other fees	--	--
	<u>\$ 1,295,159</u>	<u>\$ 1,383,832</u>

Fees are charged under Section 51(3) and Section 60(2)(j) of the School Act.

16. Trust assets held on behalf of others:

The Division held assets on behalf of others over which the Division has no power of appropriations. Accordingly these funds are not included in the consolidated financial statements.

	2014	2013
Student Health Partnership	\$ --	\$ 70,046
RCSD	321,004	--

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

17. School generated funds:

	2014	2013
Unexpended school generated revenues, opening balance	\$ 1,076,178	\$ 1,158,616
Current year activities - gross receipts:		
Fees	1,337,609	1,103,175
Fundraising	1,103,003	700,418
Gifts and donations	98,227	82,746
Other sales and services	132,060	83,643
	2,670,899	1,969,982
Current year activities - total direct costs including costs of goods sold to raise funds	1,071,135	789,877
Current year activities – uses of funds	1,559,758	1,262,543
Unexpended school generated revenues, closing balance	\$ 1,116,184	\$ 1,076,178

18. Related party transactions:

School Divisions are controlled by the Government of Alberta. Accordingly, all entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are related parties of the school Division. These include government departments, health authorities, post-secondary institutions and other school Divisions in Alberta.

	Balances		Transactions	
	Financial assets (at cost or net realizable value)	Liabilities (at amortized cost)	Revenue	Expenses
Government of Alberta ("GOA"):				
Education:				
Accounts receivable and accounts payable	\$ 234,512	\$ --	\$ --	\$ --
Grant revenue and expenses	--	--	79,923,428	--
Treasury Board and Finance (principal)	952,240	952,240	--	--
Treasury Board and Finance (accrued interest)	--	--	--	117,637
Other GOA ministries	--	--	490,044	--
Total 2013/2014	\$ 1,186,752	\$ 952,240	\$ 80,413,472	\$ 117,637
Total 2012/2013	\$ 1,362,086	\$ 1,258,861	\$ 77,582,301	\$ 184,237

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

19. Economic dependence on related third party:

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

20. Remuneration and monetary incentives:

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

	FTE	Remuneration	Benefits	Negotiated allowances	Expenses
Board members:					
C. Deitz	1.0	\$ 29,590	\$ 1,306	\$ --	\$ 12,573
J. Boras	0.7	11,458	523	--	5,274
R. Strauss	1.0	6,600	431	--	--
D. Laturus	0.8	14,560	662	--	1,487
E. Willms	1.0	21,480	891	--	7,564
D. Zech	1.0	28,720	414	--	14,765
J. Watson	0.2	3,670	161	--	503
J. Mrak	0.2	2,900	107	--	633
	5.9	118,978	4,495	--	42,799
	FTE	Remuneration	Benefits	Negotiated allowances	Expenses
K. Gietz Superintendent	1.0	210,350	55,308	2,100	31,010
M. Gibb (i) Corporate Treasurer	0.2	25,987	3,803	--	2,465
D. Backlin (ii) Corporate Treasurer	0.6	51,900	13,335	--	6,567
W. Braun (iii) Corporate Treasurer	0.2	23,077	5,540	--	5,000
J. Siljak Corporate Secretary	1.0	80,000	20,668	--	2,004
	3.0	391,314	98,654	2,100	47,046
	8.9	\$ 510,292	\$ 103,149	\$ 2,100	\$ 89,845
Certificated teachers	425.8	\$ 40,978,168	\$ 9,522,479		
Non-Certificated - Other	331.0	12,489,765	2,901,205		
Totals		\$ 53,467,933	\$12,423,684		

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

20. Remuneration and monetary incentives (continued):

- (i) Present in the position until November 4, 2013
- (ii) Present in the position from November 5, 2013 to June 22, 2014, in a half time role.
- (iii) Present in position from June 23, 2014 to August 31, 2014.

21. Multi-Employer Pension Plan:

Employees of the Division qualify to belong to one of the following defined – benefit pension plans:

a) Local Authorities Pension Plan

Certain employees of the Division participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves approximately 231,000 people and 418 employers in Alberta. The plan is financed by employer and employee contributions and investment earnings of the LAPP funds.

Total current and past service employer contributions to the LAPP for the year-ended August 31, 2014 was \$657,410 (2013 - \$597,753). Total current and past service contributions by employees of the Division for the year-ended August 31, 2014 was \$604,624 (2013 \$542,691).

At December 31, 2013 The Local Authorities Pension Plan reported an actuarial deficiency of \$4.862 billion (2012 – a deficiency of \$4.977 billion).

b) Alberta Teachers Retirement Fund

Certain employees of the Division participate in the Alberta Teachers' Retirement Fund (ATRF) which is an independent corporation that administers the pension plan for Alberta teachers. The ATRF serves approximately 74,000 people and 82 employers in Alberta.

Total current and past service employer contributions to the ATRF for the year-ended August 31, 2014 was \$5,039,734 (2013 - \$4,234,044). Total current and past services contributions by employees of the Division for the year-ended August 31, 2014 was \$5,355,893 (2013 - \$4,501,690).

At August 31, 2013, the ATRF reported an actuarial deficiency of \$2.859 billion (2012 - \$2.88 billion).

22. Budget amounts:

The budget was prepared by the School Division and approved by the Board of Trustees on May 23, 2013. It is presented for information purposes only.

PALLISER REGIONAL DIVISION No. 26

Notes to Financial Statements

Year ended August 31, 2014

23. Recast of prior period amounts:

Schedule of Changes in Accumulated Surplus

The components of Accumulated Surplus have been recast to reflect "Board Funded Tangible Capital Asset Additions" of \$1,160,221 and the corresponding reduction in "Unrestricted Surplus" values of (\$1,160,221) previously not reflected through the appropriate category. The overall Accumulated Surplus and Accumulated Operating Surplus Values remain unchanged at \$6,935,061 respectively as of August 31, 2013. These changes are also reflected in Note 12 to the Statements.