

EDMONTON PUBLIC SCHOOLS

November 25, 2008

TO: Board of Trustees

FROM: Trustee G. Rice, Audit Committee Chair

SUBJECT: Report #1 of the Audit Committee (From the Meeting Held November 19, 2008)

RECOMMENDATION

1. That report #1 of the Audit Committee from the meeting held November 19, 2008 be received and considered.
2. That the attached financial statements, those audited and as required by Alberta Education, for the year ended August 31, 2008 be received for information.
3. That the attached auditor's report be received for information.
4. That \$15.4 million be transferred from the unrestricted net assets to the operating reserve, be approved.

* * * * *

In September and October 2008, Financial Services prepared the financial statements for the 2007-08 school year, based on information from the district's records. KPMG LLP performed the audit during October and November 2008. Appropriate tests and procedures were performed to enable the auditors to express an unqualified audit opinion on the district's financial statements. An example of such a test is to ensure the statement of grants paid as issued by Alberta Education agrees with district revenues.

The process used by the auditors in preparing and approving the 2007-08 audited financial statements involved:

- Reviewing the 2007-08 audited financial statements and highlights of the financial results for the fiscal year
- Preparing a letter regarding their audit opinion, and providing an opportunity for the Audit Committee to ask questions relating to this information.

Once the auditors complete their work, they forward a letter to the audit committee stating whether the result of the audit work that was performed enables them to arrive at an unqualified audit opinion.

Background to Recommendation #2

The Audit Committee, at its meeting of November 19, 2008, had an opportunity to review and discuss the audited financial statements and the auditor's letter regarding their opinion prior to the public board meeting.

Background to Recommendation #3

Under Section 150 of the *School Act*, the board chair is required to present the auditor's report to a public board meeting to provide an opportunity for discussion. The *School Act* also requires the auditors to deliver the audited financial statements to the Minister of Education by November 30, 2008.

Background to Recommendation #4

It is recommended that the operating reserve be increased by \$15.4 million so that sufficient funds are available to cover the entire surplus amounts for schools and central decision units. This will increase the operating reserve from \$22.7 million to \$38.1 million in 2008-2009 and leave \$17.1 million of unrestricted surplus.

AS:mmf

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|---------------|--|
| Attachment #1 | - Audited Financial Statements as Required by Alberta Education |
| Attachment #2 | - Unaudited Schedules to the Financial Statements |
| Attachment #3 | - Audited Financial Statements for the Year Ended August 31, 2008
(Corporate Style) |

School Jurisdiction Code: 3020

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2008**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

EDMONTON SCHOOL DISTRICT NO. 7

Legal Name of School Jurisdiction

ONE KINGSWAY, EDMONTON, AB T5H 4G9

Mailing Address

TEL NO: (780) 429-8000 FAX NO: (780) 429-8318

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of **EDMONTON SCHOOL DISTRICT NO. 7** 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 CHAIRMAN

B. ESSLINGER

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

E. SCHMIDT

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

D.R. POWER

Name

"ORIGINAL SIGNED"

Signature

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: (TO COME)
PHONE: (780) TO COME (Toll free 310-0000)

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AUDITORS' REPORT

We have audited the statement of financial position of the Edmonton School District No. 7 as at August 31, 2008 and the statements of revenues and expenses, changes in net assets and cash flows for the years then ended. These financial statements have been prepared to comply with the accounting requirements prescribed by Alberta Education in the Guidelines for the School Jurisdiction Audited Financial Statements for the Year Ended August 31, 2008. These financial statements, which are presented in the format prescribed by Alberta Education, are the responsibility of the School Board's Administration. 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 administration, 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 District as at August 31, 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada
November 5, 2008

STATEMENT OF FINANCIAL POSITION
as at August 31, 2008

(in dollars)

	2008	2007 (Note)
ASSETS		
Current assets		
Cash and temporary investments	\$186,096,504	\$82,655,421
Accounts receivable (net after allowances)	\$13,803,313	\$11,969,922
Prepaid expenses	\$582,288	\$1,060,469
Other current assets	\$5,805,071	\$5,390,666
Total current assets	\$205,787,176	\$101,076,468
School generated assets	\$4,674,919	\$4,541,127
Trust assets	\$470,512	\$642,641
Long term accounts receivable	\$2,742,888	\$1,716,148
Long term investments	\$0	\$0
Capital assets		
Land	\$837,590	\$837,590
Buildings	\$681,787,604	
Less: accumulated amortization	(\$401,235,308)	\$280,552,296
Equipment	\$226,374,455	
Less: accumulated amortization	(\$195,740,592)	\$30,633,863
Vehicles	\$3,509,123	
Less: accumulated amortization	(\$2,285,140)	\$1,243,983
Total capital assets	\$313,267,732	\$274,247,951
TOTAL ASSETS	\$526,943,227	\$382,224,335
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$38,835,641	\$30,819,900
Deferred revenue	\$14,295,675	\$17,848,969
Deferred capital allocations	\$90,920,649	\$10,211,484
Current portion of all long term debt	\$4,335,886	\$4,717,754
Total current liabilities	\$148,390,850	\$63,598,107
School generated liabilities	\$4,674,919	\$4,541,127
Trust liabilities	\$470,512	\$642,641
Employee future benefits liability	\$0	\$0
Long term payables and accrued liabilities	\$2,742,888	\$1,716,148
Long term debt		
Supported: Debentures and other supported debt	\$15,354,082	\$1,9765,394
Less: Current portion of supported debt	(\$4,027,375)	(\$4,411,312)
Unsupported: Debentures and Capital Loans	\$1,634,018	\$1,940,460
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	(\$311,510)	(\$306,442)
Other long term liabilities	\$0	\$0
Unamortized capital allocations	\$188,793,696	\$161,498,673
Total long term liabilities	\$209,331,140	\$185,384,689
TOTAL LIABILITIES	\$357,721,990	\$248,982,796
NET ASSETS		
Unrestricted net assets	\$17,136,378	\$13,408,159
Operating Reserves	\$38,700,000	\$22,700,000
Accumulated Operating Surplus (Deficit)	\$55,236,378	\$36,108,159
Investment in capital assets	\$107,486,027	\$91,035,425
Capital Reserves	\$6,498,632	\$6,087,955
Total Capital Funds	\$113,984,859	\$97,133,380
Total net assets	\$169,221,237	\$133,241,539
TOTAL LIABILITIES AND NET ASSETS	\$526,943,227	\$382,224,335

Note: Input "(Restated)" in 2007 column heading where comparatives are not taken from the finalized 2006-2007 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2008

(in dollars)

	Actual 2008	Budget 2008 (Note)	Actual 2007 (Note)
REVENUES			
Government of Alberta	\$677,984,120	\$646,487,919	\$636,277,592
Federal Government and/or First Nations	\$2,369,487	\$1,689,249	\$2,388,117
Other Alberta school authorities	\$3,869,222	\$4,619,650	\$4,111,039
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$3,522,537	\$2,302,928	\$3,293,211
Transportation fees	\$7,666,167	\$7,633,220	\$8,025,332
Other sales and services	\$26,488,461	\$11,647,712	\$21,972,644
Investment income	\$4,529,054	\$0	\$3,973,456
Gifts and donations	\$5,881,551	\$1,673,322	\$5,794,946
Rentals of facilities	\$3,364,175	\$1,872,946	\$2,700,607
Net school generated funds	\$14,876,279	\$10,825,090	\$13,555,111
Gains on disposal of capital assets	\$0	\$0	\$1,863,285
Amortization of capital allocations	\$12,495,331	\$10,686,000	\$11,558,476
Total Revenues	\$763,046,374	\$699,838,036	\$714,911,716
EXPENSES			
Certificated salaries	\$359,597,069	\$324,043,926	\$334,521,157
Certificated benefits	\$45,722,176	\$42,449,754	\$41,639,444
Non-certificated salaries and wages	\$141,000,007	\$123,755,481	\$128,022,615
Non-certificated benefits	\$30,603,639	\$29,178,587	\$27,135,197
Services, contracts and supplies	\$109,437,168	\$134,412,945	\$107,307,607
Net school generated funds	\$14,876,279	\$10,825,090	\$13,555,111
Capital and debt services			
Amortization of capital assets			
Supported	\$12,495,330	\$10,686,000	\$11,558,476
Unsupported	\$11,296,746	\$14,228,000	\$12,664,245
Total Amortization of capital assets	\$23,792,076	\$24,914,000	\$24,222,721
Interest on capital debt			
Supported	\$1,677,117	\$1,788,000	\$2,136,827
Unsupported	\$112,488	\$306,000	\$112,488
Total Interest on capital debt	\$1,789,605	\$2,094,000	\$2,249,315
Other interest charges	\$248,657	\$500,000	\$273,829
Losses on disposal of capital assets	\$0	\$0	\$0
Total Expenses	\$727,066,676	\$692,174,733	\$678,927,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$35,979,698	\$7,663,303	\$35,983,720
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$35,979,698	\$7,663,303	\$35,983,720

Note: Input "(Restated)" where Actual 2007 comparatives are not as presented in the finalized 2006-2007 Audited Financial Statements filed with Alberta Education. Budget 2008 comparatives presented are "FINAL APPROVED" budget amounts formally adopted by the Board.

STATEMENT OF CASH FLOWS

for the Year Ended August 31, 2008

(in dollars)

	2008	2007 (Note)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses for the year	\$35,979,698	\$35,983,720
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$12,495,331)	(\$11,558,476)
Total amortization expense	\$23,792,076	\$24,222,721
Gains on disposal of capital assets	\$0	(\$1,863,285)
Losses on disposal of capital assets	\$0	\$0
Changes in accrued accounts:		
Accounts receivable	(\$1,833,391)	(\$1,032,907)
Prepays and other current assets	\$563,766	\$184,337
Long term accounts receivable	(\$1,026,740)	(\$77,036)
Long term investments	\$0	\$0
Payables and accrued liabilities	\$9,042,481	\$6,651,331
Deferred revenue	(\$3,553,294)	\$13,066,610
Employee future benefit expense (recovery)	\$0	\$0
Other (describe) Capital Assets Retirement Costs written back	\$0	\$143,777
Total sources (uses) of cash from Operations	\$50,469,265	\$65,620,792
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$51,713,247)	(\$12,589,852)
Equipment	(\$10,532,829)	(\$7,681,402)
Vehicles	(\$565,781)	(\$332,054)
Net proceeds from disposal of capital assets	\$0	\$1,971,500
Other (describe)	\$0	\$0
Total sources (uses) of cash from Investing activities	(\$62,811,857)	(\$18,631,808)
C. FINANCING ACTIVITIES		
Capital allocations	\$115,112,937	\$12,666,240
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$4,717,754)	(\$4,896,727)
Add back: supported portion	\$4,411,132	\$4,595,157
Other (describe) Set up and payment of ARO	\$977,180	\$0
Total sources (uses) of cash from Financing activities	\$115,783,675	\$12,364,670
Net sources (uses) of cash during year	\$103,441,083	\$59,353,654
Cash and temporary investments, net of bank indebtedness, at Aug. 31/07	\$82,655,421	\$23,301,767
Cash and temporary investments, net of bank indebtedness, at Aug. 31/08	\$186,096,504	\$82,655,421

Note: Input "(Restated)" where Actual 2007 comparatives are not as presented in the finalized 2006-2007 Audited Financial Statement filed with Alberta Education.

STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2008
(in dollars)

	TOTAL NET ASSETS	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	RESTRICTED NET ASSETS	
				OPERATING RESERVES	CAPITAL RESERVES
Balance at August 31, 2007	\$133,241,539	\$91,045,425	\$13,408,159	\$22,700,000	\$6,087,955
Retrospective Restatements (describe)					
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2007	\$133,241,539	\$91,045,425	\$13,408,159	\$22,700,000	\$6,087,955
Excess(def) of revenue over expenses	\$35,979,698		\$35,979,698		
Board funded capital transactions		\$27,430,906	(\$27,430,906)	\$0	\$0
Direct credits to net assets	\$0	\$0			
Amortization of capital assets		(\$23,792,076)	\$23,792,076		
Amortization of capital allocations		(\$12,495,331)	(\$12,495,331)		
Disposal of unsupported capital assets	\$0	\$0	\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0
Debt principal payments (unsupported)		\$306,441	(\$306,441)		
Net transfers to operating reserves			(\$15,400,000)	\$15,400,000	
Net transfers from operating reserves			\$0	\$0	
Net transfers to capital reserves			\$0		\$0
Net transfers from capital reserves			(\$410,877)		\$410,877
Assumption/transfer of other operations's net assets	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2008	\$169,221,237	\$107,486,027	\$17,136,378	\$38,100,000	\$6,498,832

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2008
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2007	\$10,211,484	\$161,496,673
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2007	\$10,211,484	\$161,496,673
Add:		
Restricted capital allocations from: Alberta Education-School/Modular Project Capital *	\$113,198,334	
Infrastructure & Transportation-School/Modular Project Capital *	\$0	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$1,914,603	
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)		\$0
Transferred in capital assets (amortizable, @ net book value)		\$977,180
Current Year Debenture Principal Repayment		\$4,411,312
Expended capital allocations - current year	(\$34,403,772)	(\$34,403,772)
Less:		
Net book value of supported capital assets disposition, write-off, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$12,496,331
Balance at August 31, 2008	\$90,920,649	\$188,793,606

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



NOTES TO FINANCIAL STATEMENTS

August 31, 2008

(amounts in thousands)

1. Authority and purpose

Edmonton School District No. 7 (the District) is empowered to provide public education through bylaws approved by its Board of Trustees and pursuant to the provisions of the Alberta School Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAPP). 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 judgement. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Capital assets

Capital assets are recorded at original cost and commencing in the year following the year of acquisition, amortization is recorded on a straight-line basis over the estimated useful lives of the assets using the following rates:

Buildings and site improvements	2.5% to 10%
Furniture and equipment	10% and 20%
Vehicles	10%

Revenue recognition

The District receives funds from the province for instruction, support and capital purposes under Alberta Government Regulations.

Grants from the province that are restricted for the acquisition of capital assets are recorded as deferred capital allocations until spent. Once spent, they are transferred to unamortized capital allocations, which are amortized on the same basis and at the same rates as are applied to amortization of the cost of the assets. The accumulated surplus is not impacted as the additional income is offset by the additional capital asset amortization expense of an equal amount.

Unrestricted donations are recognized as revenue when received or receivable. Donations in kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction has been met.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)****Contributed services**

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

Inventories

Inventories consist of supplies valued at the lower of average cost or net realizable value.

Financial Instruments and risk management

The District has designated cash and the school generated funds asset, representing restricted cash, as held-for-trading financial assets. Accounts receivable, trust assets and the long-term receivable are classified as loans and receivables. All financial liabilities are classified as other financial liabilities. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

Transaction costs are recognized immediately in the statement of revenue and expenditures. Trade-date basis of accounting is used for financial instruments. The District has elected to exclude the application of Section 3855 of CICA Handbook for contracts to buy or sell non-financial items and embedded derivatives within these contracts and for embedded derivatives within lease and insurance contracts.

The District has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices. The District does not use derivative financial instruments to alter the effects of these risks. The District invests surplus funds, including school generated funds, in accordance with Section 60(2) of the School Act and Section 5 of the Trustees Act.

The District's accounts receivable are substantially comprised of amounts due from the provincial and federal governments. Funds on deposit are maintained with Schedule 1 Canadian financial institutions. Accordingly, the District is not exposed to significant credit risk. A substantial portion of the District's long-term debt is supported by the provincial government which mitigates liquidity and price risks. Further, substantially all of the District's operations are transacted in Canadian currency.

Capital Reserve

An amount equal to the net proceeds of sale of capital assets and interest generated by these funds is transferred to the capital reserve. The utilization of the reserve is restricted to capital expenditures under external restrictions or internal restrictions at the discretion of the Board of Trustees.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)****Operating Reserve**

The operating reserve represents school and central services decision units' unspent budget allocations. When expenditures are made from the unspent budget allocations, the operating reserve will be drawn down accordingly. This reserve cannot result in a negative unrestricted net asset balance.

Asset Retirement Obligation

The District recognizes the fair value of future asset retirement obligation as a liability in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The District concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair market value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate.

Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset. The District has a legal obligation to remove hazardous materials from District buildings. A liability is recognized at the point in time when a reasonable estimate of fair value can be made which is generally when support for such obligation is provided.

Vacation Pay

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

Pensions

The current service and past service costs of the Alberta Teachers' Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the District does not make pension contributions for certificated staff.

The District participates in the Local Authorities Pension Plan, which is a multi-employer pension plan and does not report on any unfunded liabilities. The service costs for employees for the current year of \$8,611 (2007 - \$8,106) are included in these statements and comprise the District costs of employer contribution. At December 31, 2007, the Local Authorities Pension Plan reported a deficiency of \$1,183,000 (2006 - \$747,000).

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)****3. Change in accounting policies**

Commencing September 1, 2007, the District adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook for financial instruments, being Section 3855, Financial Instruments – Recognition and Measurement, Section 3862, Financial Instruments – Disclosure and Section 3863, Financial Instruments – Presentation. The District does not use hedge accounting and accordingly is not impacted by the requirements of Section 3865, Hedges. The adoption of these new financial instruments standards resulted in changes to the method of accounting for financial instruments. In accordance with the transitional provisions for financial instruments, the comparative financial statements have not been restated as a result of the adopting the new standards.

Prior to adopting the new standards, the District measured all of its financial assets and liabilities at cost, net of any adjustment for other-than-temporary impairment.

Under the new standards all financial assets and financial liabilities, subject to certain accounting policies adopted, are initially recognized at fair value and are subsequently measured based on their classification. The new standards require all financial assets and financial liabilities, including financial derivatives, to be carried at fair value except the following, which are carried at amortized cost using the effective interest method: loans and receivables, securities designated as held-to-maturity and other financial liabilities. Changes in fair value of held-for-trading financial assets and financial liabilities are recorded in the statement of revenues and expenditures. Changes in the fair value of available-for-sale financial assets, if so designated, are recorded in the statement of changes in net assets until realized, at which time the cumulative change is recognized in the statement of revenues and expenditures. The classification of the financial assets and financial liabilities depends on the purpose for which the financial instruments were acquired and their characteristics. The impact of adopting these new accounting standards on September 1, 2007 is described as follows:

- The District has designated cash and the school generated funds asset as held-for-trading. On transition, there was no adjustment as cost approximated fair value.
- Accounts receivable, trust assets and the long-term receivable have been classified as loans and receivables.
- Accounts payable and accruals, long-term debt, school generated funds liability, and trust liabilities are classified as other financial liabilities.
- The District has elected to account for financial instruments on a trade-date basis and recognized transaction costs immediately in the statement of revenues and expenditures.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

The District does not invest in or use derivative financial instruments. Derivatives may be embedded in other financial instruments (the "host instrument") or other contracts (the "host contract"). Prior to the adoption of the new accounting standards, such embedded derivatives were not accounted for separately from the host instrument or host contract. Under the new standards, embedded derivatives are treated as separate contracts when their economic characteristics and risks are not clearly and closely related to those of the host instrument or host contract. The District has reviewed all contractual arrangements and has not identified embedded derivatives in the host contracts. The District has also elected to apply the scope provisions of paragraph 3855.07A such that the District will not apply the requirements of Section 3855 to contracts for the purchase or sale of non-financial items and any embedded derivatives within these type of contracts or those embedded derivatives that may exist within lease or insurance contracts.

Upon adoption on September 1, 2007, no adjustments were required to the financial assets, financial liabilities and net assets of the District. Further, the effects to the current year's revenues and expenses are nominal.

4. Related party transactions

Alberta Education, Alberta Infrastructure and Alberta Finance are the departments of the Government of Alberta which administer education, various school boards and school board infrastructure funding.

The Edmonton School District No. 7's primary source of income is from the Alberta Government. The District's ability to continue viable operations is dependent on this funding.

The District had the following transactions with Alberta Education, Alberta Infrastructure and Alberta Finance.

	<u>2008</u>	<u>2007</u>
Alberta Education		
Funding Received	\$ <u>655,973</u>	\$ <u>617,683</u>
Alberta Infrastructure		
Infrastructure Maintenance Program	18,400	14,335
Modernization Block Funding Program	27	49
Capital Allocations	<u>116,090</u>	<u>12,666</u>
	<u>134,517</u>	<u>27,050</u>
Alberta Finance		
Capital Block - supported capital debt interest	1,709	2,154
Capital Block - supported capital debt principal repayment	<u>4,411</u>	<u>4,595</u>
	<u>6,120</u>	<u>6,749</u>
Other	<u>1,875</u>	<u>2,057</u>
Total funding received	\$ <u>798,485</u>	\$ <u>653,539</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)****5. Accounts Receivable**

Accounts receivable comprises:

	<u>2008</u>	<u>2007</u>
Province of Alberta	\$ 3,376	\$ 5,068
Federal Government	2,982	2,155
Other Alberta School Jurisdictions	462	540
Other	<u>6,983</u>	<u>4,207</u>
Total	\$ <u><u>13,803</u></u>	\$ <u><u>11,970</u></u>

6. School generated funds

- (a) School generated assets arise from the receipt of monies for various services and activities offered by individual schools such as student unions, yearbooks, instructional materials, textbook rentals, field trips and fundraising projects of various types. Any excess of receipts over disbursements from these services and activities is placed on deposit with various chartered banks and is available for future use by the schools.

	<u>2008</u>	<u>2007</u>
School generated assets		
Cash	\$ 7,976	\$ 7,375
Term deposits	<u>1,129</u>	<u>1,279</u>
	<u>9,105</u>	<u>8,654</u>
Inventory		
Bookstore	27	25
Cafeteria	<u>2</u>	<u>1</u>
	<u>29</u>	<u>26</u>
Refundable deposits and advance fees	<u>(4,459)</u>	<u>(4,139)</u>
Net Assets and Funds	\$ <u><u>4,675</u></u>	\$ <u><u>4,541</u></u>

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

- (b) School Generated Funds revenue and expenses have been reported net of cost recoveries as follows:

	<u>2008</u>	<u>2007</u>
Total School Generated Funds	\$ 16,497	\$ 15,188
Less: Related cost recoveries	<u>1,621</u>	<u>1,633</u>
Net	\$ <u>14,876</u>	\$ <u>13,555</u>

7. Capital Assets

	<u>2008</u>			<u>2007</u>
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	\$ 838	-	\$ 838	\$ 838
Buildings and site improvements	681,788	401,235	280,553	245,720
Furniture and equipment	226,374	195,741	30,633	26,892
Vehicles	<u>3,509</u>	<u>2,265</u>	<u>1,244</u>	<u>797</u>
	<u>\$ 912,509</u>	<u>\$ 599,241</u>	<u>\$ 313,268</u>	<u>\$ 274,247</u>

8. Accounts payable and accruals

Accounts payable and accruals comprise:

	<u>2008</u>	<u>2007</u>
Province of Alberta	\$ 2,858	\$ 952
Federal Government	649	587
Other	<u>35,329</u>	<u>26,723</u>
Total	\$ <u>38,836</u>	\$ <u>30,820</u>

9. Deferred Revenue

Deferred revenue comprises:

SOURCE AND GRANT OR FUND TYPE	Deferred Revenue as at Aug 31/07	Add: 2007-08 Funds Received	Deduct: 2007-08 Funds Expended	Add/Deduct: 2007-08 Adjustments	Deferred Revenue as at Aug 31/08
Alberta Education Restricted Operations Funding:					
Deferred Block Funding Revenue	\$14,459	\$13,457	\$18,427	\$ -	\$9,489
Alberta Initiative for School Improvement	0	10,337	9,474	-	863
Children and Youth with Complex Needs	0	240	163	-	77
Curriculum Development Contracts	55	900	698	-	257
Technology Initiative Funding Agreements	86	350	331	-	105

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

SOURCE AND GRANT OR FUND TYPE	Deferred Revenue as at Aug 31/07	Add: 2007-08 Funds Received	Deduct: 2007-08 Funds Expended	Add/Deduct: 2007-08 Adjustments	Deferred Revenue as at Aug 31/08
Other Government of Alberta Restricted Funding:					
Children's Services - The Way In Project	0	50	13	-	37
Children's Services - City Centre Education Project	0	56	0	-	56
Health & Wellness - City Centre Education Project	0	120	33	-	87
Other Deferred Revenue					
International Student Program	2,928	3,498	3,253	(309)	2,864
Metro Continuing Education	297	2,578	2,466	-	409
Programs Initiatives	1	79	45	-	35
Leases	8	2,170	2,161	-	17
Non Alberta Resident Fee	15	0	8	(7)	0
Total	<u>\$17,849</u>	<u>\$33,835</u>	<u>\$37,072</u>	<u>\$(316)</u>	<u>\$14,296</u>

10. Long-Term Debt

Principal payments and interest for the next five years and to maturity on debenture debt outstanding at August 31, 2008 are approximately as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4,338	\$ 1,547	\$ 5,885
2010	3,928	1,134	5,062
2011	3,409	766	4,175
2012	2,883	453	3,336
2013	1,530	198	1,728
2014 – maturity	899	92	991
Total	\$ <u>16,987</u>	\$ <u>4,190</u>	\$ <u>21,177</u>

Interest is payable at various rates ranging from 4.04% to 12.00%, with an overall effective rate of 9.22% on the total long-term debt of:

	<u>2008</u>	<u>2007</u>
Total debenture debt	\$ 16,987	\$ 21,705
Due within one year	<u>4,338</u>	<u>4,718</u>
	\$ <u>12,649</u>	\$ <u>16,987</u>

The total district debenture debt will be repaid by the year 2015. The fair value of long-term debt does not differ significantly from its carrying value.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

The current portion of long-term debt includes amounts payable by Alberta Finance for supported debt principal. As this amount is not payable by the District, the District's working capital has been increased as follows:

	<u>2008</u>	<u>2007</u>
Working Capital Surplus per statements	\$ 148,316	\$ 47,689
Supported Current Portion of long-term debt	<u>4,027</u>	<u>4,411</u>
	<u>\$ 152,343</u>	<u>\$ 52,100</u>

The District paid \$2,002 (2007 - \$2,476) interest on long-term debt in the year.

11. Deferred Capital Allocations

Capital allocations received for qualifying capital projects initiated by the District have been capitalized. These allocations are transferred to unamortized capital allocations as the capital expenditure is incurred. Details of the changes in the deferred capital allocations account are as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year	\$ 10,211	\$ 2,581
Allocations received and receivable during the year	115,113	12,666
Transfers to Unamortized Capital Allocations	<u>(34,404)</u>	<u>(5,036)</u>
Balance at end of year	<u>\$ 90,920</u>	<u>\$ 10,211</u>

12. Unamortized Capital Allocations

Unamortized capital allocations (UCA) represent the jurisdiction's net investment in supported capital assets other than land and equipment purchased prior to September 1, 1995. The total debenture payments increase the balance in the UCA account, with the related amortization expense being deducted. Transfers from deferred capital allocation account also increase the balance in the UCA account. Details of the changes to the account are as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year	\$ 161,497	\$ 164,015
Supported Debenture Principal Repayment	4,411	4,595
Set-up & relieved of ARO (Net)	977	-
Retirement of Asset – net	-	(591)
Transfer from Deferred Capital Allocations	34,404	5,036
Transfer to Capital Allocation Revenue	<u>(12,495)</u>	<u>(11,558)</u>
Balance at end of year	<u>\$ 188,794</u>	<u>\$ 161,497</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued**

August 31, 2008

(amounts in thousands)

13. Asset Retirement Obligation

The District records an asset retirement obligation for the removal of hazardous material from District buildings once the amount is deemed determinable. The following is a reconciliation of the changes in the asset retirement obligation during the year:

	<u>2008</u>	<u>2007</u>
Balance, beginning year	\$ 1,716	\$ 1,639
Liabilities incurred during the year	1,850	724
Liabilities relieved during the year	(873)	(724)
Accretion expense	<u>50</u>	<u>77</u>
Balance, end of year	\$ <u>2,743</u>	\$ <u>1,716</u>

The accretion expense is included in other services expenses. The undiscounted estimated cash flows required to settle the obligation range from \$1,716 to \$2,743 during the years 2007 to 2010. The cash flows are discounted using a credit-adjusted risk-free rate of 4.17% (2007 - 4.49%).

Other assumptions used by management to determine the carrying amount of the asset retirement obligation are: labour costs based on current marketplace wages required to hire contractors to remove the hazardous materials; market risk premium for unforeseeable circumstances; and the rate of inflation over the expected years to settlement.

Funding for the above obligations at the end of year have been fully committed by Alberta Education and Alberta Infrastructure and are represented as accounts receivable of \$2,743 in the statement of financial position. Other retirement obligations have not been recognized because a reasonably determinable fair value cannot be established with a reasonable certainty of time.

14. Commitments

- a) Building Projects: The District is committed to further capital expenditures for the new construction and modernization projects of approximately \$110,645 (2007 - \$108,717). It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

- b) Lease of Premises: The district is committed to lease of premises for the following years:

Year Ending August 31

	<u>2008</u>	<u>2007</u>
2009	2,443	2,261
2010	2,190	2,181
2011	2,024	2,025
2012	2,072	2,075
2013	1,062	1,062
2014 – Thereafter	<u>15,230</u>	<u>15,233</u>
Total	\$ <u>25,021</u>	\$ <u>24,837</u>

- c) Purchase Order commitments: As at August 31, 2008 the district has \$3,569 (2007 - \$2,191) outstanding purchase orders relating to services and contracts.

15. Remuneration and Monetary Incentives
(amounts in dollars)

The Edmonton School District No. 7 had paid or accrued expenses for the year ended August 31, 2008 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's/Other	Note	Total	Expenses
Chairperson: B. Esslinger	1.0	37,173	5,738	2,914	-	-	-	45,825	10,885
Other Board Members									
G. Rice	1.0	25,919	3,507	2,460	-	-	-	31,886	7,116
D. Fleming	1.0	28,844	6,563	2,914	-	-	-	38,321	7,128
G. Gibeault	1.0	32,267	6,397	2,914	-	-	-	41,578	10,860
D. Coburn	1.0	28,491	6,540	2,914	-	-	-	37,945	6,853
K. Gibson	1.0	31,314	5,564	2,914	-	-	-	39,792	488
C.G. Ripley	1.0	25,449	5,881	2,460	-	-	-	33,790	4,438
S.J. Huff	1.0	23,333	5,975	2,460	-	-	-	31,768	3,129
K. Shipka	1.0	24,862	3,556	2,460	-	-	-	30,878	6,419
O. Williams	-	4,718	(110)	680	-	17,176	-	22,474	808
S. Hansen	-	4,943	109	465	-	11,833	-	17,350	688
G. Nicholson	-	4,894	109	465	-	17,158	-	22,626	644
W. Kelver	-	6,098	646	465	-	4,321	-	11,530	1,133
Sub-Total	9.0	278,305	50,475	26,495	-	50,488	(1)	405,763	60,569
Superintendent E. Schmidt	1.0	199,680	13,384	-	-	3,704	(2)	216,768	4,800
Board Secretary A. Sherwood	1.0	103,809	19,576	2,914	-	-	-	126,299	8,609
Board Treasurer D.R. Power	1.0	148,364	24,987	2,914	-	-	-	176,265	6,776
Certificated Teachers	4,470.0	359,597,069	45,722,176	502,049	-	-	-	405,821,294	
Non-Certificated (Other)	2,972.8	137,580,167	30,491,513	2,104,802	-	-	-	170,176,482	
TOTAL	7,454.8	497,907,414	76,322,111	2,639,174	-	54,192		576,922,891	

Note: (1) These four Trustees no longer held their position after October 2007 but received remuneration, etc. prior to that date. They have not been included in the FTE totals. The amounts represented in the column "ERIP's/Other" for these former Trustees were settlements based on the number of years service as a Trustee.

Note: (2) Supplementary Pension Plan.

50,488
 3,704
 54,192


NOTES TO FINANCIAL STATEMENTS . . . continued
August 31, 2008
(amounts in thousands)
16. The Urban Schools Insurance Consortium

The District is a member of The Urban Schools Insurance Consortium (USIC), which facilitates the placement of property and liability insurance coverage for thirteen jurisdictions throughout the province of Alberta. Premium rebates are received from the insurers' favorable claims experience and accumulated by the consortium to self-insure a portion of the member's risk exposure. The District's share of the accumulated consortium funds as at August 31, 2008 was \$1,807 (2007 - \$ 1,826). This amount has not been recognized in the district's financial statements, as the revenue has not been realized by the District.

17. Targeted funding for Provincial Initiatives

TARGETED FUNDING FOR PROVINCIAL INITIATIVES	Certificated Remuneration	Non- Certificated Remuneration	Supplies & Services	Other Expenses
Alberta Initiative for School Improvement	\$5,858	\$183	\$4,235	\$0
Children and Youth with Complex Needs	0	158	5	0
Francophone Student Health Services	0	0	0	0
Small Class Size Initiative	26,993	0	0	0
Student Health Initiative	0	1,373	196	0
SuperNet Service	\$0	\$0	\$1,390	\$0

18. Comparative Figures

The comparative figures for 2007 have been reclassified where necessary, to conform to the current year's presentation.

School Jurisdiction Code: 3020

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2008
[School Act, Section 276]

EDMONTON SCHOOL DISTRICT NO.7

Legal Name of School Jurisdiction

ONE KINGSWAY EDMONTON, AB T5H 4G9

Mailing Address

TEL NO: (780) 429-8000 FAX NO: (780) 429-8318

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**D.R. POWER**

Name

Signature

Dated

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: TO COME
PHONE: (780) TO COME FAX: (780) 422-6996

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SCHEDULE B School Generated Funds (SGF)	4

SCHEDULE A

School Jurisdiction Code: 3020

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2007-2008

REVENUES	TOTAL	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Admin.	External Services
(1) Alberta Education	\$674,399,914	\$37,439,602	\$505,556,768	\$78,050,949	\$19,654,439	\$26,238,917	\$7,459,241
(2) Other - Government of Alberta	\$3,584,206	\$0	\$146,586	\$1,708,738	\$0	\$15,018	\$1,653,864
(3) Federal Government and/or First Nations	\$2,369,487	\$0	\$1,521,486	\$0	\$0	\$94,779	\$153,222
(4) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Instruction resource fees	\$3,522,537	\$0	\$3,522,537				
(6) Transportation fees-ECS	\$0				\$0		
(7) Transportation fees-Grades 1-12	\$7,666,157				\$7,666,157		
(8) Net school generated funds	\$14,876,279	\$0	\$14,876,279			\$595,051	
(9) Gains on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(10) Amortization of capital allocations	\$12,495,331	\$0	\$0	\$12,495,331	\$0		\$0
(11) Other revenues	\$44,132,463	\$0	\$31,067,499	\$0	\$17,793	\$17,530,036	\$11,523,135
(12) TOTAL REVENUES	\$763,046,374	\$37,439,602	\$556,090,102	\$92,255,018	\$27,338,389	\$28,533,801	\$21,389,462
EXPENSES							
(13) Certificated salaries	\$359,597,069	\$4,031,425	\$344,550,975			\$1,817,907	\$9,136,762
(14) Certificated benefits	\$45,722,176	\$514,123	\$43,780,872			\$239,403	\$1,187,778
(15) Non-certificated salaries and wages	\$141,000,007	\$13,413,088	\$69,647,173	\$37,430,466	\$630,084	\$1,652,316	\$8,355,880
(16) Non-certificated benefits	\$30,603,639	\$3,063,089	\$15,563,467	\$8,166,017	\$136,990	\$2,193,379	\$1,481,321
(17) SUB - TOTAL	\$576,922,891	\$21,021,725	\$473,542,487	\$45,596,483	\$766,444	\$15,834,005	\$20,161,747
(18) Supplies and Services	\$109,437,168	\$1,940,473	\$35,055,949	\$38,188,420	\$26,700,710	\$6,353,901	\$1,221,715
(19) Net school generated funds	\$14,876,279	\$0	\$14,876,279				
(20) Amortization of capital assets	\$23,792,076	\$321,424	\$7,867,446	\$15,413,268	\$3,415	\$181,521	\$0
(21) Interest charges	\$2,038,262	\$0	\$667,295	\$1,296,122	\$9,227	\$65,616	\$0
(22) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(23) TOTAL EXPENSES	\$727,066,676	\$23,253,622	\$532,009,460	\$100,494,293	\$27,484,796	\$22,435,043	\$21,389,462
(24) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$35,979,698	\$14,185,980	\$24,080,642	(\$8,239,275)	(\$146,407)	\$6,098,758	\$0

Note: The reporting of ECS transportation fees and ECS instruction program revenues and expenses separately from Grades 1-12 is optional for 2007-2008 ONLY

SCHEDULE B
SCHOOL GENERATED FUNDS (SGF) - 2007-2008

Unexpended SGF - Opening Balance August 31, 2007			\$4,541,127
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$3,859,432	\$1,620,291	\$2,239,141
Student fees (Non-Instructional) (Note 1)	\$12,474,071	\$0	\$12,474,071
Donations and grants to schools	\$194,134	\$0	\$194,134
Other (describe): Interest	\$103,449	\$725	\$102,724
Net Additions to SGF	\$16,631,086	\$1,621,016	\$15,010,070
Net SGF Available			\$19,551,197
Uses of Net School Generated Funds:			
Extra-curricular activities			\$9,723,427
Field Trips			\$4,699,658
Other (describe): Library ID Cards			\$453,193
Total Uses of Net SGF (Note 2)			\$14,876,278
Unexpended SGF - Closing Balance August 31, 2008 (Note 3)			\$4,674,919
<p>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.)</p> <p>Notes:</p> <ol style="list-style-type: none"> 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 Total uses of net SGF is reported as revenue and expense in the Statement of Revenues & Expenses of the Financial Statements. 3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position. 			

Edmonton School District No. 7

FINANCIAL STATEMENTS
AUGUST 31, 2008



KPMG LLP
Chartered Accountants
10125 – 102 Street
Edmonton AB T5J 3V8
Canada

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Fax (780) 429-7379
Internet www.kpmg.ca

AUDITORS' REPORT

We have audited the statement of financial position of the Edmonton School District No. 7 as at August 31, 2008 and the statements of revenues and expenses, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the District's administration. 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 administration, 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 District as at August 31, 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada
November 5, 2008

**STATEMENT OF FINANCIAL POSITION**

(in thousands of dollars)

	August 31	
	2008	2007
ASSETS		
Current Assets		
Cash	\$ 186,096	\$ 82,655
Accounts receivable (Note 5)	13,803	11,970
Inventories	5,305	5,391
Prepaid expenses	<u>582</u>	<u>1,060</u>
	205,786	101,076
School Generated Funds (Note 6)	4,675	4,541
Trust Assets	471	643
Long Term Receivable (Note 13)	2,743	1,716
Capital Assets (Note 7)	<u>313,268</u>	<u>274,247</u>
	\$ <u>526,943</u>	\$ <u>382,223</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accruals (Note 8)	\$ 38,836	\$ 30,820
Deferred revenue (Note 9)	14,296	17,849
Current portion of long-term debt (Note 10)	<u>4,338</u>	<u>4,718</u>
	57,470	53,387
School Generated Funds (Note 6)	4,675	4,541
Trust Liabilities	471	643
Long-term Debt (Note 10)	12,649	16,987
Asset Retirement Obligation (Note 13)	2,743	1,716
Deferred Capital Allocations (Note 11)	90,920	10,211
Unamortized Capital Allocations (Note 12)	<u>188,794</u>	<u>161,497</u>
	<u>357,722</u>	<u>248,982</u>
NET ASSETS		
Investment in Capital Assets	107,486	91,045
Capital Reserve	6,499	6,088
Operating Reserve	38,100	22,700
Unrestricted Net Assets	<u>17,136</u>	<u>13,408</u>
	<u>169,221</u>	<u>133,241</u>
	\$ <u>526,943</u>	\$ <u>382,223</u>

Commitments (Note 14)

**STATEMENT OF REVENUES AND EXPENSES**

(in thousands of dollars)

	Year ended August 31	
	2008	2007
Revenues		
Provincial Grants	\$ 677,984	\$ 636,278
Other	57,691	51,657
School Generated Funds – net	14,876	13,555
Amortization of Capital Allocations	12,495	11,558
Gain on Disposal of Capital Assets	-	1,863
	<u>763,046</u>	<u>714,911</u>
Expenses		
Salaries and employee benefits	576,923	531,319
Debt service including bank interest	2,038	2,523
Utility services	19,188	19,265
Transportation services	26,526	25,626
School generated activities – net	14,876	13,555
Other services	32,332	26,733
Supplies and materials	31,391	35,684
Amortization of capital assets	<u>23,792</u>	<u>24,223</u>
	<u>727,066</u>	<u>678,928</u>
Surplus of Revenues over Expenses	\$ <u>35,980</u>	\$ <u>35,983</u>
Represented by:		
Capital assets acquired from operational funding	\$ 27,431	\$ 15,567
Unsupported long-term debt principal repaid	307	302
Transfer to (from) Capital Reserve		
- net gain (loss) on disposal	-	1,863
- repayment and interest	136	139
Amortization of capital assets financed through operations	(11,297)	(12,665)
Excess of operating revenues over expenses and capital assets acquired there from	<u>19,403</u>	<u>30,777</u>
Excess of Revenues over Expenses	\$ <u>35,980</u>	\$ <u>35,983</u>



STATEMENT OF CHANGES IN NET ASSETS
(in thousands of dollars)

	August 31	
	2008	2007
Investment in Capital Assets:		
Balance at the beginning of the year	\$ 91,045	\$ 87,811
Capital assets acquired from operational funding	27,431	15,567
Unsupported long-term debt principal repaid	307	302
Retirement of assets (net)	-	(108)
Other	-	138
Amortization of capital assets financed through operations	<u>(11,297)</u>	<u>(12,665)</u>
Balance at the end of the year	\$ <u>107,486</u>	\$ <u>91,045</u>
Capital Reserve:		
Balance at the beginning of the year	\$ 6,088	\$ 3,703
Transfer from (to) Operations		
- repayment and interest	136	139
- for renovation costs	275	275
Proceeds of Disposal of Capital Assets financed through operations	<u>-</u>	<u>1,971</u>
Balance at the end of the year	\$ <u>6,499</u>	\$ <u>6,088</u>
Unrestricted Net Assets:		
Operating Reserve:		
Balance at the beginning of the year	\$ 22,700	\$ -
Transfer from Operating Surplus	<u>15,400</u>	<u>22,700</u>
Balance at the end of the year	\$ <u>38,100</u>	\$ <u>22,700</u>
Balance at the beginning of the year	\$ 13,408	\$ 5,606
Transfer (to) from Capital Reserve	(275)	(275)
Transfer to Operating Reserve	(15,400)	(22,700)
Surplus for the year	<u>19,403</u>	<u>30,777</u>
Surplus balance at the end of the year	<u>\$ 17,136</u>	<u>\$ 13,408</u>
NET ASSETS	\$ <u>169,221</u>	\$ <u>133,241</u>


STATEMENT OF CASH FLOWS
 (in thousands of dollars)

	Year ended August 31	
	2008	2007
Cash Flows From:		
Operations		
Excess of revenues over expenses for the year	\$ 35,980	\$ 35,983
Add (Deduct) items not requiring cash:		
Amortization of capital allocations	(12,495)	(11,558)
Gain on disposal of capital assets	-	(1,863)
Amortization of capital assets	23,792	24,223
Other	-	144
	<u>47,277</u>	<u>46,929</u>
Changes in accrued accounts:		
Accounts receivable	(1,833)	(1,110)
Prepaid and other current assets	564	184
Trust & school generated fund assets	39	(535)
Accounts Payable and accrued liabilities	8,016	6,551
Deferred revenue	(3,553)	13,067
Trust & school generated fund liabilities	(39)	535
	<u>3,194</u>	<u>18,692</u>
Total sources of cash from Operations	<u>50,471</u>	<u>65,621</u>
Investing Activities		
Proceeds of sale of capital assets	-	1,971
Purchases of capital assets		
Buildings	(51,714)	(12,590)
Equipment	(10,533)	(7,681)
Vehicles	(566)	(332)
	<u>(62,813)</u>	<u>(20,603)</u>
Total uses of cash from investing activities	<u>(62,813)</u>	<u>(18,632)</u>
Financing Activities		
Capital allocations	116,090	12,666
Repayment of long-term debt	(4,718)	(4,897)
Add back: supported portion	4,411	4,595
Total sources from financing activities	<u>115,783</u>	<u>12,364</u>
Net (uses) sources of cash equivalents during year	\$ <u>103,441</u>	\$ <u>59,353</u>

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2008

(amounts in thousands)

1. Authority and purpose

Edmonton School District No. 7 (the District) is empowered to provide public education through bylaws approved by its Board of Trustees and pursuant to the provisions of the Alberta School Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAPP). 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 judgement. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Capital assets

Capital assets are recorded at original cost and commencing in the year following the year of acquisition, amortization is recorded on a straight-line basis over the estimated useful lives of the assets using the following rates:

Buildings and site improvements	2.5% to 10%
Furniture and equipment	10% and 20%
Vehicles	10%

Revenue recognition

The District receives funds from the province for instruction, support and capital purposes under Alberta Government Regulations.

Grants from the province that are restricted for the acquisition of capital assets are recorded as deferred capital allocations until spent. Once spent, they are transferred to unamortized capital allocations, which are amortized on the same basis and at the same rates as are applied to amortization of the cost of the assets. The accumulated surplus is not impacted as the additional income is offset by the additional capital asset amortization expense of an equal amount.

Unrestricted donations are recognized as revenue when received or receivable. Donations in kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction has been met.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)****Contributed services**

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

Inventories

Inventories consist of supplies valued at the lower of average cost or net realizable value.

Financial Instruments and risk management

The District has designated cash and the school generated funds asset, representing restricted cash, as held-for-trading financial assets. Accounts receivable, trust assets and the long-term receivable are classified as loans and receivables. All financial liabilities are classified as other financial liabilities. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

Transaction costs are recognized immediately in the statement of revenue and expenditures. Trade-date basis of accounting is used for financial instruments. The District has elected to exclude the application of Section 3855 of CICA Handbook for contracts to buy or sell non-financial items and embedded derivatives within these contracts and for embedded derivatives within lease and insurance contracts.

The District has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices. The District does not use derivative financial instruments to alter the effects of these risks. The District invests surplus funds, including school generated funds, in accordance with Section 60(2) of the School Act and Section 5 of the Trustees Act.

The District's accounts receivable are substantially comprised of amounts due from the provincial and federal governments. Funds on deposit are maintained with Schedule 1 Canadian financial institutions. Accordingly, the District is not exposed to significant credit risk. A substantial portion of the District's long-term debt is supported by the provincial government which mitigates liquidity and price risks. Further, substantially all of the District's operations are transacted in Canadian currency.

Capital Reserve

An amount equal to the net proceeds of sale of capital assets and interest generated by these funds is transferred to the capital reserve. The utilization of the reserve is restricted to capital expenditures under external restrictions or internal restrictions at the discretion of the Board of Trustees.

**NOTES TO FINANCIAL STATEMENTS . . . continued**

August 31, 2008

(amounts in thousands)

Operating Reserve

The operating reserve represents school and central services decision units' unspent budget allocations. When expenditures are made from the unspent budget allocations, the operating reserve will be drawn down accordingly. This reserve cannot result in a negative unrestricted net asset balance.

Asset Retirement Obligation

The District recognizes the fair value of future asset retirement obligation as a liability in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The District concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair market value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate.

Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset. The District has a legal obligation to remove hazardous materials from District buildings. A liability is recognized at the point in time when a reasonable estimate of fair value can be made which is generally when support for such obligation is provided.

Vacation Pay

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

Pensions

The current service and past service costs of the Alberta Teachers' Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the District does not make pension contributions for certificated staff.

The District participates in the Local Authorities Pension Plan, which is a multi-employer pension plan and does not report on any unfunded liabilities. The service costs for employees for the current year of \$8,611 (2007 - \$8,106) are included in these statements and comprise the District costs of employer contribution. At December 31, 2007, the Local Authorities Pension Plan reported a deficiency of \$1,183,000 (2006 - \$747,000).

**NOTES TO FINANCIAL STATEMENTS . . . continued**

August 31, 2008

(amounts in thousands)

3. Change in accounting policies

Commencing September 1, 2007, the District adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook for financial instruments, being Section 3855, Financial Instruments – Recognition and Measurement, Section 3862, Financial Instruments – Disclosure and Section 3863, Financial Instruments – Presentation. The District does not use hedge accounting and accordingly is not impacted by the requirements of Section 3865, Hedges. The adoption of these new financial instruments standards resulted in changes to the method of accounting for financial instruments. In accordance with the transitional provisions for financial instruments, the comparative financial statements have not been restated as a result of the adopting the new standards.

Prior to adopting the new standards, the District measured all of its financial assets and liabilities at cost, net of any adjustment for other-than-temporary impairment.

Under the new standards all financial assets and financial liabilities, subject to certain accounting policies adopted, are initially recognized at fair value and are subsequently measured based on their classification. The new standards require all financial assets and financial liabilities, including financial derivatives, to be carried at fair value except the following, which are carried at amortized cost using the effective interest method: loans and receivables, securities designated as held-to-maturity and other financial liabilities. Changes in fair value of held-for-trading financial assets and financial liabilities are recorded in the statement of revenues and expenditures. Changes in the fair value of available-for-sale financial assets, if so designated, are recorded in the statement of changes in net assets until realized, at which time the cumulative change is recognized in the statement of revenues and expenditures. The classification of the financial assets and financial liabilities depends on the purpose for which the financial instruments were acquired and their characteristics. The impact of adopting these new accounting standards on September 1, 2007 is described as follows:

- The District has designated cash and the school generated funds asset as held-for-trading. On transition, there was no adjustment as cost approximated fair value.
- Accounts receivable, trust assets and the long-term receivable have been classified as loans and receivables.
- Accounts payable and accruals, long-term debt, school generated funds liability, and trust liabilities are classified as other financial liabilities.
- The District has elected to account for financial instruments on a trade-date basis and recognized transaction costs immediately in the statement of revenues and expenditures.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

The District does not invest in or use derivative financial instruments. Derivatives may be embedded in other financial instruments (the "host instrument") or other contracts (the "host contract"). Prior to the adoption of the new accounting standards, such embedded derivatives were not accounted for separately from the host instrument or host contract. Under the new standards, embedded derivatives are treated as separate contracts when their economic characteristics and risks are not clearly and closely related to those of the host instrument or host contract. The District has reviewed all contractual arrangements and has not identified embedded derivatives in the host contracts. The District has also elected to apply the scope provisions of paragraph 3855.07A such that the District will not apply the requirements of Section 3855 to contracts for the purchase or sale of non-financial items and any embedded derivatives within these type of contracts or those embedded derivatives that may exist within lease or insurance contracts.

Upon adoption on September 1, 2007, no adjustments were required to the financial assets, financial liabilities and net assets of the District. Further, the effects to the current year's revenues and expenses are nominal.

4. Related party transactions

Alberta Education, Alberta Infrastructure and Alberta Finance are the departments of the Government of Alberta which administer education, various school boards and school board infrastructure funding.

The Edmonton School District No. 7's primary source of income is from the Alberta Government. The District's ability to continue viable operations is dependent on this funding.

The District had the following transactions with Alberta Education, Alberta Infrastructure and Alberta Finance.

	<u>2008</u>	<u>2007</u>
Alberta Education		
Funding Received	\$ <u>655,973</u>	\$ <u>617,683</u>
Alberta Infrastructure		
Infrastructure Maintenance Program	18,400	14,335
Modernization Block Funding Program	27	49
Capital Allocations	<u>116,090</u>	<u>12,666</u>
	<u>134,517</u>	<u>27,050</u>
Alberta Finance		
Capital Block - supported capital debt interest	1,709	2,154
Capital Block - supported capital debt principal repayment	<u>4,411</u>	<u>4,595</u>
	<u>6,120</u>	<u>6,749</u>
Other	<u>1,875</u>	<u>2,057</u>
Total funding received	\$ <u>798,485</u>	\$ <u>653,539</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)****5. Accounts Receivable**

Accounts receivable comprises:

	<u>2008</u>	<u>2007</u>
Province of Alberta	\$ 3,376	\$ 5,068
Federal Government	2,982	2,155
Other Alberta School Jurisdictions	462	540
Other	<u>6,983</u>	<u>4,207</u>
Total	\$ <u><u>13,803</u></u>	\$ <u><u>11,970</u></u>

6. School generated funds

- (a) School generated assets arise from the receipt of monies for various services and activities offered by individual schools such as student unions, yearbooks, instructional materials, textbook rentals, field trips and fundraising projects of various types. Any excess of receipts over disbursements from these services and activities is placed on deposit with various chartered banks and is available for future use by the schools.

	<u>2008</u>	<u>2007</u>
School generated assets		
Cash	\$ 7,976	\$ 7,375
Term deposits	<u>1,129</u>	<u>1,279</u>
	<u>9,105</u>	<u>8,654</u>
Inventory		
Bookstore	27	25
Cafeteria	<u>2</u>	<u>1</u>
	<u>29</u>	<u>26</u>
Refundable deposits and advance fees	<u>(4,459)</u>	<u>(4,139)</u>
Net Assets and Funds	\$ <u><u>4,675</u></u>	\$ <u><u>4,541</u></u>

**NOTES TO FINANCIAL STATEMENTS . . . continued**

August 31, 2008

(amounts in thousands)

- (b) School Generated Funds revenue and expenses have been reported net of cost recoveries as follows:

	<u>2008</u>	<u>2007</u>
Total School Generated Funds	\$ 16,497	\$ 15,188
Less: Related cost recoveries	<u>1,621</u>	<u>1,633</u>
Net	\$ <u>14,876</u>	\$ <u>13,555</u>

7. Capital Assets

	<u>2008</u>			<u>2007</u>
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	\$ 838	-	\$ 838	\$ 838
Buildings and site improvements	681,788	401,235	280,553	245,720
Furniture and equipment	226,374	195,741	30,633	26,892
Vehicles	<u>3,509</u>	<u>2,265</u>	<u>1,244</u>	<u>797</u>
	<u>\$ 912,509</u>	<u>\$ 599,241</u>	<u>\$ 313,268</u>	<u>\$ 274,247</u>

8. Accounts payable and accruals

Accounts payable and accruals comprise:

	<u>2008</u>	<u>2007</u>
Province of Alberta	\$ 2,858	\$ 952
Federal Government	649	587
Other	<u>35,329</u>	<u>26,723</u>
Total	\$ <u>38,836</u>	\$ <u>30,820</u>

9. Deferred Revenue

Deferred revenue comprises:

SOURCE AND GRANT OR FUND TYPE	Deferred Revenue as at Aug 31/07	Add: 2007-08 Funds Received	Deduct: 2007-08 Funds Expended	Add/Deduct: 2007-08 Adjustments	Deferred Revenue as at Aug 31/08
Alberta Education Restricted Operations Funding:					
Deferred Block Funding Revenue	\$14,459	\$13,457	\$18,427	\$ -	\$9,489
Alberta Initiative for School Improvement	0	10,337	9,474	-	863
Children and Youth with Complex Needs	0	240	163	-	77
Curriculum Development Contracts	55	900	698	-	257
Technology Initiative Funding Agreements	86	350	331	-	105

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

SOURCE AND GRANT OR FUND TYPE	Deferred Revenue as at Aug 31/07	Add: 2007-08 Funds Received	Deduct: 2007-08 Funds Expended	Add/Deduct: 2007-08 Adjustments	Deferred Revenue as at Aug 31/08
Other Government of Alberta Restricted Funding:					
Children's Services - The Way In Project	0	50	13	-	37
Children's Services - City Centre Education Project	0	56	0	-	56
Health & Wellness - City Centre Education Project	0	120	33	-	87
Other Deferred Revenue					
International Student Program	2,928	3,498	3,253	(309)	2,864
Metro Continuing Education	297	2,578	2,466	-	409
Programs Initiatives	1	79	45	-	35
Leases	8	2,170	2,161	-	17
Non Alberta Resident Fee	15	0	8	(7)	0
Total	<u>\$17,849</u>	<u>\$33,835</u>	<u>\$37,072</u>	<u>\$(316)</u>	<u>\$14,296</u>

10. Long-Term Debt

Principal payments and interest for the next five years and to maturity on debenture debt outstanding at August 31, 2008 are approximately as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4,338	\$ 1,547	\$ 5,885
2010	3,928	1,134	5,062
2011	3,409	766	4,175
2012	2,883	453	3,336
2013	1,530	198	1,728
2014 – maturity	899	92	991
Total	\$ <u>16,987</u>	\$ <u>4,190</u>	\$ <u>21,177</u>

Interest is payable at various rates ranging from 4.04% to 12.00%, with an overall effective rate of 9.22% on the total long-term debt of:

	<u>2008</u>	<u>2007</u>
Total debenture debt	\$ 16,987	\$ 21,705
Due within one year	<u>4,338</u>	<u>4,718</u>
	\$ <u>12,649</u>	\$ <u>16,987</u>

The total district debenture debt will be repaid by the year 2015. The fair value of long-term debt does not differ significantly from its carrying value.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

The current portion of long-term debt includes amounts payable by Alberta Finance for supported debt principal. As this amount is not payable by the District, the District's working capital has been increased as follows:

	<u>2008</u>	<u>2007</u>
Working Capital Surplus per statements	\$ 148,316	\$ 47,689
Supported Current Portion of long-term debt	<u>4,027</u>	<u>4,411</u>
	<u>\$ 152,343</u>	<u>\$ 52,100</u>

The District paid \$2,002 (2007 - \$2,476) interest on long-term debt in the year.

11. Deferred Capital Allocations

Capital allocations received for qualifying capital projects initiated by the District have been capitalized. These allocations are transferred to unamortized capital allocations as the capital expenditure is incurred. Details of the changes in the deferred capital allocations account are as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year	\$ 10,211	\$ 2,581
Allocations received and receivable during the year	115,113	12,666
Transfers to Unamortized Capital Allocations	<u>(34,404)</u>	<u>(5,036)</u>
Balance at end of year	<u>\$ 90,920</u>	<u>\$ 10,211</u>

12. Unamortized Capital Allocations

Unamortized capital allocations (UCA) represent the jurisdiction's net investment in supported capital assets other than land and equipment purchased prior to September 1, 1995. The total debenture payments increase the balance in the UCA account, with the related amortization expense being deducted. Transfers from deferred capital allocation account also increase the balance in the UCA account. Details of the changes to the account are as follows:

	<u>2008</u>	<u>2007</u>
Balance at beginning of year	\$ 161,497	\$ 164,015
Supported Debenture Principal Repayment	4,411	4,595
Set-up & relieved of ARO (Net)	977	-
Retirement of Asset - net	-	(591)
Transfer from Deferred Capital Allocations	34,404	5,036
Transfer to Capital Allocation Revenue	<u>(12,495)</u>	<u>(11,558)</u>
Balance at end of year	<u>\$ 188,794</u>	<u>\$ 161,497</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued**

August 31, 2008

(amounts in thousands)

13. Asset Retirement Obligation

The District records an asset retirement obligation for the removal of hazardous material from District buildings once the amount is deemed determinable. The following is a reconciliation of the changes in the asset retirement obligation during the year:

	<u>2008</u>	<u>2007</u>
Balance, beginning year	\$ 1,716	\$ 1,639
Liabilities incurred during the year	1,850	724
Liabilities relieved during the year	(873)	(724)
Accretion expense	<u>50</u>	<u>77</u>
Balance, end of year	\$ <u>2,743</u>	\$ <u>1,716</u>

The accretion expense is included in other services expenses. The undiscounted estimated cash flows required to settle the obligation range from \$1,716 to \$2,743 during the years 2007 to 2010. The cash flows are discounted using a credit-adjusted risk-free rate of 4.17% (2007 - 4.49%).

Other assumptions used by management to determine the carrying amount of the asset retirement obligation are: labour costs based on current marketplace wages required to hire contractors to remove the hazardous materials; market risk premium for unforeseeable circumstances; and the rate of inflation over the expected years to settlement.

Funding for the above obligations at the end of year have been fully committed by Alberta Education and Alberta Infrastructure and are represented as accounts receivable of \$2,743 in the statement of financial position. Other retirement obligations have not been recognized because a reasonably determinable fair value cannot be established with a reasonable certainty of time.

14. Commitments

- a) Building Projects: The District is committed to further capital expenditures for the new construction and modernization projects of approximately \$110,645 (2007 - \$108,717). It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2008****(amounts in thousands)**

- b) Lease of Premises: The district is committed to lease of premises for the following years:

Year Ending August 31

	<u>2008</u>	<u>2007</u>
2009	2,443	2,261
2010	2,190	2,181
2011	2,024	2,025
2012	2,072	2,075
2013	1,062	1,062
2014 – Thereafter	<u>15,230</u>	<u>15,233</u>
Total	\$ <u>25,021</u>	\$ <u>24,837</u>

- c) Purchase Order commitments: As at August 31, 2008 the district has \$3,569 (2007 - \$2,191) outstanding purchase orders relating to services and contracts.

15. Remuneration and Monetary Incentives
(amounts in dollars)

The Edmonton School District No. 7 had paid or accrued expenses for the year ended August 31, 2008 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's/Other	Note	Total	Expenses
Chairperson: B. Eastinger	1.0	37,173	5,738	2,914	-	-	-	45,825	10,885
Other Board Members									
G. Rice	1.0	25,919	3,507	2,460	-	-	-	31,886	7,116
D. Fleming	1.0	28,844	6,563	2,914	-	-	-	38,321	7,128
G. Gibeault	1.0	32,267	6,397	2,914	-	-	-	41,578	10,860
D. Colburn	1.0	28,491	6,540	2,914	-	-	-	37,945	6,853
K. Gibson	1.0	31,314	5,564	2,914	-	-	-	39,792	468
C.G. Ripley	1.0	25,449	5,881	2,460	-	-	-	33,790	4,438
S.J. Huff	1.0	23,333	5,975	2,460	-	-	-	31,768	3,129
K. Shipka	1.0	24,862	3,556	2,460	-	-	-	30,878	6,419
D. Williams	-	4,718	(110)	690	-	17,176	-	22,474	608
S. Hansen	-	4,943	109	465	-	11,833	-	17,350	688
G. Nicholson	-	4,894	109	465	-	17,158	-	22,626	644
W. Kelver	-	6,098	648	465	-	4,321	-	11,530	1,133
Sub-Total	9.0	278,305	50,475	26,495	-	50,488	(1)	405,763	60,569
Superintendent E. Schmidt	1.0	199,680	13,384	-	-	3,704	(2)	216,768	4,800
Board Secretary A. Sherwood	1.0	103,809	19,576	2,914	-	-	-	126,299	8,609
Board Treasurer D.R. Power	1.0	148,364	24,987	2,914	-	-	-	176,265	6,776
Certificated Teachers	4,470.0	359,597,069	45,722,176	502,049	-	-	-	405,821,294	
Non-Certificated (Other)	2,972.8	137,590,167	30,491,513	2,104,802	-	-	-	170,176,482	
TOTAL	7,454.8	497,907,414	76,322,111	2,639,174	-	54,192		576,922,891	

Note: (1) These four Trustees no longer held their position after October 2007 but received remuneration, etc. prior to that date. They have not been included in the FTE totals. The amounts represented in the column "ERIP's/Other" for these former Trustees were settlements based on the number of years service as a Trustee.

Note: (2) Supplementary Pension Plan.

50,488
3,704
54,192


NOTES TO FINANCIAL STATEMENTS . . . continued
August 31, 2008
(amounts in thousands)
16. The Urban Schools Insurance Consortium

The District is a member of The Urban Schools Insurance Consortium (USIC), which facilitates the placement of property and liability insurance coverage for thirteen jurisdictions throughout the province of Alberta. Premium rebates are received from the insurers' favorable claims experience and accumulated by the consortium to self-insure a portion of the member's risk exposure. The District's share of the accumulated consortium funds as at August 31, 2008 was \$1,807 (2007 - \$ 1,826). This amount has not been recognized in the district's financial statements, as the revenue has not been realized by the District.

17. Targeted funding for Provincial Initiatives

TARGETED FUNDING FOR PROVINCIAL INITIATIVES	Certificated Remuneration	Non- Certificated Remuneration	Supplies & Services	Other Expenses
Alberta Initiative for School Improvement	\$5,858	\$183	\$4,235	\$0
Children and Youth with Complex Needs	0	158	5	0
Francophone Student Health Services	0	0	0	0
Small Class Size Initiative	26,993	0	0	0
Student Health Initiative	0	1,373	196	0
SuperNet Service	\$0	\$0	\$1,390	\$0

18. Comparative Figures

The comparative figures for 2007 have been reclassified where necessary, to conform to the current year's presentation.