

**EDMONTON PUBLIC SCHOOLS**

November 27, 2007

TO: Board of Trustees

FROM: Trustee K. Gibson, Audit Committee Chair

SUBJECT: Report #1 of the Audit Committee (From the Meeting Held November 21, 2007)

**RECOMMENDATION**

1. That report #1 of the Audit Committee from the meeting held November 21, 2007 be received and considered.
2. That the attached financial statements, those audited and as required by Alberta Education, for the year ended August 31, 2007 be received for information.
- 2a. That the attached auditor's report be received for information.
3. That an operating reserve be created that would fund the unspent budget allocations for school and central service decision unit surpluses which are carried forward to the following year, be approved.
4. That \$22.7 million be transferred from the unrestricted net assets to the operating reserve, be approved.
5. That the request for proposal for forwarding to qualified firms and individuals for external auditor be approved.

\* \* \* \* \*

AS:mmf

Attachment #1 - Financial Statements, Audited and as Required, by Alberta Education  
Attachment #2 - Audited Financial Statements for the Year Ended August 31, 2007  
(Corporate Style)

School Jurisdiction Code: 3020

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**  
[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  
budgetary system of 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 the Board 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 have full and free 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 for Alberta school jurisdictions.

**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: Cindy.Jarry@gov.ab.ca  
PHONE: (780) 427-7782 (Toll free 310-0000)

## TABLE OF CONTENTS

	<b>Page</b>
<hr/>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>4</b>
<hr/>	
<b>STATEMENT OF REVENUES AND EXPENSES</b>	<b>5</b>
<hr/>	
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<hr/>	
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>7</b>
<hr/>	
<b>STATEMENT OF CAPITAL ALLOCATIONS</b>	<b>8</b>
<hr/>	
<b>NOTES TO THE FINANCIAL STATEMENTS INSERT</b>	<b>9</b>
<hr/>	

**STATEMENT OF FINANCIAL POSITION**  
as at August 31, 2007

(in dollars)

	2007	2006 (Note) Restated
<b>ASSETS</b>		
Current assets		
Cash and temporary investments	\$82,655,421	\$23,301,767
Accounts receivable (net after allowances)	\$11,969,922	\$10,937,015
Prepaid expenses	\$1,060,469	\$1,149,099
Other current assets	\$5,390,656	\$5,486,363
<b>Total current assets</b>	<b>\$101,076,468</b>	<b>\$40,874,244</b>
School generated assets	\$4,541,127	\$3,999,386
Trust assets	\$642,641	\$649,559
Long term accounts receivable	\$1,716,148	\$1,639,112
Long term investments	\$0	\$0
Capital assets		
Land	\$837,590	\$837,590
Buildings	\$627,710,744	
Less: accumulated amortization	(\$381,990,109)	\$245,720,635
Equipment	\$215,841,625	
Less: accumulated amortization	(\$188,949,769)	\$26,891,856
Vehicles	\$2,943,343	
Less: accumulated amortization	(\$2,145,473)	\$797,870
<b>Total capital assets</b>	<b>\$274,247,951</b>	<b>\$278,572,314</b>
<b>TOTAL ASSETS</b>	<b>\$382,224,335</b>	<b>\$325,734,615</b>
<b>LIABILITIES</b>		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$30,819,900	\$24,345,605
Deferred revenue	\$17,848,969	\$4,782,359
Deferred capital allocations	\$10,211,484	\$2,581,446
Current portion of all long term debt	\$4,717,754	\$4,896,727
<b>Total current liabilities</b>	<b>\$63,598,107</b>	<b>\$36,606,137</b>
School generated liabilities	\$4,541,127	\$3,999,386
Trust liabilities	\$642,641	\$649,559
Employee future benefits liability	\$0	\$0
Long term payables and accrued liabilities	\$1,716,148	\$1,639,112
Long term debt		
Supported: Debentures and other supported debt	\$19,765,394	\$24,360,551
Less: Current portion of supported debt	(\$4,411,312)	(\$4,595,157)
Unsupported: Debentures and Capital Loans	\$1,940,460	\$2,242,030
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	(\$306,442)	(\$301,570)
Other long term liabilities	\$0	\$0
Unamortized capital allocations	\$161,496,673	\$164,015,101
<b>Total long term liabilities</b>	<b>\$185,384,689</b>	<b>\$192,009,012</b>
<b>TOTAL LIABILITIES</b>	<b>\$248,982,796</b>	<b>\$228,615,149</b>
<b>NET ASSETS</b>		
Unrestricted net assets	\$13,408,159	\$5,605,644
Operating Reserves	\$22,700,000	\$0
Accumulated Operating Surplus (Deficit)	\$36,108,159	\$5,605,644
Investment in capital assets	\$91,045,425	\$87,810,856
Capital Reserves	\$6,087,955	\$3,702,966
<b>Total Capital Funds</b>	<b>\$97,133,380</b>	<b>\$91,513,822</b>
<b>Total net assets</b>	<b>\$133,241,539</b>	<b>\$97,119,466</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$382,224,335</b>	<b>\$325,734,615</b>

Note: Input "(Restated)" in 2006 column heading where comparatives are not taken from the finalized 2005-2006 Audited Financial Statements.

**STATEMENT OF REVENUES AND EXPENSES**

for the Year Ended August 31, 2007

(in dollars)

	Actual 2007	Budget 2007 (Note) Restated	Actual 2006 (Note) Restated
<b>REVENUES</b>			
Government of Alberta	\$636,277,592	\$591,419,294	\$584,845,635
Federal Government and/or First Nations	\$2,383,117	\$1,325,976	\$2,232,600
Other Alberta school authorities	\$4,111,039	\$2,431,054	\$4,364,642
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities (excluding supplementary requisitions)	\$0	\$0	\$0
Instruction resource fees	\$3,293,211	\$2,289,374	\$3,375,092
Transportation fees	\$8,028,332	\$8,425,660	\$6,704,985
Other sales and services	\$21,972,544	\$15,407,718	\$19,151,632
Investment income	\$3,373,456	\$0	\$1,059,827
Gifts and donations	\$5,794,946	\$1,257,623	\$4,640,589
Rentals of facilities	\$2,700,607	\$1,685,485	\$2,704,084
Net school generated funds	\$13,555,111	\$10,210,483	\$13,934,693
Gains on disposal of capital assets	\$1,863,285	\$0	\$1,875,914
Amortization of capital allocations	\$11,558,476	\$11,665,000	\$12,721,007
<b>Total Revenues</b>	<b>\$714,911,716</b>	<b>\$646,117,667</b>	<b>\$657,610,700</b>
<b>EXPENSES</b>			
Certificated salaries	\$334,521,157	\$301,559,082	\$324,562,584
Certificated benefits	\$41,639,444	\$36,791,735	\$35,729,255
Non-certificated salaries and wages	\$128,022,615	\$112,070,090	\$122,450,544
Non-certificated benefits	\$27,136,197	\$24,103,481	\$27,291,871
Services, contracts and supplies	\$107,307,607	\$120,445,169	\$98,936,964
Net school generated funds	\$13,555,111	\$10,210,483	\$13,934,692
<b>Capital and debt services</b>			
Amortization of capital assets			
Supported	\$11,558,476	\$11,665,000	\$12,721,007
Unsupported	\$12,664,245	\$13,462,000	\$13,144,290
<b>Total Amortization of capital assets</b>	<b>\$24,222,721</b>	<b>\$25,127,000</b>	<b>\$25,865,297</b>
Interest on capital debt			
Supported	\$2,136,827	\$2,154,000	\$2,622,307
Unsupported	\$112,488	\$95,000	\$112,488
<b>Total Interest on capital debt</b>	<b>\$2,249,315</b>	<b>\$2,249,000</b>	<b>\$2,734,795</b>
Other interest charges	\$273,829	\$1,253,000	\$231,026
Losses on disposal of capital assets	\$0	\$0	\$0
<b>Total Expenses</b>	<b>\$678,927,996</b>	<b>\$633,809,040</b>	<b>\$651,737,028</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM</b>			
	\$35,983,720	\$12,308,627	\$5,873,672
Extraordinary Item	\$0	\$0	\$0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$35,983,720</b>	<b>\$12,308,627</b>	<b>\$5,873,672</b>

**Note:** Input "(Restated)" in Budget 2007 and/or Actuals 2006 column headings where comparatives are not taken from the respective finalized 2006-2007 Budget Report and/or finalized 2005-2006 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF CASH FLOWS**

for the Year Ended August 31, 2007

(in dollars)

	2007	2006 (Note) Restated
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATIONS</b>		
Excess (deficiency) of revenues over expenses for the year	\$35,983,720	\$5,873,672
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$11,558,476)	(\$12,721,007)
Total amortization expense	\$24,222,721	\$25,865,297
Gains on disposal of capital assets	(\$1,863,285)	(\$1,875,914)
Losses on disposal of capital assets	\$0	\$0
Changes in accrued accounts:		
Accounts receivable	(\$1,032,907)	\$9,268,205
Prepays and other current assets	\$184,337	(\$301,672)
Long term accounts receivable	(\$77,036)	(\$1,639,112)
Long term investments	\$0	\$0
Payables and accrued liabilities	\$6,551,331	\$2,311,832
Deferred revenue	\$13,066,610	(\$1,101,002)
Employee future benefit expense (recovery)	\$0	\$0
Other (describe) Capital Assets Retirement Costs written back	\$143,777	\$41,715
Total sources (uses) of cash from Operations	\$65,620,792	\$25,722,014
<b>B. INVESTING ACTIVITIES</b>		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$12,589,852)	(\$6,870,413)
Equipment	(\$7,681,402)	(\$5,375,340)
Vehicles	(\$332,054)	(\$108,285)
Net proceeds from disposal of capital assets	\$1,971,500	\$2,120,606
Other (describe)	\$0	\$0
Total sources (uses) of cash from Investing activities	(\$18,631,808)	(\$10,233,432)
<b>C. FINANCING ACTIVITIES</b>		
Capital allocations	\$12,666,240	\$5,055,112
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$4,896,727)	(\$5,868,844)
Add back: supported portion	\$4,595,157	\$4,805,458
Other (describe)		
Total sources (uses) of cash from Financing activities	\$12,364,670	\$3,991,726
Net sources (uses) of cash during year	\$59,353,654	\$19,480,308
Cash and temporary investments, net of bank indebtedness, at Aug. 31/06	\$23,301,767	\$3,821,459
Cash and temporary investments, net of bank indebtedness, at Aug. 31/07	\$82,655,421	\$23,301,767

Note: Input "(Restated)" in 2006 column heading where not taken from the finalized 2005-2006 Audited Financial Statements filed with Alberta Education.

## STATEMENT OF CHANGES IN NET ASSETS

for the Year Ended August 31, 2007

(in dollars)

	TOTAL NET ASSETS	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	RESTRICTED NET ASSETS	
				OPERATING RESERVES	CAPITAL RESERVES
Balance at August 31, 2006	\$97,119,466	\$87,810,856	\$5,605,644	\$0	\$3,702,966
Prior period adjustments (describe)					
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2006	\$97,119,466	\$87,810,856	\$5,605,644	\$0	\$3,702,966
Excess(def) of revenue over expenses	\$35,983,720		\$35,983,720		
Board funded capital transactions		\$15,567,106	(\$15,567,106)	\$0	\$0
Direct credits to net assets	\$0	\$0			
Amortization of capital assets		(\$24,222,721)	\$24,222,721		
Amortization of capital allocations		\$11,558,476	(\$11,558,476)		
Disposal of unsupported capital assets	\$0	(\$108,215)	(\$1,862,785)		\$1,971,000
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0
Debt principal payments (unsupported)		\$301,570	(\$301,570)		
Net transfers to operating reserves			(\$22,700,000)	\$22,700,000	
Net transfers from operating reserves			\$0	\$0	
Net transfers to capital reserves			\$0		\$0
Net transfers from capital reserves			(\$413,989)		\$413,989
Assumption/transfer of other operations's net assets	\$138,353	\$138,353	\$0	\$0	\$0
Balance at August 31, 2007	\$133,241,539	\$91,045,425	\$13,408,159	\$22,700,000	\$6,087,955

**STATEMENT OF CAPITAL ALLOCATIONS**  
**(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)**  
**for the Year Ended August 31, 2007**  
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
<b>Balance at August 31, 2006</b>	\$2,581,446	\$164,015,101
<b>Prior period adjustment</b>	\$0	\$0
<b>Adjusted balance, August 31, 2006</b>	\$2,581,446	\$164,015,101
<b>Add:</b>		
<b>Restricted capital allocations from: Alberta Education-School/Modular Project Capital *</b>	\$11,859,760	
Infrastructure & Transportation-School/Modular Project Capital *	\$0	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources	\$276,230	
<b>Interest earned on provincial government capital allocations</b>	\$0	
<b>Other capital grants and donations</b>	\$0	
<b>Net Proceeds on disposal of supported capital assets</b>	\$730,250	
<b>Insurance proceeds (and related interest)</b>	\$0	
<b>Donated capital assets (amortizable, @ fair market value)</b>		\$0
<b>Transferred in capital assets (amortizable, @ net book value)</b>		\$0
<b>Current Year Debenture Principal Repayment</b>		\$4,595,157
<b>Expended capital allocations - current year</b>	(\$5,036,202)	\$5,036,202
<b>Less:</b>		
<b>Net book value of supported capital assets disposition, write-off, or transfer; Other</b>	\$0	\$591,311
<b>Capital allocations amortized to revenue</b>		\$11,558,476
<b>Balance at August 31, 2007</b>	\$10,211,484	\$161,496,673

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





## **NOTES TO FINANCIAL STATEMENTS**

August 31, 2007

(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, 2007****(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**

The District's financial instruments consist of cash, accounts receivable, accounts payable and accruals; trust funds and long-term debt. It is the management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The District has invested surplus funds in accordance with Section 60 (2) of the *School Act* and Section 5 of the *Trustees Act*.

**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.

**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.


**NOTES TO FINANCIAL STATEMENTS . . . continued**
**August 31, 2007**
**(amounts in thousands)**

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.

**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. The service costs for employees for the current year of \$8,106 (2006 - \$7,657) are included in these statements and comprise the District costs of employer contribution.

**3. 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><b>2007</b></u>	<u><b>2006</b></u>
Alberta Education		
Funding Received	\$ <u>617,683</u>	\$ <u>572,530</u>
Alberta Infrastructure		
Infrastructure Maintenance Program	14,335	7,290
Modernization Block Funding Program	49	844
Capital Allocations	<u>12,666</u>	<u>5,055</u>
	<u>27,050</u>	<u>13,189</u>

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

August 31, 2007

(amounts in thousands)

	<u>2007</u>	<u>2006</u>
Alberta Finance		
Capital Block - supported capital debt interest	2,154	2,622
Capital Block - supported capital debt principal repayment	<u>4,595</u>	<u>4,806</u>
	<u>6,749</u>	<u>7,428</u>
Other	<u>2,057</u>	<u>1,560</u>
Total funding received	\$ <u>653,539</u>	\$ <u>594,707</u>

**4. Accounts Receivable**

Accounts receivable comprises:

	<u>2007</u>	<u>2006</u>
Province of Alberta	\$ 5,068	\$ 8,226
Federal Government	2,155	1,603
Other Alberta School Jurisdictions	540	584
Other	<u>4,207</u>	<u>524</u>
Total	\$ <u>11,970</u>	\$ <u>10,937</u>

**5. 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>2007</u>	<u>2006</u>
School generated assets		
Cash	\$ 7,375	\$ 5,965
Term deposits	<u>1,279</u>	<u>1,182</u>
	<u>8,654</u>	<u>7,147</u>
Inventory		
Bookstore	25	18
Cafeteria	<u>1</u>	<u>1</u>
	<u>26</u>	<u>19</u>
Refundable deposits and advance fees	<u>(4,139)</u>	<u>(3,167)</u>
Net Assets and Funds	\$ <u>4,541</u>	\$ <u>3,999</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2007****(amounts in thousands)**

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

	<u><b>2007</b></u>	<u><b>2006</b></u>
Total School Generated Funds	\$ 15,188	\$ 15,596
Less: Related cost recoveries	<u>1,633</u>	<u>1,661</u>
Net	\$ <u>13,555</u>	\$ <u>13,935</u>

**6. Capital Assets**

	<u><b>2007</b></u>			<u><b>2006</b></u>
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	\$ 838	-	\$ 838	\$ 838
Buildings and site improvements	630,074	384,354	245,720	250,808
Furniture and equipment	215,842	188,950	26,892	26,358
Vehicles	<u>2,943</u>	<u>2,146</u>	<u>797</u>	<u>568</u>
	<u>\$ 849,697</u>	<u>\$ 575,450</u>	<u>\$ 274,247</u>	<u>\$ 278,572</u>

**7. Accounts payable and accruals**

Accounts payable and accruals comprise:

	<u><b>2007</b></u>	<u><b>2006</b></u>
Province of Alberta	\$ 3,510	\$ 1,622
Federal Government	587	884
Other	<u>26,723</u>	<u>21,840</u>
Total	\$ <u>30,820</u>	\$ <u>24,346</u>

**8. Deferred Revenue**

Deferred revenue comprises:

	<u><b>2007</b></u>	<u><b>2006</b></u>
Foreign Students Fees	\$ 2,773	\$ 3,452
Deferred Block Funding Revenue	14,459	233
Metro Continuing Education Fees	297	449
Curriculum & Programs	56	180
District Technology	86	289
Other	<u>178</u>	<u>179</u>
Total	\$ <u>17,849</u>	\$ <u>4,782</u>

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

August 31, 2007

(amounts in thousands)

Change in deferred revenue during the year:

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 4,782	\$ 5,883
Add: Funding received during the year	<u>35,893</u>	<u>17,439</u>
	40,675	23,322
Less: Amount recognized as revenue for the year	<u>22,826</u>	<u>18,540</u>
Balance at end of year	\$ <u>17,849</u>	\$ <u>4,782</u>

**9. Long-Term Debt**

Principal payments and interest for the next five years and to maturity on debenture debt outstanding at August 31, 2007 are approximately as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,718	\$ 2,002	\$ 6,720
2009	4,339	1,547	5,886
2010	3,928	1,134	5,062
2011	3,409	766	4,175
2012	2,883	453	3,336
2013 – maturity	<u>2,428</u>	<u>290</u>	<u>2,718</u>
Total	\$ <u>21,705</u>	\$ <u>6,192</u>	\$ <u>27,897</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>2007</u>	<u>2006</u>
Total debenture debt	\$ 21,705	\$ 26,602
Due within one year	<u>4,718</u>	<u>4,897</u>
	\$ <u>16,987</u>	\$ <u>21,705</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.

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>2007</u>	<u>2006</u>
Working Capital Surplus per statements	\$ 47,689	\$ 6,849
Supported Current Portion of long-term debt	<u>4,411</u>	<u>4,595</u>
	\$ <u>52,100</u>	\$ <u>11,444</u>

The District paid \$2,476 (2006 - \$3,018) interest on long-term debt in the year.

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

August 31, 2007

(amounts in thousands)

**10. 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>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 2,581	\$ 978
Allocations received and receivable during the year	12,666	5,952
Transfers to Unamortized Capital Allocations	<u>(5,036)</u>	<u>(4,349)</u>
Balance at end of year	\$ <u>10,211</u>	\$ <u>2,581</u>

**11. 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>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 164,015	\$ 167,562
Supported Debenture Principal Repayment	4,595	4,806
Transfer from Investment in Capital Assets (Net)	-	33
Retirement of Asset – net	(591)	(14)
Transfer from Deferred Capital Allocations	5,036	4,349
Transfer to Capital Allocation Revenue	<u>(11,558)</u>	<u>(12,721)</u>
Balance at end of year	\$ <u>161,497</u>	\$ <u>164,015</u>

**12. 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>2007</u>	<u>2006</u>
Balance, beginning year	\$ 1,639	\$ -
Liabilities incurred during the year	724	1,639
Liabilities relieved during the year	(724)	-
Accretion expense	<u>77</u>	<u>-</u>
Balance, end of year	\$ <u>1,716</u>	\$ <u>1,639</u>


**NOTES TO FINANCIAL STATEMENTS . . . continued**
**August 31, 2007**
**(amounts in thousands)**

The accretion expense is included in other services expenses. The undiscounted estimated cash flows required to settle the obligation range from \$1,716 to \$1,888 during the years 2007 to 2009. The cash flows are discounted using a credit-adjusted risk-free rate of 4.49% (2006 - 4.7%).

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 \$1,716 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.

**13. Commitments**

- a) Building Projects: The District is committed to further capital expenditures for the new construction and modernization projects of approximately \$108,717 (2006 - \$69,009). It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.
- b) Lease of Premises: The district is committed to lease of premises for the following years:

	<u>Year Ending August 31</u>	
	<u>2007</u>	<u>2006</u>
2008	\$ 2,430	\$ 2,258
2009	2,261	2,098
2010	2,181	1,428
2011	2,025	1,365
2012	2,075	1,219
2013 – Thereafter	<u>16,294</u>	<u>15,000</u>
Total	\$ <u>27,266</u>	\$ <u>23,368</u>

- c) Purchase Order commitments: As at August 31, 2007 the district has \$2,191 (2006 - \$2,376) outstanding purchase orders relating to services and contracts.



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

August 31, 2007

(amounts in thousands)

**14. Remuneration and Monetary Incentives**  
(amounts in dollars)

The Edmonton School District No. 7 had paid or accrued expenses for the year ended August 31, 2007 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's/ Other	Note	Total	Expenses
Chairperson: B.Esslinger	1.0	\$ 41,408	\$ 5,504	\$ 2,655	\$ -	\$ -		\$ 49,567	\$ 4,238
Other Board Members									
D.Williams	1.0	32,849	1,351	2,655	-	-		36,855	5,537
S.Hansen	1.0	35,574	490	2,655	-	-		38,719	9,424
G.Nicholson	1.0	32,746	490	2,655	-	-		35,891	10,035
D.Fleming	1.0	30,276	6,266	2,655	-	-		39,197	6,057
G.Gibeault	1.0	31,383	4,469	2,655	-	-		38,507	8,160
W.Keiver	1.0	32,466	6,425	2,655	-	-		41,546	5,068
D.Colburn	1.0	29,488	6,259	2,654	-	-		38,401	8,915
K.Gibson	1.0	29,836	5,162	2,654	-	-		37,652	276
Sub-Total	9.0	296,026	36,416	23,893	-	-		356,335	57,710
Superintendent L.Thomson	0.3	76,223	5,445	3,309	-	181,554	(1)	266,531	2,423
Superintendent G.R.Holt	0.4	50,555	996	1,096	-	-		52,647	1,407
Superintendent E.Schmidt	0.3	71,985	3,473	92	-	-		75,550	1,015
Board Secretary A.Sherwood	1.0	96,683	17,693	2,655	-	-		117,011	4,311
Board Treasurer D.R.Power	1.0	136,079	22,372	2,655	-	-		161,106	\$ 2,605
Certificated Teachers	4,404.5	334,521,157	41,639,444	-	-	-		376,160,601	
Non-Certificated (Other)	2,900.7	125,040,343	26,868,248	2,221,041	-	-		154,129,632	
<b>TOTAL</b>	<b>7,317.2</b>	<b>\$ 460,289,031</b>	<b>\$68,594,087</b>	<b>\$ 2,254,741</b>	<b>\$ -</b>	<b>\$ 181,554</b>		<b>\$ 531,319,413</b>	

Note: (1) This amount is made up of the following:

One year severance payment	179,000
Supplementary Pension Plan	2,554
Total	<u>181,554</u>

**15. 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, 2007 was \$1,826 (2006 - \$ 1,918). This amount has not been recognized in the district's financial statements, as the revenue has not been realized by the District.

**16. Comparative Figures**

The comparative figures for 2006 have been reclassified where necessary, to conform to the current year's presentation.

**UNAUDITED SCHEDULES**  
**TO THE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2007**  
[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 and submitted to the board for information purposes.

**SECRETARY TREASURER OR TREASURER**

**D.R. POWER**

Name

**"ORIGINAL SIGNED"**

Signature

**Dated**

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch,  
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5  
EMAIL: Cindy.Jarry@gov.ab.ca  
PHONE: (780) 427-7782 FAX: (780) 422-6996

## TABLE OF CONTENTS

	<b>Page</b>
<b>SCHEDULE A    Allocation of Revenues and Expenses to Programs</b>	<b>3</b>
<b>SCHEDULE B    Alberta Education Revenues</b>	<b>4</b>
<b>SCHEDULE C    ECS to Grade 12 Instruction Programs Expense Details</b>	<b>4</b>
<b>2006-2007 Board and System Administration Expenses</b>	
<b>SCHEDULE D    Under (Over) Maximum Limit</b>	<b>5</b>
<b>SCHEDULE E    School Generated Funds (SGF)</b>	<b>5</b>

# SCHEDULE A

School Jurisdiction Code

3020

## ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2006-2007

REVENUES	TOTAL	ECS to Grade 12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Admin.	External Services
(1) Alberta Education	\$632,066,981	\$511,793,287	\$69,387,034	\$18,985,528	\$24,707,305	\$7,203,817
(2) Alberta Infrastructure & Transportation	\$0	\$0	\$0			
(3) Alberta Finance	\$2,153,503		\$2,153,503			\$0
(4) Other - Government of Alberta	\$2,057,108	\$180,238	\$0	\$0	\$82,284	\$1,794,586
(5) Federal Government and/or First Nations	\$2,393,117	\$1,759,946	\$0	\$0	\$95,325	\$528,146
(6) Other Alberta school authorities	\$4,111,039	\$925,215	\$0	\$19,343	\$164,442	\$3,002,039
(7) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0
(8) Alberta municipalities (excl. supplementary requisitions)	\$0	\$0	\$0	\$0	\$0	\$0
(9) Instruction resource fees	\$3,293,211	\$3,293,211				
(10) Transportation fees	\$8,028,332			\$8,028,332		
(11) Other sales and services	\$21,972,544	\$14,253,015	\$77,036	\$0	\$875,820	\$6,766,673
(12) Investment income	\$3,373,456	\$3,238,518	\$0	\$0	\$134,938	\$0
(13) Gifts and donations	\$5,794,946	\$5,794,946	\$0	\$0		\$0
(14) Rentals of facilities	\$2,700,607	\$1,117,693	\$0	\$0		\$1,474,890
(15) Net school generated funds	\$13,555,111	\$13,012,807			\$108,024	
(16) Gains on disposal of capital assets	\$1,863,285	\$0	\$1,788,754	\$0	\$74,531	\$0
(17) Amortization of capital allocations	\$11,558,476	\$0	\$11,558,476	\$0	\$542,204	\$0
(18) TOTAL REVENUES	\$714,911,716	\$555,373,686	\$84,944,803	\$27,033,203	\$28,784,873	\$20,775,151
EXPENSES						
(19) Certificated salaries	\$334,521,157	\$327,499,903			\$1,790,125	\$5,231,129
(20) Certificated benefits	\$41,639,444	\$40,778,378			\$222,868	\$638,198
(21) Non-certificated salaries and wages	\$128,022,615	\$77,783,941	\$34,001,629	\$602,154	\$10,383,008	\$5,251,883
(22) Non-certificated benefits	\$27,135,197	\$16,765,834	\$7,453,658	\$127,372	\$1,853,695	\$935,638
(23) SUB - TOTAL	\$531,319,413	\$462,828,056	\$41,455,287	\$729,526	\$14,249,696	\$12,056,848
(24) Services, contracts & supplies	\$107,307,607	\$35,416,964	\$32,510,852	\$25,755,985	\$4,925,703	\$8,718,303
(25) Cost recoveries between programs	\$0	\$0	\$0	\$0	\$0	\$0
(26) Net school generated funds	\$13,555,111	\$13,555,111				
Capital and debt services						
Amortization of capital assets						
(27) Supported	\$11,558,476	\$0	\$11,558,476	\$0	\$0	\$0
(28) Unsupported	\$12,664,245	\$8,133,354	\$4,342,243	\$8,358	\$180,290	\$0
(29) Total Amortization	\$24,222,721	\$8,133,354	\$15,900,719	\$8,358	\$180,290	\$0
Interest on capital debt						
(30) Supported	\$2,136,827	\$527,608	\$1,514,895	\$11,629	\$82,695	\$0
(31) Unsupported	\$112,488	\$0	\$112,488	\$0	\$0	\$0
(32) Other interest charges	\$273,829	\$273,829	\$0	\$0	\$0	\$0
(33) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0
(34) TOTAL EXPENSES	\$678,927,996	\$520,734,922	\$91,494,041	\$26,485,498	\$19,438,384	\$20,775,151
(35) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$35,983,720	\$34,638,764	(\$8,549,238)	\$547,705	\$7,346,488	\$0

# **SCHEDULE B** **ALBERTA EDUCATION REVENUE 2006-2007**

<b>Base Funding</b>	<b>TOTAL</b>
Additional Funding for Differential Cost Factors	\$404,044,673
Targeted Funding for Provincial Initiatives	\$159,010,034
Class Size Initiative	\$26,206,620
Student Health Initiative (SHI)	\$1,442,638
Alberta Initiative for School Improvement (AISI)	\$9,399,963
SuperNet Services	\$1,388,560
Children and Youth with Complex Needs	\$108,681
<b>Other Provincial Support Funding</b>	
Institutional Programs	\$5,770,404
Regional Consortium and Regional Educational Consulting Services	\$2,807,607
Learning Resources Credit Allocation	\$904,200
Infrastructure Maintenance Renewal (IMR)	\$14,384,362
Other Funding from Alberta Education (describe):	See attached schedule
<b>Total Alberta Education Revenues</b>	<b>\$532,066,931</b>

# **SCHEDULE C** **ECS to Grade 12 INSTRUCTION PROGRAM Expense Details - 2006-2007**

SUB-PROGRAMS & INITIATIVES	ECS to GRADE 12 Instruction					
	Certificated Remuneration	Non-certificated Remuneration	Services, Contracts & Supplies	Learning Resources	Cost Recoveries between programs	Other Expenses
<b>SCHOOL ADMINISTRATION &amp; INSTRUCTION SUPPORT</b>						
Mild & Moderate Disabilities/Gifted & Talented (ECS-12)	\$43,735,032	\$1,478,680	\$1,894,856		\$0	\$0
ECS Program Unit (PUF)	\$28,396,802	\$11,950,242	\$4,063,988		\$0	\$0
Severe Disabilities (Gr 1-12)	\$4,028,230	\$13,830,720	\$2,544,435		\$0	\$0
English as a Second Language (ESL)	\$13,533,526	\$13,237,534	\$1,415,913		\$0	\$0
French Language & Francisation	\$2,034,513	\$4,619,037	\$870,537		\$0	\$0
Enhanced ESL/Francisation & Supports for Immigrant Students	\$261,022	\$96,030	\$89,597		\$0	\$0
First Nations, Metis and Inuit Education	\$3,730,330	\$1,636,195	\$1,857,244		\$0	\$0
Alberta Initiative for School Improvement	\$6,141,624	\$151,352	\$3,375,469	\$288,748	\$0	\$0
Student Health Initiative	\$0	\$1,252,785	\$179,903		\$0	\$0
SuperNet Service			\$1,389,660		\$0	\$0
Class Size Initiative	\$26,206,620	\$0	\$0	\$0	\$0	\$0
Children and Youth with Complex Needs (ECS - Gr 12)	\$0	\$0	\$108,681		\$0	\$0
All Other Student Instruction Expenses (ECS - Gr 12)	\$235,478,982	\$45,957,700	\$11,103,096	\$5,992,837	\$0	\$22,489,903
<b>TOTAL EXPENSES</b>	<b>\$369,278,231</b>	<b>\$94,549,775</b>	<b>\$25,135,379</b>	<b>\$6,281,585</b>	<b>\$0</b>	<b>\$22,489,903</b>
						<b>\$520,784,922</b>
<b>FULL-TIME-EQUIVALENCIES (Board/Contract)</b>	<b>FTE Certificated</b>	<b>FTE Non-certificated</b>				
Mild & Moderate Disabilities/Gifted & Talented (ECS - Gr 12)	353.7	324.8				
ECS Program Unit (PUF)	95.3	205.3				
Severe Disabilities (Gr 1-12)	188.7	327.3				

**SCHEDULE D**  
**BOARD AND SYSTEM ADMINISTRATION**  
**2006-2007 EXPENSES UNDER (OVER) MAXIMUM LIMIT**

<b>TOTAL EXPENSES</b>		<b>\$678,927,996</b>
<b>STEP 1</b>		
Calculation of maximum expense limit PERCENTAGE for Board and System Administration expenses		
If "Total Net Enrolled Students" are 6,000 and over	= 4%	<b>4.00%</b>
If "Total Net Enrolled Students" are 2,000 and less	= 6%	
The Maximum Expense Limit for Board and System Administration is based on an arithmetical proration for the TOTAL FTE count for grades 1 -12, net of Home Education AND Adult students, between 2,000 to 6,000 at .0005 per FTE (Example: 4,500 FTE count grades 1-12 = 6,000 - 4,500 = 1,500 X .0005 = 0.75% plus 4% = maximum expense limit of 4.75%).		
<b>STEP 2</b>		
Calculate maximum expense limit AMOUNTS for Board and System Administration expenses		
Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES		<b>\$27,157,120</b>
Considerations for Charter Schools and Small School Boards:		
If Charter School, enter \$58,366	\$0	\$0
If School Board, please enter your 2006-2007 Gr 1- 12 funded enrolment	0	
	\$0	\$0
<b>2006-2007 MAXIMUM EXPENSE LIMIT</b>		<b>\$27,157,120</b>
Less: 2006/2007 Board and System Administration expenses		<b>-\$19,438,384</b>
<b>2006-2007 BOARD AND SYSTEM ADMINISTRATION EXPENSES UNDER (OVER) MAXIMUM LIMIT</b>		<b>\$7,718,736</b>

**SCHEDULE E**  
**SCHOOL GENERATED FUNDS (SGF) - 2006-2007**

<b>Unexpended SGF - Opening Balance August 31, 2006</b>		<b>\$3,999,386</b>																		
<b>Sources of School Generated Funds:</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Gross SGF</th> <th>Related Expenses</th> <th>Net SGF</th> </tr> </thead> <tbody> <tr> <td>Fundraising activities</td> <td style="text-align: right;">\$3,925,877</td> <td style="text-align: right;">\$1,631,398</td> </tr> <tr> <td>Student fees (Non-Instructional) (Note 1)</td> <td style="text-align: right;">\$11,363,812</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>Donations and grants to schools</td> <td style="text-align: right;">\$330,471</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>Other (describe):</td> <td style="text-align: right;">\$109,500</td> <td style="text-align: right;">\$1,410</td> </tr> <tr> <td><b>Net Additions to SGF</b></td> <td style="text-align: right;"><b>\$15,729,660</b></td> <td style="text-align: right;"><b>\$1,632,808</b></td> </tr> </tbody> </table>	Gross SGF	Related Expenses	Net SGF	Fundraising activities	\$3,925,877	\$1,631,398	Student fees (Non-Instructional) (Note 1)	\$11,363,812	\$0	Donations and grants to schools	\$330,471	\$0	Other (describe):	\$109,500	\$1,410	<b>Net Additions to SGF</b>	<b>\$15,729,660</b>	<b>\$1,632,808</b>	<b>\$14,096,852</b>
Gross SGF	Related Expenses	Net SGF																		
Fundraising activities	\$3,925,877	\$1,631,398																		
Student fees (Non-Instructional) (Note 1)	\$11,363,812	\$0																		
Donations and grants to schools	\$330,471	\$0																		
Other (describe):	\$109,500	\$1,410																		
<b>Net Additions to SGF</b>	<b>\$15,729,660</b>	<b>\$1,632,808</b>																		
<b>Net SGF Available</b>		<b>\$18,096,238</b>																		
<b>Uses of Net School Generated Funds:</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Extra-curricular activities</td> <td style="text-align: right;">\$9,519,327</td> </tr> <tr> <td>School site beautification</td> <td style="text-align: right;">\$52</td> </tr> <tr> <td>Field Trips</td> <td style="text-align: right;">\$3,590,818</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">\$425,344</td> </tr> <tr> <td>Family literacy and other community resources</td> <td style="text-align: right;">\$19,570</td> </tr> <tr> <td>Other (describe):</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td><b>Total Uses of Net SGF (Note 2)</b></td> <td style="text-align: right;"><b>\$13,555,111</b></td> </tr> </tbody> </table>	Extra-curricular activities	\$9,519,327	School site beautification	\$52	Field Trips	\$3,590,818	Equipment	\$425,344	Family literacy and other community resources	\$19,570	Other (describe):	\$0	<b>Total Uses of Net SGF (Note 2)</b>	<b>\$13,555,111</b>					
Extra-curricular activities	\$9,519,327																			
School site beautification	\$52																			
Field Trips	\$3,590,818																			
Equipment	\$425,344																			
Family literacy and other community resources	\$19,570																			
Other (describe):	\$0																			
<b>Total Uses of Net SGF (Note 2)</b>	<b>\$13,555,111</b>																			
<b>Unexpended SGF - Closing Balance August 31, 2007 (Note 3)</b>		<b>\$4,541,127</b>																		
<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 fees with respect to instructional supplies or materials collected pursuant to Section 60(2)(j) of the School Act, and 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>																				
<b>Notes:</b>																				
<p>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.</p>																				
<p>2 Total uses of net SGF is reported as revenue and expense in the Statement of Revenues &amp; Expenses of the Financial Statements.</p>																				
<p>3 Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position.</p>																				



**KPMG LLP**  
**Chartered Accountants**  
10125 - 102 Street  
Edmonton AB T6J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

We have audited the statement of financial position of the Edmonton School District No. 7 as at August 31, 2007 and 2006 and the statements of revenues and expenses, changes in net assets and cash flows for the years then ended. 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 audits 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, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**DRAFT**

Chartered Accountants

Edmonton, Canada  
October 31, 2007



**KPMG LLP**  
**Chartered Accountants**  
10125 – 102 Street  
Edmonton AB T6J 3V8  
Canada

Telephone (780) 428-7300  
Fax (780) 428-7379  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

We have audited the statement of financial position of the Edmonton School District No. 7 as at August 31, 2007 and 2006 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 audits 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, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**DRAFT**

Chartered Accountants

Edmonton, Canada  
October 31, 2007



## Edmonton School District No. 7

---

### FINANCIAL STATEMENTS AUGUST 31, 2007

---

**STATEMENT OF FINANCIAL POSITION**

(in thousands of dollars)

	<b>August 31</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 82,655	\$ 23,302
Accounts receivable (Note 4)	11,970	10,937
Inventories	5,391	5,486
Prepaid expenses	<u>1,060</u>	<u>1,149</u>
	<b>101,076</b>	<b>40,874</b>
<b>School Generated Funds (Note 5)</b>	<b>4,541</b>	<b>3,999</b>
<b>Trust Assets</b>	<b>643</b>	<b>650</b>
<b>Long Term Receivable (Note 12)</b>	<b>1,716</b>	<b>1,639</b>
<b>Capital Assets (Note 6)</b>	<b><u>274,247</u></b>	<b><u>278,572</u></b>
	<b>\$ <u>382,223</u></b>	<b>\$ <u>325,734</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals (Note 7)	\$ 30,820	\$ 24,346
Deferred revenue (Note 8)	17,849	4,782
Current portion of long-term debt (Note 9)	<u>4,718</u>	<u>4,897</u>
	<b>53,387</b>	<b>34,025</b>
<b>School Generated Funds (Note 5)</b>	<b>4,541</b>	<b>3,999</b>
<b>Trust Liabilities</b>	<b>643</b>	<b>650</b>
<b>Long-term Debt (Note 9)</b>	<b>16,987</b>	<b>21,705</b>
<b>Asset Retirement Obligation (Note 12)</b>	<b>1,716</b>	<b>1,639</b>
<b>Deferred Capital Allocations (Note 10)</b>	<b>10,211</b>	<b>2,581</b>
<b>Unamortized Capital Allocations (Note 11)</b>	<b><u>161,497</u></b>	<b><u>164,015</u></b>
	<b><u>248,982</u></b>	<b><u>228,614</u></b>
<b>NET ASSETS</b>		
Investment in Capital Assets	91,045	87,811
Capital Reserve	6,088	3,703
Operating Reserve	22,700	-
Unrestricted Net Assets	<u>13,408</u>	<u>5,606</u>
	<b><u>133,241</u></b>	<b><u>97,120</u></b>
	<b>\$ <u>382,223</u></b>	<b>\$ <u>325,734</u></b>

Commitments (Note 13)

**STATEMENT OF REVENUES AND EXPENSES**

(in thousands of dollars)

	<b>Year ended August 31</b>	
	<b>2007</b>	<b>2006</b>
<b>Revenues</b>		
Provincial Grants	\$ 636,278	\$ 584,846
Other	51,657	44,233
School Generated Funds – net	13,555	13,935
Amortization of Capital Allocations	11,558	12,721
Gain on Disposal of Capital Assets	<u>1,863</u>	<u>1,876</u>
	<b><u>714,911</u></b>	<b><u>657,611</u></b>
<b>Expenses</b>		
Salaries and employee benefits	531,319	510,034
Debt service including bank interest	2,523	2,966
Utility services	19,265	19,166
Transportation services	25,626	24,304
School generated activities – net	13,555	13,935
Other services	26,733	25,399
Supplies and materials	35,684	30,069
Amortization of capital assets	<u>24,223</u>	<u>25,865</u>
	<b><u>678,928</u></b>	<b><u>651,738</u></b>
<b>Surplus of Revenues over Expenses</b>	<b>\$ <u>35,983</u></b>	<b>\$ <u>5,873</u></b>
<b>Represented by:</b>		
Capital assets acquired from operational funding	\$ 15,567	\$ 9,597
Unsupported long-term debt principal repaid	302	1,063
Transfer to (from) Capital Reserve		
- net gain (loss) on disposal	1,863	1,876
- repayment and interest	139	120
- proceeds of disposal used for acquisition of capital assets	-	(31)
Amortization of capital assets financed through operations	(12,665)	(13,144)
Excess of operating revenues over expenses and capital assets acquired there from	<u>30,777</u>	<u>6,392</u>
<b>Excess of Revenues over Expenses</b>	<b>\$ <u>35,983</u></b>	<b>\$ <u>5,873</u></b>



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

	August 31	
	2007	2006
<b>Investment in Capital Assets:</b>		
<b>Balance at the beginning of the year</b>	\$ 87,811	\$ 90,532
Capital assets acquired from operational funding	15,567	9,597
Unsupported long-term debt principal repaid	302	1,063
Retirement of assets (net)	(108)	(245)
Other	138	(6)
Transfer to Unamortized Capital Allocation		
- Accumulated Amortization	-	14
Amortization of capital assets financed through operations	(12,665)	(13,144)
<b>Balance at the end of the year</b>	\$ <u>91,045</u>	\$ <u>87,811</u>
<b>Capital Reserve:</b>		
<b>Balance at the beginning of the year</b>	\$ 3,703	\$ 1,680
Transfer from (to) Operations		
- repayment and interest	139	120
- for renovation costs	275	(550)
- for acquisition of capital assets	-	(31)
Transfer to Deferred Capital Allocations	-	363
Proceeds of Disposal of Capital Assets financed through operations	<u>1,971</u>	<u>2,121</u>
<b>Balance at the end of the year</b>	\$ <u>6,088</u>	\$ <u>3,703</u>
<b>Unrestricted Net Assets:</b>		
<b>Operating Reserve:</b>		
<b>Balance at the beginning of the year</b>	\$ -	\$ -
Transfer from Operating Surplus	<u>22,700</u>	-
<b>Balance at the end of the year</b>	\$ <u>22,700</u>	\$ -
<b>Balance at the beginning of the year</b>	\$ 5,606	\$ (1,715)
Transfer (to) from Capital Reserve	(275)	550
Transfer from Deferred Capital Allocations	-	379
Transfer to Operating Reserve	(22,700)	-
Surplus for the year	<u>30,777</u>	<u>6,392</u>
Surplus balance at the end of the year	\$ <u>13,408</u>	\$ <u>5,606</u>
<b>NET ASSETS</b>	\$ <u>133,241</u>	\$ <u>97,120</u>

**STATEMENT OF CASH FLOWS**

(in thousands of dollars)

	<b>Year ended August 31</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash Flows From:</b>		
<b>Operations</b>		
Excess of revenues over expenses for the year for the year	\$ 35,983	\$ 5,873
Add (Deduct) items not requiring cash:		
Amortization of capital allocations	(11,558)	(12,721)
Gain on disposal of capital assets	(1,863)	(1,876)
Amortization of capital assets	24,223	25,865
Other	144	42
	<u>46,929</u>	<u>17,183</u>
Changes in accrued accounts:		
Accounts receivable	(1,110)	7,629
Prepaid and other current assets	184	(301)
Trust & school generated fund assets	(535)	364
Accounts Payable and accrued liabilities	6,551	2,311
Deferred revenue	13,067	(1,101)
Trust & school generated fund liabilities	535	(364)
	<u>18,692</u>	<u>8,538</u>
<b>Total sources of cash from Operations</b>	<u>65,621</u>	<u>25,721</u>
<b>Investing Activities</b>		
Proceeds of sale of capital assets	<u>1,971</u>	<u>2,121</u>
Purchases of capital assets		
Buildings	(12,590)	(6,871)
Equipment	(7,681)	(5,375)
Vehicles	(332)	(108)
	<u>(20,603)</u>	<u>(12,354)</u>
<b>Total uses of cash from investing activities</b>	<u>(18,632)</u>	<u>(10,233)</u>
<b>Financing Activities</b>		
Capital allocations	12,666	5,055
Repayment of long-term debt	(4,897)	(5,869)
Add back: supported portion	4,595	4,806
<b>Total sources from financing activities</b>	<u>12,364</u>	<u>3,992</u>
<b>Net (uses) sources of cash equivalents during year</b>	\$ <u>59,353</u>	\$ <u>19,480</u>



## **NOTES TO FINANCIAL STATEMENTS**

**August 31, 2007**

**(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, 2007****(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**

The District's financial instruments consist of cash, accounts receivable, accounts payable and accruals; trust funds and long-term debt. It is the management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The District has invested surplus funds in accordance with Section 60 (2) of the *School Act* and Section 5 of the *Trustees Act*.

**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.

**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.


**NOTES TO FINANCIAL STATEMENTS . . . continued**
**August 31, 2007**
**(amounts in thousands)**

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.

**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. The service costs for employees for the current year of \$8,106 (2006 - \$7,657) are included in these statements and comprise the District costs of employer contribution.

**3. 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><b>2007</b></u>	<u><b>2006</b></u>
Alberta Education		
Funding Received	\$ <u>617,683</u>	\$ <u>572,530</u>
Alberta Infrastructure		
Infrastructure Maintenance Program	14,335	7,290
Modernization Block Funding Program	49	844
Capital Allocations	<u>12,666</u>	<u>5,055</u>
	<u>27,050</u>	<u>13,189</u>



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

August 31, 2007

(amounts in thousands)

	<u>2007</u>	<u>2006</u>
Alberta Finance		
Capital Block - supported capital debt interest	2,154	2,622
Capital Block - supported capital debt principal repayment	<u>4,595</u>	<u>4,806</u>
	<u>6,749</u>	<u>7,428</u>
Other	<u>2,057</u>	<u>1,560</u>
Total funding received	\$ <u>653,539</u>	\$ <u>594,707</u>

**4. Accounts Receivable**

Accounts receivable comprises:

	<u>2007</u>	<u>2006</u>
Province of Alberta	\$ 5,068	\$ 8,226
Federal Government	2,155	1,603
Other Alberta School Jurisdictions	540	584
Other	<u>4,207</u>	<u>524</u>
Total	\$ <u>11,970</u>	\$ <u>10,937</u>

**5. 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>2007</u>	<u>2006</u>
School generated assets		
Cash	\$ 7,375	\$ 5,965
Term deposits	<u>1,279</u>	<u>1,182</u>
	<u>8,654</u>	<u>7,147</u>
Inventory		
Bookstore	25	18
Cafeteria	<u>1</u>	<u>1</u>
	<u>26</u>	<u>19</u>
Refundable deposits and advance fees	<u>(4,139)</u>	<u>(3,167)</u>
Net Assets and Funds	\$ <u>4,541</u>	\$ <u>3,999</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2007****(amounts in thousands)**

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

	<u>2007</u>	<u>2006</u>
Total School Generated Funds	\$ 15,188	\$ 15,596
Less: Related cost recoveries	<u>1,633</u>	<u>1,661</u>
Net	\$ <u>13,555</u>	\$ <u>13,935</u>

**6. Capital Assets**

	<u>2007</u>			<u>2006</u>
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	\$ 838	-	\$ 838	\$ 838
Buildings and site improvements	630,074	384,354	245,720	250,808
Furniture and equipment	215,842	188,950	26,892	26,358
Vehicles	<u>2,943</u>	<u>2,146</u>	<u>797</u>	<u>568</u>
	<u>\$ 849,697</u>	<u>\$ 575,450</u>	<u>\$ 274,247</u>	<u>\$ 278,572</u>

**7. Accounts payable and accruals**

Accounts payable and accruals comprise:

	<u>2007</u>	<u>2006</u>
Province of Alberta	\$ 3,510	\$ 1,622
Federal Government	587	884
Other	<u>26,723</u>	<u>21,840</u>
Total	\$ <u>30,820</u>	\$ <u>24,346</u>

**8. Deferred Revenue**

Deferred revenue comprises:

	<u>2007</u>	<u>2006</u>
Foreign Students Fees	\$ 2,773	\$ 3,452
Deferred Block Funding Revenue	14,459	233
Metro Continuing Education Fees	297	449
Curriculum & Programs	56	180
District Technology	86	289
Other	<u>178</u>	<u>179</u>
Total	\$ <u>17,849</u>	\$ <u>4,782</u>

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2007****(amounts in thousands)**

Change in deferred revenue during the year:

	<u><b>2007</b></u>	<u><b>2006</b></u>
Balance at beginning of year	\$ 4,782	\$ 5,883
Add: Funding received during the year	<u>35,893</u>	<u>17,439</u>
	40,675	23,322
Less: Amount recognized as revenue for the year	<u>22,826</u>	<u>18,540</u>
Balance at end of year	\$ <u>17,849</u>	\$ <u>4,782</u>

**9. Long-Term Debt**

Principal payments and interest for the next five years and to maturity on debenture debt outstanding at August 31, 2007 are approximately as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,718	\$ 2,002	\$ 6,720
2009	4,339	1,547	5,886
2010	3,928	1,134	5,062
2011	3,409	766	4,175
2012	2,883	453	3,336
2013 – maturity	<u>2,428</u>	<u>290</u>	<u>2,718</u>
Total	\$ <u>21,705</u>	\$ <u>6,192</u>	\$ <u>27,897</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><b>2007</b></u>	<u><b>2006</b></u>
Total debenture debt	\$ 21,705	\$ 26,602
Due within one year	<u>4,718</u>	<u>4,897</u>
	\$ <u>16,987</u>	\$ <u>21,705</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.

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><b>2007</b></u>	<u><b>2006</b></u>
Working Capital Surplus per statements	\$ 47,689	\$ 6,849
Supported Current Portion of long-term debt	<u>4,411</u>	<u>4,595</u>
	\$ <u>52,100</u>	\$ <u>11,444</u>

The District paid \$2,476 (2006 - \$3,018) interest on long-term debt in the year.

**NOTES TO FINANCIAL STATEMENTS . . . continued****August 31, 2007****(amounts in thousands)****10. 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><b>2007</b></u>	<u><b>2006</b></u>
Balance at beginning of year	\$ 2,581	\$ 978
Allocations received and receivable during the year	12,666	5,952
Transfers to Unamortized Capital Allocations	<u>(5,036)</u>	<u>(4,349)</u>
Balance at end of year	\$ <u>10,211</u>	\$ <u>2,581</u>

**11. 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><b>2007</b></u>	<u><b>2006</b></u>
Balance at beginning of year	\$ 164,015	\$ 167,562
Supported Debenture Principal Repayment	4,595	4,806
Transfer from Investment in Capital Assets (Net)	-	33
Retirement of Asset – net	(591)	(14)
Transfer from Deferred Capital Allocations	5,036	4,349
Transfer to Capital Allocation Revenue	<u>(11,558)</u>	<u>(12,721)</u>
Balance at end of year	\$ <u>161,497</u>	\$ <u>164,015</u>

**12. 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><b>2007</b></u>	<u><b>2006</b></u>
Balance, beginning year	\$ 1,639	\$ -
Liabilities incurred during the year	724	1,639
Liabilities relieved during the year	(724)	-
Accretion expense	<u>77</u>	<u>-</u>
Balance, end of year	\$ <u>1,716</u>	\$ <u>1,639</u>


**NOTES TO FINANCIAL STATEMENTS . . . continued**
**August 31, 2007**
**(amounts in thousands)**

The accretion expense is included in other services expenses. The undiscounted estimated cash flows required to settle the obligation range from \$1,716 to \$1,888 during the years 2007 to 2009. The cash flows are discounted using a credit-adjusted risk-free rate of 4.49% (2006 - 4.7%).

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 \$1,716 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.

**13. Commitments**

a) Building Projects: The District is committed to further capital expenditures for the new construction and modernization projects of approximately \$108,717 (2006 - \$69,009). It is anticipated that these costs will be fully funded by the capital allocations from Alberta Education.

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

	<u>Year Ending August 31</u>	
	<u>2007</u>	<u>2006</u>
2008	\$ 2,430	\$ 2,258
2009	2,261	2,098
2010	2,181	1,428
2011	2,025	1,365
2012	2,075	1,219
2013 – Thereafter	<u>16,294</u>	<u>15,000</u>
Total	\$ <u>27,266</u>	\$ <u>23,368</u>

c) Purchase Order commitments: As at August 31, 2007 the district has \$2,191 (2006 - \$2,376) outstanding purchase orders relating to services and contracts.

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

August 31, 2007

(amounts in thousands)

**14. Remuneration and Monetary Incentives**  
(amounts in dollars)

The Edmonton School District No. 7 had paid or accrued expenses for the year ended August 31, 2007 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's/ Other	Note	Total	Expenses
Chairperson: B.Esslinger	1.0	\$ 41,408	\$ 5,504	\$ 2,655	\$ -	\$ -		\$ 49,567	\$ 4,238
Other Board Members									
D.Williams	1.0	32,849	1,351	2,655	-	-		36,855	5,537
S.Hansen	1.0	35,574	490	2,655	-	-		38,719	9,424
G.Nicholson	1.0	32,746	490	2,655	-	-		35,891	10,035
D.Fleming	1.0	30,276	6,266	2,655	-	-		39,197	6,057
G.Gibeault	1.0	31,383	4,469	2,655	-	-		38,507	8,160
W.Keiver	1.0	32,466	6,425	2,655	-	-		41,546	5,068
D.Colburn	1.0	29,488	6,259	2,654	-	-		38,401	8,915
K.Gibson	1.0	29,836	5,162	2,654	-	-		37,652	276
<b>Sub-Total</b>	<b>9.0</b>	<b>296,026</b>	<b>36,416</b>	<b>23,893</b>	<b>-</b>	<b>-</b>		<b>356,335</b>	<b>57,710</b>
Superintendent L.Thomson	0.3	76,223	5,445	3,309	-	181,554	(1)	266,531	2,423
Superintendent G.R.Holt	0.4	50,555	996	1,096	-	-		52,647	1,407
Superintendent E.Schmidt	0.3	71,985	3,473	92	-	-		75,550	1,015
Board Secretary A.Sherwood	1.0	96,663	17,693	2,655	-	-		117,011	4,311
Board Treasurer D.R.Power	1.0	136,079	22,372	2,655	-	-		161,106	\$ 2,605
<b>Certificated Teachers</b>	<b>4,404.5</b>	<b>334,521,157</b>	<b>41,639,444</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>376,160,601</b>	
<b>Non-Certificated (Other)</b>	<b>2,900.7</b>	<b>125,040,343</b>	<b>26,868,248</b>	<b>2,221,041</b>	<b>-</b>	<b>-</b>		<b>154,129,632</b>	
<b>TOTAL</b>	<b>7,317.2</b>	<b>\$ 460,289,031</b>	<b>\$68,594,087</b>	<b>\$ 2,254,741</b>	<b>\$ -</b>	<b>\$ 181,554</b>		<b>\$ 531,319,413</b>	

Note: (1) This amount is made up of the following:  
 One year severance payment  
 Supplementary Pension Plan  
 Total

179,000  
 2,554  
181,554

**15. 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, 2007 was \$1,826 (2006 - \$ 1,918). This amount has not been recognized in the district's financial statements, as the revenue has not been realized by the District.

**16. Comparative Figures**

The comparative figures for 2006 have been reclassified where necessary, to conform to the current year's presentation.