

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2007**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

The Chinook's Edge School Division No. 73

Legal Name of School Jurisdiction

4904 - 50 Street, Innisfail, AB T4G 1W4

Mailing Address

Phone (403) 227-7030 Fax (403) 227-3652

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of The Chinook's Edge School Division No. 73 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

Doug Wagstaff

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Jim Gibbons

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Susan Roy, CGA, MBA, csbo

Name

"ORIGINAL SIGNED"

Signature

December 19, 2007

Board-approved Release Date

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FOUNDATIONS
CERTIFIED GENERAL ACCOUNTANTS

Les Willms,*
CGA

Peter Lewis,*
B.A., CGA

Gerald Shebeck,*
B.Sc., C.P.A., CGA

Associate

Pan Shah,
B.A., B.Ed., CGA

* Denotes
Professional Corporation

FOUNDATIONS
Professional Services
provided by
WILLMS LEWIS SHEBECK LLP

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AUDITORS' REPORT

To the Trustees of Chinook's Edge School Division #73

We have audited the statement of financial position of Chinook's Edge School Division #73 as at August 31, 2007 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the school jurisdiction's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school jurisdiction as at August 31, 2007 and the results of its operations, changes in cash flows, net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

EPR Foundations

Calgary, Alberta
December 13, 2007

EPR FOUNDATIONS
CERTIFIED GENERAL ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
as at August 31, 2007

(in dollars)

	2007	2006 (Note)
ASSETS		
Current assets		
Cash and temporary investments	\$20,334,836	\$5,289,198
Accounts receivable (net after allowances)	\$10,645,036	\$5,955,292
Prepaid expenses	\$920,791	\$951,425
Other current assets	\$505	\$507
Total current assets	\$31,901,168	\$12,196,422
School generated assets	\$1,151,309	\$1,152,474
Trust assets	\$881,446	\$847,771
Long term accounts receivable	\$0	\$0
Long term investments	\$85,527	\$65,241
Capital assets		
Land	\$2,860,270	\$2,866,470
Buildings	\$133,763,902	
Less: accumulated amortization	(\$52,297,482)	\$78,914,433
Equipment	\$8,513,750	
Less: accumulated amortization	(\$3,261,082)	\$2,183,536
Vehicles	\$8,049,281	
Less: accumulated amortization	(\$4,933,564)	\$3,446,491
Total capital assets	\$92,695,075	\$87,410,930
TOTAL ASSETS	\$126,714,525	\$101,672,838
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$7,129,623	\$4,900,279
Deferred revenue	\$4,160,707	\$1,508,299
Deferred capital allocations	\$13,088,670	\$1,142,892
Current portion of all long term debt	\$1,383,728	\$794,861
Total current liabilities	\$25,762,728	\$8,346,331
School generated liabilities	\$1,151,309	\$1,152,474
Trust liabilities	\$881,446	\$847,771
Employee future benefits liability	\$142,300	\$130,100
Long term payables and accrued liabilities	\$0	\$0
Long term debt		
Supported: Debentures and other supported debt	\$4,288,896	\$5,083,757
Less: Current portion of supported debt	(\$783,728)	(\$794,861)
Unsupported: Debentures and Capital Loans	\$2,000,000	\$0
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	(\$600,000)	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations	\$73,466,488	\$71,371,788
Total long term liabilities	\$80,546,711	\$77,791,029
TOTAL LIABILITIES	\$106,309,439	\$86,137,360
NET ASSETS		
Unrestricted net assets	\$1,000,000	\$871,687
Operating Reserves	\$4,055,545	\$1,721,010
Accumulated Operating Surplus (Deficit)	\$5,055,545	\$2,592,697
Investment in capital assets	\$12,939,692	\$10,955,386
Capital Reserves	\$2,409,849	\$1,987,395
Total Capital Funds	\$15,349,541	\$12,942,781
Total net assets	\$20,405,086	\$15,535,478
TOTAL LIABILITIES AND NET ASSETS	\$126,714,525	\$101,672,838

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)	Actual 2006 (Note)
REVENUES			
Government of Alberta	\$88,388,028	\$83,473,749	\$81,755,623
Federal Government and/or First Nations	\$296,212	\$247,932	\$283,442
Other Alberta school authorities	\$40,773	\$42,000	\$3,100
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities (excluding supplementary requisitions)	\$262,535	\$229,380	\$254,958
Instruction resource fees	\$1,116,530	\$889,694	\$934,903
Transportation fees	\$37,806	\$25,000	\$0
Other sales and services	\$332,068	\$165,030	\$312,156
Investment income	\$496,298	\$25,000	\$278,867
Gifts and donations	\$79,789	\$10,700	\$90,383
Rentals of facilities	\$174,296	\$145,995	\$178,977
Net school generated funds	\$1,957,644	\$1,700,000	\$1,739,652
Gains on disposal of capital assets	\$342,062	\$0	\$144,658
Amortization of capital allocations	\$3,202,946	\$2,854,500	\$2,667,390
Total Revenues	\$96,726,987	\$89,808,980	\$88,644,109
EXPENSES			
Certificated salaries	\$45,588,145	\$45,159,950	\$44,689,552
Certificated benefits	\$4,971,459	\$5,025,735	\$4,843,410
Non-certificated salaries and wages	\$16,106,496	\$16,123,183	\$15,095,362
Non-certificated benefits	\$3,006,557	\$3,269,966	\$2,856,641
Services, contracts and supplies	\$16,140,997	\$14,455,633	\$14,101,492
Net school generated funds	\$1,954,781	\$1,700,000	\$1,739,651
Capital and debt services			
Amortization of capital assets			
Supported	\$3,202,946	\$2,854,500	\$2,667,390
Unsupported	\$1,337,238	\$1,091,331	\$1,379,457
Total Amortization of capital assets	\$4,540,184	\$3,945,831	\$4,046,847
Interest on capital debt			
Supported	\$433,726	\$550,000	\$508,453
Unsupported	\$444	\$0	\$0
Total Interest on capital debt	\$434,170	\$550,000	\$508,453
Other interest charges	\$0	\$2,225	\$4,338
Losses on disposal of capital assets	\$202,028	\$0	\$0
Total Expenses	\$92,944,817	\$90,232,523	\$87,885,746
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$3,782,170	(\$423,543)	\$758,363
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$3,782,170	(\$423,543)	\$758,363

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)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses for the year	\$3,782,170	\$758,363
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$3,202,946)	(\$2,667,390)
Total amortization expense	\$4,540,184	\$4,046,847
Gains on disposal of capital assets	(\$342,062)	(\$144,658)
Losses on disposal of capital assets	\$202,028	\$0
Changes in accrued accounts:		
Accounts receivable	(\$4,689,744)	(\$2,683,231)
Prepays and other current assets	\$30,636	(\$132,498)
Long term accounts receivable	\$0	\$0
Long term investments	(\$20,286)	(\$15,307)
Payables and accrued liabilities	\$2,229,344	\$1,844,730
Deferred revenue	\$2,652,408	(\$434,397)
Employee future benefit expense (recovery)	\$12,200	(\$22,061)
Other (describe)		\$0
Total sources (uses) of cash from Operations	\$5,193,932	\$550,398
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$5,310,021)	(\$11,557,642)
Equipment	(\$3,754,166)	(\$593,338)
Vehicles	(\$316,938)	(\$139,866)
Net proceeds from disposal of capital assets	\$378,793	\$161,585
Other (describe)		\$0
Total sources (uses) of cash from Investing activities	(\$9,002,332)	(\$12,129,261)
C. FINANCING ACTIVITIES		
Capital allocations	\$16,399,681	\$10,186,401
Issue of long term debt	\$2,000,000	\$0
Repayment of long term debt	(\$794,861)	(\$803,814)
Add back: supported portion	\$794,861	\$803,814
Other (describe) Transfer in net assets of Horizon School Committee	\$454,357	\$0
Total sources (uses) of cash from Financing activities	\$18,854,038	\$10,186,401
Net sources (uses) of cash during year	\$15,045,638	(\$1,392,462)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/06	\$5,289,198	\$6,681,660
Cash and temporary investments, net of bank indebtedness, at Aug. 31/07	\$20,334,836	\$5,289,198

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	\$15,535,478	\$10,955,386	\$871,687	\$1,721,010	\$1,987,395
<u>Prior period adjustments (describe)</u>					
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2006	\$15,535,478	\$10,955,386	\$871,687	\$1,721,010	\$1,987,395
Excess(def) of revenue over expenses	\$3,782,170		\$3,782,170		
Board funded capital transactions		\$2,927,222	\$0	\$0	(\$2,927,222)
Direct credits to net assets	\$0	\$0			
Amortization of capital assets		(\$4,540,184)	\$4,540,184		
Amortization of capital allocations		\$3,202,946	(\$3,202,946)		
Disposal of unsupported capital assets	\$0	(\$238,759)	\$0		\$238,759
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0
Debt principal payments (unsupported)		\$0			
Net transfers to operating reserves			(\$1,880,178)	\$1,880,178	
Net transfers from operating reserves			\$0	\$0	
Net transfers to capital reserves			(\$3,110,917)		\$3,110,917
Net transfers from capital reserves			\$0		\$0
Assumption/transfer of other operations's net assets	\$1,087,438	\$633,081	\$0	\$454,357	\$0
Balance at August 31, 2007	\$20,405,086	\$12,939,692	\$1,000,000	\$4,055,545	\$2,409,849

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

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2006	\$1,142,892	\$71,371,788
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2006	\$1,142,892	\$71,371,788
Add:		
Restricted capital allocations from: Alberta Education-School/Modular Project Capital *	\$15,870,169	
Infrastructure & Transportation-School/Modular Project Capital *	\$0	
Other Government of Alberta	\$150,617	
Federal Government and/or First Nations	\$0	
Other sources	\$10,253	
Interest earned on provincial government capital allocations	\$294,392	
Other capital grants and donations	\$74,250	
Net Proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$20,000
Transferred in capital assets (amortizable, @ net book value)		\$94,629
Current Year Debenture Principal Repayment		\$794,861
Expended capital allocations - current year	(\$4,453,903)	\$4,453,903
Less:		
Net book value of supported capital assets disposition, write-off, or transfer; Other	\$0	\$65,747
Capital allocations amortized to revenue		\$3,202,946
Balance at August 31, 2007	\$13,088,670	\$73,466,488

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

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

1. AUTHORITY AND PURPOSE

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

The Division receives instruction and support allocations under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The School Division is limited on certain funding allocations and administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and accounting policies consistent with those prescribed by Alberta Education for Alberta school jurisdictions. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions 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 is complied with. Endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

b) Capital Assets

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

Buildings	2.5% to 10%
Vehicles & Buses	10% and 20%
Equipment & Furnishings	10% and 20%
Playground Equipment	5%

Only capital assets with costs in excess of \$5,000 are capitalized. Any capital allocations received for asset additions are amortized over the same period as the related asset. No amortization is recorded in the year that an asset is acquired.

As of September 1, 2006, any future purchases of technology equipment will be amortized over a three year period.

c) School Generated Funds

These are funds in the community, which come under the control and responsibility of the school principal and are for school activities. These funds are usually collected and retained at the school for expenditures paid at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.)

d) Vacation Pay

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

e) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

The current service and past service costs of the Alberta Teacher Retirement Fund are met by the contributions of active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, Chinook's Edge School Division No. 73 does not make pension contributions for certificated staff.

The school board participates in the multi-employer pension plan, Local Authorities Pension Plan (LAPP) and in a multi-employer senior management registered pension plan (SiPP), and does not report on any unfunded liabilities. The expense for these pension plans is equivalent to the annual employer contributions of \$553,421 for LAPP and \$32,160 for SiPP for the year ended August 31, 2007. As at December 31, 2006, the Local Authorities Pension Plan reported an actuarial deficiency of \$746,651,000 (2005 deficiency of \$863,558,000).

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

f) Inventories

Inventories are recorded at the lesser of cost or net realizable value.

g) Prepaid Expenses

Certain expenditures incurred and paid before the close of the school year are for specific school supplies, which will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses fall into this category.

h) Contributed Services

Volunteers contribute a considerable number of hours per year to schools, which are within the school board to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

i) Financial Instruments

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

j) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the Division or externally, to set aside funds for operating and capital purposes. Such reserves are appropriations of unrestricted net assets.

k) Employee Future Benefits

The Division accrues its obligations under employee future benefit plans and expenses the related costs. The financial impact on the Division for the 2006/2007 school year was an accrual of \$142,300 (2005/2006 \$130,100).

l) Investments

Short term investments are valued at the lower of cost or market. Long term investments are valued at cost or, where there has been other than a temporary impairment in the value of the investment, at market value.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

3. ACCOUNTS RECEIVABLE

	<u>2007</u>	<u>2006</u>
Alberta Education	\$ 1,575,341	\$ 3,075,749
Alberta Infrastructure and Transportation	1,366	83,441
Alberta Finance	198,290	236,344
Other Province of Alberta	26,850	20,713
Federal Government	940,421	699,555
Alberta Municipalities	3,463	8,436
Other Alberta School Jurisdictions	134,048	43,673
Olds College	7,256,350	1,364,936
Other	<u>508,907</u>	<u>422,445</u>
Total	<u>\$10,645,036</u>	<u>\$5,955,292</u>

4. BANK INDEBTEDNESS

The Division has an authorized line of credit in the amount of \$5,000,000 that bears interest at the Community Savings prime rate less 1.0% and is secured by a general security agreement. There was a balance outstanding on the line of credit at August 31, 2007 of nil (2006 - nil). Bank indebtedness is monitored throughout the year to ensure compliance with Section 183(1) of the School Act. This Section requires that total borrowing cannot exceed total receivables.

	<u>2007</u>	<u>2006</u>
Accounts Receivable	\$10,645,036	\$5,955,292
Less: Bank Indebtedness	<u>0</u>	<u>0</u>
Allowable Bank Indebtedness	<u>\$10,645,036</u>	<u>\$5,955,292</u>

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2007</u>	<u>2006</u>
Alberta Education	\$ 0	\$ 0
Alberta Infrastructure and Transportation	0	0
Alberta Finance	198,290	236,344
Other Province of Alberta	0	5,182
Federal Government	979,949	33,265
Alberta Municipalities	0	29,025
Other Alberta School Jurisdictions	0	0
Other Trade Payables and Accrued Liabilities	<u>5,951,384</u>	<u>4,596,463</u>
Total	<u>\$7,129,623</u>	<u>\$4,900,279</u>

6. DEFERRED REVENUE

	<u>2007</u>	<u>2006</u>
Family Wellness Program Funding	\$ 18,861	\$ 19,101
Alberta Initiative for School Improvement	418,466	232,131
Class Size Funding	452,694	0
Infrastructure Maintenance Program	3,110,208	1,094,352
Alberta Human Resources and Employment	19,997	0
2004-2005 Social Studies Resource Grant	62,587	137,698
One to One Laptop Initiative	66,401	0
Other	11,493	25,017
Total	<u>\$4,160,707</u>	<u>\$1,508,299</u>

7. OTHER REVENUE FROM ALBERTA EDUCATION

	<u>2007</u>	<u>2006</u>
Stabilization funding	271,456	263,550
One-time social studies resources funding	75,111	110,303
One to One Laptop Initiative	183,599	0
Lease funding	213,158	218,867
Transportation fuel funding	<u>320,955</u>	<u>359,702</u>
Total	<u>\$1,064,279</u>	<u>\$952,422</u>

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

8. TRUST ASSETS AND LIABILITIES

	<u>2007</u>	<u>2006</u>
Scholarship Trusts	\$832,143	\$776,480
ECS Casino Funds	10,557	10,124
Deferred Salary Leave Plan	35,983	61,167
Sunshine Fund	<u>2,763</u>	<u>0</u>
Total	<u>\$881,446</u>	<u>\$847,771</u>

9. LONG TERM DEBT

Debenture Debt – Supported

The debenture debt bears interest at rates varying between 8.0% and 11.125%. The debenture debt is fully supported by Alberta Finance. The current portion of the long-term debenture debt consists entirely of amounts payable by Alberta Finance on supported debt; therefore, the working capital (current assets minus current liabilities) is understated by this amount. Debenture payments due over the next five years and beyond are as follows:

	<u>2007</u>	<u>2006</u>
Principal balance with interest rates ranging from 8.0% to 11.125%.	\$4,288,896	\$5,083,757
Less: Current portion	<u>783,728</u>	<u>794,861</u>
	<u>\$3,505,168</u>	<u>\$4,288,896</u>

Principal repayments are estimated as follows:

2008	\$ 783,728
2009	760,497
2010	706,747
2011	671,747
2012	<u>656,057</u>
	3,578,776
Due after five years	<u>710,120</u>
	<u>\$4,288,896</u>

**CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007**

Capital loan – Unsupported

The demand capital loan bears interest at prime less 1.0%. Capital loan payments due over the next four years are as follows:

	<u>2007</u>	<u>2006</u>
Principal balance with interest rate of prime less 1.0%. secured by a general security agreement covering all division assets and assignment of adequate All Risk insurance.	\$2,000,000	\$ 0
Less: Current portion	<u>600,000</u>	<u>0</u>
	<u>\$1,400,000</u>	<u>\$ 0</u>

Principal repayments are estimated as follows:

2008	\$ 600,000
2009	600,000
2010	600,000
2011	<u>200,000</u>
	<u>\$2,000,000</u>

Capital Leases – Unsupported

There are no capital leases currently held by the jurisdiction.

10. DEFERRED CAPITAL ALLOCATIONS

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

11. UNAMORTIZED CAPITAL ALLOCATIONS

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

transfers of deferred capital allocations expended, as well as fully supported debenture principal repayments.

12. COMMITMENTS

Building Projects

The jurisdiction is committed to further capital expenditures for the new Didsbury High School of approximately \$3,555 (2006 - \$193,211), for the modernization and addition of River Valley Elementary School of approximately \$41,329 (2006 - \$66,638), for the modernization and addition of John Wilson Elementary School \$0 (2006 - \$12,102), for the construction of a new bus maintenance facility \$33,987 (2006 - \$727,425) and the new Carstairs K to 4 School of approximately \$484,322 (2006 - Nil). In addition, the jurisdiction, in a joint venture with Olds College, is committed to further capital expenditures for the construction of four facilities at Olds College of approximately \$43,557,358 (2006 - \$11,250,979). These costs will be fully funded by the capital allocations from Alberta Education, Alberta Advanced Education, Chinook's Edge, Olds College, Mountain View County, and the Town of Olds.

Premise Lease

The Division has entered into various premise lease agreements with estimated annual payments as follows:

2007	\$343,232
2008	95,156

13. CONTINGENCIES

The School Division is a member of a reciprocal insurance exchange called ASBIE. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenses in the financial statements, as the value of equity is subject to liability claims.

The School Division has been named as a defendant in two lawsuits whereby the plaintiffs are seeking minor damages. As the likelihood of the outcome and potential damages, if any, ensuing from these lawsuits are not determinable at the date of reporting, no provision has been made in the financial statements for any costs associated with these lawsuits.

The School Division is subject to a number of small insurance claims, the outcome of which is not determinable as at the date of reporting. As these claims are covered by insurance, no provision has been made in the financial statements for any costs associated with them.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

14. RELATED PARTY TRANSACTIONS

Effective 2005/2006, school divisions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta. The Chinook's Edge School Division No. 73 had related party transactions for the year ended August 31, 2007 recorded on the Statement of Revenues and Expenses and Statement of Financial Position, at amount of consideration agreed upon between the related parties.

2006-2007	Balances		Transactions	
	Assets (@ cost or net realizable value)	Liabilities (@ fair value)	Revenues	Expenses
Government of Alberta:				
Education	\$ 1,575,341	\$	\$ 87,618,206	\$ 0
Infrastructure & Transportation	1,366	0	0	0
Finance	198,290	198,290	433,726	0
Health & Wellness	0	46,259	0	175,544
Human Resources/Employment	0	0		0
Other Gov't of Alberta departments	0	0	336,096	0
Other:				
Health authorities	0	1,433	0	78,027
Post-secondary institutions	7,256,350	163,322	0	21,431
Other Alberta school jurisdictions	134,048	70,914	40,773	455,765
Other related parties	26,850	93,839	0	553,421
TOTAL 2006-2007	<u>\$9,192,245</u>	<u>\$547,056</u>	<u>\$88,428,801</u>	<u>\$1,284,188</u>
TOTAL 2005-2006	<u>\$4,804,143</u>	<u>\$101,706</u>	<u>\$81,884,339</u>	<u>\$699,647</u>

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

15. ECONOMIC DEPENDANCE ON RELATED THIRD PARTY

Chinook's Edge School Division No. 73's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

16. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Trustees. It is presented for information purposes only and has not been audited.

17. COMPARATIVE FIGURES

The Budget 2007 and Actual 2006 comparative figures have been reclassified where necessary to conform to Actual 2007 presentation.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2007

18. REMUNERATION AND MONETARY INCENTIVES

The Chinook's Edge School Division No. 73 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	Expenses
Chair Brassard, Roy	1.00	\$13,200	\$956	\$564			\$11,369
Archibald, Penny	1.00	\$8,950	\$1,516	\$144			\$6,978
Butler, Colleen	1.00	\$13,900	\$2,169	\$1,008			\$14,046
Cooper, Sherry	1.00	\$11,925	\$4,133	\$168			\$6,848
Fisher, Ron	1.00	\$14,475	\$3,462	\$996			\$13,042
Huelsman, Connie	1.00	\$10,925	\$4,175	\$108			\$8,302
Johnson, Gordon	1.00	\$8,500	\$3,991	\$720			\$7,351
Swainson, Jackie	1.00	\$11,825	\$4,214	\$384			\$8,875
Wagstaff, Doug	1.00	\$10,675	\$411	\$408			\$10,922
Subtotal	9.00	\$104,375	\$25,027	\$4,500			\$87,733
Superintendent Gibbons, James	1.00	\$157,577	\$26,039				\$27,653
Board Secretary Moltzan, Bruce	1.00	\$112,000	\$29,948				\$10,414
Board Treasurer Roy, Susan	1.00	\$103,279	\$24,117				\$5,892
Certificated Teachers	601.59	\$44,350,656	\$4,818,344				
Non-certificated - Other	682.00	\$17,157,116	\$3,082,110				
TOTALS		\$61,958,003	\$8,005,585	\$4,500	\$0	\$0	

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2007
[School Act, Section 276]

The Chinook's Edge School Division No. 73

Legal Name of School Jurisdiction

4904 - 50 Street, Innisfail, AB T4G 1W4

Mailing Address

Phone (403) 227-7030 Fax (403) 227-3652

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

Susan Roy, CGA, MBA, csbo

Name

"ORIGINAL SIGNED"

Signature

December 10, 2007

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

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SCHEDULE B	Alberta Education Revenues	4
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SCHEDULE D	2006-2007 Board and System Administration Expenses Under (Over) Maximum Limit	5
SCHEDULE E	School Generated Funds (SGF)	5

SCHEDULE A

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	\$87,618,206	\$68,250,732	\$10,025,329	\$5,977,636	\$3,004,634	\$359,875
(2) Alberta Infrastructure & Transportation	\$0					
(3) Alberta Finance	\$433,726		\$433,726			\$0
(4) Other - Government of Alberta	\$336,096	\$5,934	\$0	\$0	\$0	\$330,162
(5) Federal Government and/or First Nations	\$296,212	\$242,709	\$0	\$0	\$0	\$53,503
(6) Other Alberta school authorities	\$40,773	\$40,137	\$0	\$0	\$0	\$636
(7) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0
(8) Alberta municipalities (excl. supplementary requisitions)	\$262,535	\$0	\$0	\$0	\$0	\$262,535
(9) Instruction resource fees	\$1,116,530	\$1,116,530				
(10) Transportation fees	\$37,806			\$37,806		
(11) Other sales and services	\$332,068	\$162,454	\$0	\$169,614		\$0
(12) Investment income	\$496,298	\$201,097	\$150,562	\$0	\$144,639	
(13) Gifts and donations	\$79,789	\$78,158	\$0	\$131		\$1,500
(14) Rentals of facilities	\$174,296	\$38,619	\$135,677	\$0	\$0	\$0
(15) Net school generated funds	\$1,957,644	\$1,957,644			\$0	
(16) Gains on disposal of capital assets	\$342,062	\$12,000	\$317,425	\$12,637	\$0	\$0
(17) Amortization of capital allocations	\$3,202,946	\$72,033	\$3,119,907	\$11,006		\$0
(18) TOTAL REVENUES	\$96,726,987	\$72,178,047	\$14,182,626	\$6,208,830	\$3,149,273	\$1,008,211
EXPENSES						
(19) Certificated salaries	\$45,588,145	\$45,079,736			\$508,409	\$0
(20) Certificated benefits	\$4,971,459	\$4,894,165			\$77,294	
(21) Non-certificated salaries and wages	\$16,106,496	\$8,751,427	\$3,559,180	\$1,742,872	\$1,295,677	\$757,340
(22) Non-certificated benefits	\$3,006,557	\$1,643,745	\$709,961	\$237,167	\$285,132	\$130,552
(23) SUB - TOTAL	\$69,672,657	\$60,369,073	\$4,269,141	\$1,980,039	\$2,166,512	\$887,892
(24) Services, contracts & supplies	\$16,138,134	\$6,184,252	\$5,586,219	\$3,274,463	\$972,881	\$120,319
(25) Cost recoveries between programs	\$0	\$0	\$0	\$0	\$0	\$0
(26) Net school generated funds	\$1,957,644	\$1,957,644				
Capital and debt services						
Amortization of capital assets						
(27) Supported	\$3,202,946	\$72,033	\$3,119,907	\$11,006	\$0	\$0
(28) Unsupported	\$1,337,238	\$262,253	\$362,555	\$619,705	\$92,725	\$0
(29) Total Amortization	\$4,540,184	\$334,286	\$3,482,462	\$630,711	\$92,725	\$0
Interest on capital debt						
(30) Supported	\$433,726	\$0	\$433,726	\$0	\$0	\$0
(31) Unsupported	\$444	\$62	\$0	\$0	\$382	\$0
(32) Other interest charges	\$0	\$0	\$0	\$0	\$0	\$0
(33) Losses on disposal of capital assets	\$202,028	\$202,028	\$0	\$0	\$0	\$0
(34) TOTAL EXPENSES	\$92,944,817	\$69,047,345	\$13,771,548	\$5,885,213	\$3,232,500	\$1,008,211
(35) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$3,782,170	\$3,130,702	\$411,078	\$323,617	(\$83,227)	\$0

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

TOTAL EXPENSES	\$92,944,817
STEP 1	
Calculation of maximum expense limit PERCENTAGE for Board and System Administration expense:	
If "Total Net Enrolled Students" are 6,000 and over = 4%	4.00%
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%).	
STEP 2	
Calculate maximum expense limit AMOUNTS for Board and System Administration expense:	
Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES	\$3,717,793
Considerations for Charter Schools and Small School Boards	
If Charter School , enter \$58,366	\$0
If School Board , please enter your 2006-2007 Gr 1 - 12 funded enrolmen	0
	\$0
2006-2007 MAXIMUM EXPENSE LIMIT	\$3,717,793
Less: 2006/2007 Board and System Administration expenses	-\$3,232,500
2006-2007 BOARD AND SYSTEM ADMINISTRATION EXPENSES UNDER (OVER) MAXIMUM LIMIT	\$485,293

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

Unexpended SGF - Opening Balance August 31, 2006	\$1,152,475																								
Sources of School Generated Funds:																									
	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th align="center">Gross SGF</th> <th align="center">Related Expenses</th> <th align="center">Net SGF</th> </tr> </thead> <tbody> <tr> <td>Fundraising activities</td> <td align="right">\$1,871,618</td> <td align="right">\$1,177,837</td> <td align="right">\$693,781</td> </tr> <tr> <td>Student fees (Non-Instructional) (Note 1)</td> <td align="right">\$1,054,313</td> <td align="right">\$0</td> <td align="right">\$1,054,313</td> </tr> <tr> <td>Donations and grants to schools</td> <td align="right">\$208,384</td> <td align="right">\$0</td> <td align="right">\$208,384</td> </tr> <tr> <td>Other (describe):</td> <td align="right">\$0</td> <td align="right">\$0</td> <td align="right">\$0</td> </tr> <tr> <td>Net Additions to SGF</td> <td align="right">\$3,134,315</td> <td align="right">\$1,177,837</td> <td align="right">\$1,956,478</td> </tr> </tbody> </table>		Gross SGF	Related Expenses	Net SGF	Fundraising activities	\$1,871,618	\$1,177,837	\$693,781	Student fees (Non-Instructional) (Note 1)	\$1,054,313	\$0	\$1,054,313	Donations and grants to schools	\$208,384	\$0	\$208,384	Other (describe):	\$0	\$0	\$0	Net Additions to SGF	\$3,134,315	\$1,177,837	\$1,956,478
	Gross SGF	Related Expenses	Net SGF																						
Fundraising activities	\$1,871,618	\$1,177,837	\$693,781																						
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Donations and grants to schools	\$208,384	\$0	\$208,384																						
Other (describe):	\$0	\$0	\$0																						
Net Additions to SGF	\$3,134,315	\$1,177,837	\$1,956,478																						
Net SGF Available	\$3,108,953																								
Uses of Net School Generated Funds:																									
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Family literacy and other community resources	\$1,190																								
Other (describe):	\$0																								
Total Uses of Net SGF (Note 2)	\$1,957,644																								
Unexpended SGF - Closing Balance August 31, 2007 (Note 3)	\$1,151,309																								

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.)

Notes:

- 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for CEU-related activities are recorded as instruction resource fees, not SGF.
- 2 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.