

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2008**
[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 system of budgetary control.

Board of Trustees Responsibility

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

External Auditors

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

Declaration of Management and Board Chairman

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

BOARD CHAIRMAN

Mr. Doug Wagstaff

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

Mr. Jim Gibbons

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

Mrs. Susan Roy, MBA, CSBO, CGA

Name

"ORIGINAL SIGNED"

Signature

December 10, 2008

Board-approved Release Date

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Auditors' Report

To the Board of Trustees of Chinook's Edge School Division No. 73:

We have audited the statement of financial position of Chinook's Edge School Division No. 73 as at August 31, 2008 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 Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the School Division as at August 31, 2008 and the results of its operations, cashflows, changes in net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were reported on by another firm of public accountants.

Red Deer, Alberta

December 7, 2008

Meyers Norris Penny LLP

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2008

(in dollars)

	2008	2007 (Note)
ASSETS		
Current assets		
Cash and temporary investments	\$12,054,335	\$20,334,836
Accounts receivable (net after allowances)	\$16,664,314	\$10,645,036
Prepaid expenses	\$1,295,912	\$920,791
Other current assets	\$425	\$505
Total current assets	\$30,014,986	\$31,901,168
School generated assets	\$1,151,310	\$1,151,309
Trust assets	\$892,395	\$881,446
Long term accounts receivable	\$0	\$0
Long term investments	\$109,773	\$85,527
Capital assets		
Land	\$2,860,270	\$2,860,270
Buildings	\$149,208,741	
Less: accumulated amortization	(\$54,582,466)	\$81,466,420
Equipment	\$9,476,867	
Less: accumulated amortization	(\$4,744,752)	\$5,252,668
Vehicles	\$9,378,534	
Less: accumulated amortization	(\$5,011,295)	\$3,115,717
Total capital assets	\$106,585,899	\$92,695,075
TOTAL ASSETS	\$138,754,363	\$126,714,525
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$11,918,177	\$7,129,623
Deferred revenue	\$5,382,945	\$4,160,707
Deferred capital allocations	\$6,247,303	\$13,088,670
Current portion of all long term debt	\$1,360,497	\$1,383,728
Total current liabilities	\$24,908,922	\$25,762,728
School generated liabilities	\$1,151,310	\$1,151,309
Trust liabilities	\$892,395	\$881,446
Employee future benefits liability	\$140,500	\$142,300
Long term payables and accrued liabilities	\$0	\$0
Long term debt		
Supported: Debentures and other supported debt	\$3,505,168	\$4,288,896
Less: Current portion of supported debt	(\$760,497)	(\$783,728)
Unsupported: Debentures and Capital Loans	\$900,000	\$2,000,000
Capital Leases		\$0
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	(\$600,000)	(\$600,000)
Other long term liabilities	\$0	\$0
Unamortized capital allocations	\$86,277,280	\$73,466,488
Total long term liabilities	\$91,506,156	\$80,546,711
TOTAL LIABILITIES	\$116,415,078	\$106,309,439
NET ASSETS		
Unrestricted net assets	\$1,000,000	\$1,000,000
Operating Reserves	\$4,922,230	\$4,055,545
Accumulated Operating Surplus (Deficit)	\$5,922,230	\$5,055,545
Investment in capital assets	\$15,903,450	\$12,939,692
Capital Reserves	\$513,604	\$2,409,849
Total Capital Funds	\$16,417,054	\$15,349,541
Total net assets	\$22,339,284	\$20,405,086
TOTAL LIABILITIES AND NET ASSETS	\$138,754,363	\$126,714,525

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

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2008
(in dollars)

	Actual 2008	Budget 2008 (Note)	Actual 2007 (Note)
REVENUES			
Government of Alberta	\$91,957,144	\$90,165,103	\$88,388,028
Federal Government and/or First Nations	\$344,586	\$69,438	\$296,212
Other Alberta school authorities	\$40,137	\$42,000	\$40,773
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$340,379	\$264,330	\$262,535
Instruction resource fees	\$1,043,668	\$882,809	\$1,116,530
Transportation fees	\$94,831	\$0	\$37,806
Other sales and services	\$338,025	\$209,229	\$332,068
Investment income	\$449,685	\$160,000	\$496,298
Gifts and donations	\$146,045	\$8,700	\$79,789
Rentals of facilities	\$156,167	\$152,100	\$174,296
Net school generated funds	\$2,025,224	\$1,700,000	\$1,957,644
Gains on disposal of capital assets	\$36,308	\$10,000	\$342,062
Amortization of capital allocations	\$3,156,053	\$3,104,500	\$3,202,946
Total Revenues	\$100,128,252	\$96,768,209	\$96,726,987
EXPENSES			
Certificated salaries	\$47,579,944	\$47,520,412	\$45,588,145
Certificated benefits	\$5,309,712	\$5,636,114	\$4,971,459
Non-certificated salaries and wages	\$17,968,742	\$18,093,186	\$16,106,496
Non-certificated benefits	\$3,590,723	\$3,894,940	\$3,006,557
Services, contracts and supplies	\$15,464,529	\$15,897,093	\$16,140,997
Net school generated funds	\$2,025,224	\$1,700,000	\$1,954,781
Capital and debt services			
Amortization of capital assets			
Supported	\$3,156,053	\$3,104,500	\$3,202,946
Unsupported	\$2,377,225	\$1,732,635	\$1,337,238
Total Amortization of capital assets	\$5,533,278	\$4,837,135	\$4,540,184
Interest on capital debt			
Supported	\$359,350	\$397,000	\$433,726
Unsupported	\$73,402	\$75,000	\$444
Total Interest on capital debt	\$432,752	\$472,000	\$434,170
Other interest charges	\$1,238		
Losses on disposal of capital assets	\$287,912	\$0	\$202,028
Total Expenses	\$98,194,054	\$98,050,880	\$92,944,817
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$1,934,198	(\$1,282,671)	\$3,782,170
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$1,934,198	(\$1,282,671)	\$3,782,170

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

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2008

(in dollars)

	2008	2007 (Note)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses for the year	\$1,934,198	\$3,782,170
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$3,156,053)	(\$3,202,946)
Total amortization expense	\$5,533,278	\$4,540,184
Gains on disposal of capital assets	(\$36,308)	(\$342,062)
Losses on disposal of capital assets	\$287,912	\$202,028
Changes in accrued accounts:		
Accounts receivable	(\$6,019,278)	(\$4,689,744)
Prepays and other current assets	(\$375,041)	\$30,636
Long term accounts receivable	\$0	\$0
Long term investments	(\$24,246)	(\$20,286)
Payables and accrued liabilities	\$4,788,554	\$2,229,344
Deferred revenue	\$1,222,238	\$2,652,408
Employee future benefit expense (recovery)	(\$1,800)	\$12,200
Other (describe)	\$0	\$0
Total sources (uses) of cash from Operations	\$4,153,454	\$5,193,932
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$16,600,889)	(\$5,310,021)
Equipment	(\$1,009,118)	(\$3,754,166)
Vehicles	(\$1,893,551)	(\$316,938)
Net proceeds from disposal of capital assets	\$82,936	\$378,793
Other (describe) Demolition of old Didsbury High School	(\$281,125)	\$0
Total sources (uses) of cash from Investing activities	(\$19,701,747)	(\$9,002,332)
C. FINANCING ACTIVITIES		
Capital allocations	\$8,367,791	\$16,399,681
Issue of long term debt	\$0	\$2,000,000
Repayment of long term debt	(\$1,883,728)	(\$794,861)
Add back: supported portion	\$783,728	\$794,861
Other (describe) Transferred in from Horizon School Committee	\$0	\$454,357
Total sources (uses) of cash from Financing activities	\$7,267,791	\$18,854,038
Net sources (uses) of cash during year	(\$8,280,501)	\$15,045,638
Cash and temporary investments, net of bank indebtedness, at Aug. 31/07	\$20,334,836	\$5,289,198
Cash and temporary investments, net of bank indebtedness, at Aug. 31/08	\$12,054,335	\$20,334,836

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

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

	TOTAL NET ASSETS	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	RESTRICTED NET ASSETS	
				OPERATING RESERVES	CAPITAL RESERVES
Balance at August 31, 2007	\$20,405,086	\$12,939,692	\$1,000,000	\$4,055,545	\$2,409,849
Retrospective Restatements (describe)					
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2007	\$20,405,086	\$12,939,692	\$1,000,000	\$4,055,545	\$2,409,849
Excess(def) of revenue over expenses	\$1,934,198		\$1,934,198		
Board funded capital transactions		\$4,294,400		\$0	(\$4,294,400)
Direct credits to net assets	\$0				
Amortization of capital assets		(\$5,533,278)	\$5,533,278		
Amortization of capital allocations		\$3,156,053	(\$3,156,053)		
Disposal of unsupported capital assets	\$0	(\$53,417)			\$53,417
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0
Debt principal payments (unsupported)		\$1,100,000	(\$1,100,000)		
Net transfers to operating reserves			(\$866,685)	\$866,685	
Net transfers from operating reserves			\$0	\$0	
Net transfers to capital reserves			(\$2,344,738)		\$2,344,738
Net transfers from capital reserves			\$0		\$0
Assumption/transfer of other operations's net assets	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2008	\$22,339,284	\$15,903,450	\$1,000,000	\$4,922,230	\$513,604

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

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2007	\$13,088,670	\$73,466,488
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2007	\$13,088,670	\$73,466,488
Add:		
Restricted capital allocations from: Alberta Education-School/Modular Project Capital *	\$7,598,191	
Infrastructure & Transportation-School/Modular Project Capital *	\$0	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources		
Interest earned on provincial government capital allocations	\$246,946	
Other capital grants and donations	\$522,654	
Net Proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$783,728
Expended capital allocations - current year	(\$15,209,158)	\$15,209,158
Less:		
Net book value of supported capital assets disposition, write-off, or transfer; Other	\$0	\$26,041
Capital allocations amortized to revenue		\$3,156,053
Balance at August 31, 2008	\$6,247,303	\$86,277,280

* Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations are excluded 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, 2008

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. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. 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, 2008

b) Cash and Temporary Investments

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

c) 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%
Technology Equipment (purchased after September 1, 2006)	33%

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.

d) 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.)

e) Vacation Pay

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

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

f) 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 \$643,118 (2007 - \$553,421) for LAPP and \$33,486 (2007 - \$32,160) for SiPP for the year ended August 31, 2008. As at December 31, 2007, the Local Authorities Pension Plan reported a deficiency of \$1,183,334,000 (2006 deficiency of \$746,651,000).

g) Inventories

Inventories are recorded at the lesser of cost or net realizable value. Cost is determined by the first in first out method.

h) 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.

i) 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.

j) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the School 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 School Division accrues its obligations under employee future benefit plans and expenses the related costs. The financial impact on the Division for the 2007/2008 school year was an accrual of \$140,500 (2006/2007 \$142,300).

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

Defined contribution pension plan

The School Division participates in the multi-employer pension plan (Local Authorities Pension Plan) and does not report on any unfunded liabilities.

Defined benefit pension plan

The actuarial determination of the accrued benefit obligation for pensions used the project benefit method prorated on service (which incorporates management's best estimate of future salary levels, retirement ages of employees and other actuarial factors). Actuarial gains (losses) arise from the difference resulting from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated net actuarial gain (loss) over 10 percent of the greater of the benefit obligation and the fair value of the plan assets is amortized over the remaining service period of active employees. The average remaining service period of active employees covered by the pension plan is 10 years. Past service costs arising from plan initiation are deferred and amortized on a straight line basis over the average remaining service period of employees active at the date of initiation.

l) Long-lived Assets

Long-lived assets consists of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The School Division performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in earnings for the year. Prices for similar items are used to measure fair value of long-lived assets.

m) Financial Instruments

Held for Trading

The School Division has classified the following financial assets and liabilities as held for trading: cash and temporary investments and restricted cash (trust assets). These instruments are initially recognized at their fair value, determined by recent arm's length market transactions for the same instrument. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in income.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current year earnings. All fees and costs incurred on the

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

exchange or modification of a financial liability not accounted for as an extinguishment, are recognized in current year earnings.

Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transactions costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in income.

Loans and Receivables

The School Division has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value, approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in income. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Other Financial Liabilities

The School Division has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities, trust liabilities, and term debt. These liabilities are initially recognized at their fair value, determined by the discounted cash flow method. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in income. Total interest expense, calculated using the effective interest rate method, is recognized in net income.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current earnings. All fees and costs incurred on the exchange or modification of a financial liability not accounted for as an extinguishment are included in the carrying amount of the modified financial liability and amortized over its remaining expected life. Any related other costs incurred are recognized in current year earnings.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
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Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

n) Recent Accounting Pronouncements

Financial Instruments

In December 2006, the Canadian Institute of Chartered Accountants issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. These new Sections are effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2008, but may be adopted in place of Section 3861, before that date.

General Standards of Financial Statement Presentation

CICA Handbook Section 1400 General Standards of Financial Statement Presentation has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

The School Division does not expect the adoption of these changes to have a material impact on its financial statements.

3. CHANGE IN ACCOUNTING POLICIES

Financial instruments

Effective September 1, 2007, the School Division adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards.

Although the requirements of CICA 1530 Comprehensive Income are not applicable for not-for-profit organizations, amendments to CICA 4400 Financial Statement Presentation by Not-For-Profit Organizations require presentation of gains, losses, revenues and expenses arising from derivatives, hedges and other financial instruments as separate components of the change in net assets.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

CICA 3855 Financial Instruments – Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3861 Financial Instruments – Disclosure and Presentation discusses the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

As described in Accounting Policies, Note 2, the School Division recognizes its held for trading financial assets at their fair value. Prior to this classification, required at the time the School Division adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any permanent impairment. There was no significant result of the application of this policy in the current period. The new requirements were applied prospectively and prior periods have not been restated.

As described in Accounting Policies, Note 2, the School Division's loan and receivable financial assets, and its other financial liabilities, are recognized at their amortized cost, using the effective interest method. Prior to this classification, these items were recognized at their historical cost, adjusted for any permanent impairment. There was no significant result of the application of this policy in the current period. The new requirements were applied prospectively and prior periods have not been restated.

4. ACCOUNTS RECEIVABLE

	<u>2008</u>	<u>2007</u>
Alberta Education	\$ 1,414,958	\$ 1,575,341
Alberta Infrastructure and Transportation	1,366	1,366
Alberta Finance	160,678	198,290
Other Province of Alberta	96,402	26,850
Federal Government	1,048,192	940,421
Alberta Municipalities	200,114	3,463
Other Alberta School Jurisdictions	245,315	134,048
Olds College	12,937,494	7,256,350
Other	559,795	508,907
Total	<u>\$16,664,314</u>	<u>\$10,645,036</u>

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

5. BANK INDEBTEDNESS

The Division has an authorized line of credit in the amount of \$5,000,000 (2007 - \$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, 2008 of nil (2007 - 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>2008</u>	<u>2007</u>
Accounts Receivable	\$16,664,314	\$10,645,036
Less: Bank Indebtedness	<u>0</u>	<u>0</u>
Allowable Bank Indebtedness	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Alberta Finance	\$ 160,678	\$ 198,290
Federal Government	1,026,316	979,949
Other Alberta School Jurisdictions	179,482	0
Other Trade Payables and Accrued Liabilities	<u>10,551,701</u>	<u>5,951,384</u>
Total	<u>\$11,918,177</u>	<u>\$7,129,623</u>

7. DEFERRED REVENUE

	<u>2008</u>	<u>2007</u>
Family Wellness Program Funding	\$ 17,500	\$ 18,861
Alberta Initiative for School Improvement	490,283	418,466
Class Size Funding	0	452,694
Infrastructure Maintenance Program	3,037,205	3,110,208
Alberta Human Resources and Employment	0	19,997
2004-2005 Social Studies Resource Grant	15,229	62,587
One to One Laptop Initiative	40,741	66,401
Technology in the Classroom	207,380	0
Curriculum Resources	340,110	0
Technology Infrastructure	364,906	0
High School Success	298,218	0
Other	<u>571,373</u>	<u>11,493</u>
Total	<u>\$5,382,945</u>	<u>\$4,160,707</u>

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

8. OTHER REVENUE FROM ALBERTA EDUCATION

	<u>2008</u>	<u>2007</u>
Stabilization funding	272,910	271,456
One-time social studies resources funding	47,357	75,111
One to One Laptop Initiative	25,660	183,599
Lease funding	260,526	213,158
Transportation fuel funding	543,956	320,955
Technology infrastructure	148,359	0
High School Success	1,782	0
Curriculum resources	12,436	0
Total	<u>\$1,312,986</u>	<u>\$1,064,279</u>

9. TRUST ASSETS AND LIABILITIES

	<u>2008</u>	<u>2007</u>
Scholarship Trusts	\$846,821	\$832,143
ECS Casino Funds	0	10,557
Deferred Salary Leave Plan	42,863	35,983
Sunshine Fund	2,711	2,763
Total	<u>\$892,395</u>	<u>\$881,446</u>

10. 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>2008</u>	<u>2007</u>
Principal balance with interest rates ranging from 8.0% to 11.125%.	\$3,505,168	\$4,288,896
Less: Current portion	760,497	783,728
	<u>\$2,744,671</u>	<u>\$3,505,168</u>

**CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

10. LONG TERM DEBT (Continued)

Principal repayments are estimated as follows:

2009	\$ 760,497
2010	706,747
2011	671,747
2012	656,057
2013	<u>422,357</u>
	3,217,405
Due after five years	<u>287,763</u>
	<u>\$3,505,168</u>

Capital loan – Unsupported

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

	<u>2008</u>	<u>2007</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.	\$ 900,000	\$2,000,000
Less: Current portion	<u>600,000</u>	<u>600,000</u>
	<u>\$ 300,000</u>	<u>\$ 1,400,000</u>

Principal repayments are estimated as follows:

2009	\$ 600,000
2010	<u>300,000</u>
	<u>\$ 900,000</u>

Capital Leases – Unsupported

There are no capital leases currently held by the School Division.

11. 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.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

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

13. COMMITMENTS

Building Projects

The School Division is committed to further capital expenditures for the new Didsbury High School of nil (2007 - \$3,555), for the modernization and addition of River Valley Elementary School of nil (2007 - \$41,329), for the modernization and addition of C P Blakely School of \$213,793 (2007 - \$0), for the construction of a new bus maintenance facility of \$27,999 (2007 - \$33,987) and for the construction of the new Carstairs K to 4 School of approximately \$9,542,254 (2007 - \$484,322). In addition, the School Division, in a joint venture with Olds College, is committed to further capital expenditures for the construction of four facilities at Olds College of approximately \$17,540,010 (2007 - \$43,557,358). 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:

2009	\$347,053
2010	343,885
2011	313,451
2012	326,669
2013	309,880

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

14. 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 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.

15. 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, 2008 recorded on the Statement of Revenues and Expenses and Statement of Financial Position, at amount of consideration agreed upon between the related parties.

**CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

16. RELATED PARTY TRANSACTIONS (Continued)

2007-2008	Balances		Transactions	
	Assets (@ cost or net realizable value)	Liabilities (@ fair value)	Revenues	Expenses
Government of Alberta:				
Education	\$ 1,414,958	\$0	\$ 91,445,285	\$ 0
Infrastructure & Transportation	1,366	0	0	0
Finance	160,678	160,678	359,350	359,350
Health & Wellness	0	67,671	0	159,038
Human Resources/Employment	0	0		0
Other Gov't of Alberta departments	0	0	152,509	0
Other:				
Health authorities	0	0	0	132,122
Post-secondary institutions	12,937,494	298,448	9,312	124,406
Other Alberta school jurisdictions	245,315	179,482	40,137	340,953
Other related parties	96,402	104,077	0	273,478
TOTAL 2007-2008	\$14,856,213	\$810,356	\$92,006,593	\$1,389,347
TOTAL 2006-2007	\$9,192,245	\$547,056	\$88,428,801	\$1,284,188

17. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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

18. TARGETED FUNDING FOR PROVINCIAL INITIATIVES EXPENSES

TARGETED FUNDING FOR PROVINCIAL INITIATIVES	Certificated Remuneration	Non-Certificated Remuneration	Supplies & Services	Other Expenses
Alberta Initiative for School Improvement	\$903,338	\$0	\$458,812	\$0
Children and Youth with Complex Needs	\$0	\$59,533	\$0	\$0
Francophone Student Health Services	\$0	\$0	\$0	\$0
Small Class Size Initiative	\$4,440,080	\$0	\$0	\$0
Student Health Initiative	\$0	\$262,480	\$94,175	\$0
SuperNet Service	\$0	\$0	\$211,470	\$0

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

19. DEFINED BENEFIT PENSION PLAN

The expense and obligations relating to the defined benefit pension plan are determined in accordance with Canadian GAAP and actuarial principles. Obligations are based on the projected benefits method of valuation that includes employee service to date and present pay levels, as well as a projection of salaries and service to retirement.

Accrued benefit plan obligation

	<u>2008</u>	<u>2007</u>
Accrued benefit plan obligation, beginning of year	86,000	58,100
Accrual for services	19,000	15,200
Interest cost	6,000	4,000
Actuarial loss on accrued benefit plan obligation	<u>700</u>	<u>8,700</u>
Accrued benefit plan obligation, end of year	<u>\$111,700</u>	<u>\$86,000</u>

Accrued benefit liability

	<u>2008</u>	<u>2007</u>
Accrued benefit plan obligation	111,700	86,000
Balance of unamortized amounts	<u>16,500</u>	<u>19,000</u>
Accrued benefit liability	<u>\$95,200</u>	<u>\$67,000</u>

Elements of defined benefit costs recognized in the year

	<u>2008</u>	<u>2007</u>
Current service cost	19,000	15,200
Interest cost	<u>6,000</u>	<u>4,000</u>
Defined benefit costs recognized	<u>\$25,000</u>	<u>\$19,200</u>

Significant assumption

	<u>2008</u>	<u>2007</u>
Accrued benefit obligation discount	5.75%	5.50%

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

20. FINANCIAL INSTRUMENTS

Fair value disclosure

The carrying amount of cash and temporary investments, accounts receivable and accounts payable and accrued liabilities approximates their fair values due to the short-term maturities of these items.

The fair value of the School Division's long-term financial instruments is estimated using discounted cash flow analysis based on current market rates for such instruments with similar terms and risks. Based on these assumptions, the fair values as at August 31, 2008 of these long-term financial instruments are as follows:

	Carrying Amount		Fair Value	
	2008	2007	2008	2007
Long-term debt	\$4,405,168	\$6,288,896	\$3,870,387	\$5,427,611

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the School Division manages exposure through its normal operating and financing activities. The School Division is exposed to interest rate risk primarily through its long term debt.

21. SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2008</u>	<u>2007</u>
Interest paid	\$433,990	\$434,562

22. BUDGET AMOUNTS

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

23. COMPARATIVE FIGURES

The Budget 2008 and Actual 2007 comparative figures have been reclassified where necessary to conform to Actual 2008 presentation.

CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008

24. SUBSEQUENT EVENTS

On May 21, 2008, Chinook's Edge School Division No. 73 entered into an agreement to sell land in Red Deer, Alberta for \$640,000. This agreement has certain conditions, that if met, will result in a closing date of May 1, 2009. The sale will result in a gain on disposal of \$630,000.

On August 20, 2008, Chinook's Edge School Division No. 73 entered into an agreement to sell land in Didsbury, Alberta for \$800,000. This agreement has certain conditions, that if met, will result in a closing date of June 1, 2009. The sale will result in a gain on disposal of \$740,415.

**CHINOOK'S EDGE SCHOOL DIVISION NO. 73
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

25. REMUNERATION AND MONETARY INCENTIVES

The Chinook's Edge School Division No. 73 had paid or accrued expenses for the year ended August 31, 2008 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's/ Other	Expenses
Former Chair Brassard, Roy	0.13	\$ 2,150	\$ 159	\$ 94			\$ 1,992
Chair, Wagstaff, Doug	1.00	15,175	634	386			11,290
Vice Chair, Taylor Ian	0.87	14,600	3,931	594			10,170
Archibald, Penny	1.00	10,375	1,806	133			6,671
Butler, Colleen	1.00	14,350	2,579	942			11,963
Cooper, Sherry	1.00	14,100	4,840	157			8,170
Fisher, Ron	1.00	17,275	3,861	930			12,749
Huelsman, Connie	1.00	8,725	4,646	108			7,323
Johnson, Gordon	0.13	900	298	60			890
MacFarquhar, Bill	0.87	13,550	3,517	770			10,405
Swainson, Jackie	1.00	13,150	4,888	362			8,557
Subtotal	9.00	\$ 124,350	\$ 31,159	\$ 4,536			\$ 90,180
Superintendent Gibbons, James	1.00	\$165,298	28,444				\$24,644
Corporate Secretary Moltzan, Bruce	1.00	\$117,705	28,312				\$9,115
Corporate Treasurer Roy, Susan	1.00	103,703	25,873				\$4,916
Certificated Teachers	601.59	47,414,646	5,281,268				
Non-certificated – Other	682.00	17,618,447	3,505,379				
TOTALS	1295.59	65,544,149	8,900,436	\$4,536	\$0	\$0	

UNAUDITED SCHEDULES
TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2008
[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. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

Mrs. Susan Roy, MBA, CSBO, CGA
Name

SIGNED AND DATED ELECTRONICALLY
Signature

28-Nov-08

Dated

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

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SCHEDULE A

School Jurisdiction Code:

53

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2007-2008

REVENUES	TOTAL	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Admin.	External Services
(1) Alberta Education	\$91,445,285	\$0	\$70,590,056	\$10,894,233	\$6,119,013	\$3,449,814	\$392,169
(2) Other - Government of Alberta	\$511,859	\$0	\$140,052	\$25,600	\$0	\$0	\$346,207
(3) Federal Government and/or First Nations	\$344,586	\$0	\$172,483	\$0	\$0	\$0	\$172,103
(4) Alberta Municipalities-special tax levies	\$340,379	\$0	\$99,066	\$0	\$0	\$0	\$241,313
(5) Instruction resource fees	\$1,043,668	\$0	\$1,043,668				
(6) Transportation fees-ECS	\$0						
(7) Transportation fees-Grades 1-12	\$94,831				\$94,831		
(8) Net school generated funds	\$2,025,224	\$0	\$2,025,224			\$0	
(9) Gains on disposal of capital assets	\$36,308	\$0	\$13,259	\$0	\$22,845	\$204	\$0
(10) Amortization of capital allocations	\$3,156,053	\$0	\$67,280	\$3,077,767	\$11,006		\$0
(11) Other revenues	\$1,130,059	\$0	\$427,150	\$327,138	\$159,255	\$216,516	\$0
(12) TOTAL REVENUES	\$100,128,252	\$0	\$74,578,238	\$14,324,738	\$6,406,950	\$3,686,534	\$1,151,792
EXPENSES							
(13) Certificated salaries	\$47,579,944	\$0	\$46,893,322			\$686,622	\$0
(14) Certificated benefits	\$5,309,712	\$0	\$5,218,907			\$90,805	\$0
(15) Non-certificated salaries and wages	\$17,968,742	\$0	\$9,730,283	\$4,014,281	\$1,990,577	\$1,438,851	\$794,750
(16) Non-certificated benefits	\$3,590,724	\$0	\$1,972,421	\$655,921	\$290,864	\$318,790	\$152,728
(17) SUB - TOTAL	\$74,448,121	\$0	\$63,814,932	\$4,870,202	\$2,281,441	\$2,535,068	\$947,478
(18) Supplies and Services	\$15,464,529	\$0	\$6,192,734	\$4,627,953	\$3,523,430	\$916,098	\$204,314
(19) Net school generated funds	\$2,025,224	\$0	\$2,025,224				
(20) Amortization of capital assets	\$5,533,278	\$0	\$1,399,504	\$3,442,213	\$588,055	\$103,506	\$0
(21) Interest charges	\$433,990	\$0	\$73,402	\$359,350	\$0	\$1,238	\$0
(22) Losses on disposal of capital assets	\$287,912	\$0	\$0	\$286,710	\$1,202	\$0	\$0
(23) TOTAL EXPENSES	\$98,194,054	\$0	\$73,505,796	\$13,586,428	\$6,394,128	\$3,555,910	\$1,151,792
(24) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$1,934,198	\$0	\$1,072,442	\$736,310	\$12,822	\$110,624	\$0

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

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

Unexpended SGF - Opening Balance August 31, 2007			1,151,308.73
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$1,715,265	\$1,194,838	\$520,427
Student fees (Non-Instructional) (Note 1)	\$1,259,719		\$1,259,719
Donations and grants to schools	\$245,078		\$245,078
Other (describe):	\$0	\$0	\$0
Net Additions to SGF	\$3,220,062	\$1,194,838	\$2,025,224
Net SGF Available			\$3,176,533
Uses of Net School Generated Funds:			
Extra-curricular activities			\$1,588,558
Field Trips			\$375,919
Other (describe):			\$60,747
Total Uses of Net SGF (Note 2)			\$2,025,224
Unexpended SGF - Closing Balance August 31, 2008 (Note 3)			\$1,151,309
<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 I</p> <p>Notes:</p> <ol style="list-style-type: none"> 1 Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for 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. 			