

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

CALGARY BOARD OF EDUCATION

Legal Name of School Jurisdiction

515 MACLEOD TRAIL SE, CALGARY, ALBERTA T2G 2L9

Mailing Address

Tel: (403) 294-8211 Fax: (403) 294-8254

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of CALGARY BOARD OF EDUCATION
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

PATRICIA COCHRANE

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT

DR. BRENDAN J. CROSKERY

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER

DONALD M. DART

Name

"ORIGINAL SIGNED"

Signature

25-Nov-08

Board-approved Release Date

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AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the statement of financial position of the Calgary Board of Education (the "Corporation") 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, which are presented in the format prescribed by Alberta Education, are the responsibility of the Calgary Board of Education's Administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 Corporation as at August 31, 2008 and the results of its operations, cash flows, changes in net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles and the presentation requirements of Alberta Education.

KPMG LLP

Chartered Accountants

Calgary, Canada
November 13, 2008

STATEMENT OF FINANCIAL POSITION
as at August 31, 2008

(in dollars)

	2008	2007 (Note) Restated - note 17
ASSETS		
Current assets		
Cash and temporary investments	\$204,322,457	\$148,465,530
Accounts receivable (net after allowances)	\$14,426,937	\$11,068,053
Prepaid expenses	\$4,685,002	\$2,727,656
Other current assets	\$708,196	\$640,677
Total current assets	\$224,142,592	\$162,901,916
School generated assets	\$15,566,156	\$13,966,226
Trust assets	\$0	\$0
Long term accounts receivable	\$0	\$0
Long term investments	\$50,582,341	\$45,790,235
Capital assets		
Land	\$4,812,584	\$2,962,279
Buildings	\$714,848,184	
Less: accumulated amortization	(\$313,164,556)	\$401,683,628
Equipment	\$129,685,659	
Less: accumulated amortization	(\$85,213,255)	\$44,472,404
Vehicles	\$6,329,888	
Less: accumulated amortization	(\$3,980,017)	\$2,349,871
Total capital assets	\$453,318,487	\$426,709,559
TOTAL ASSETS	\$743,609,576	\$649,367,936
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$72,102,270	\$68,482,375
Deferred revenue	\$49,217,431	\$51,544,670
Deferred capital allocations	\$52,514,828	\$9,626,446
Current portion of all long term debt	\$6,957,866	\$8,118,868
Total current liabilities	\$180,792,395	\$137,772,359
School generated liabilities	\$15,566,156	\$13,966,226
Trust liabilities	\$0	\$0
Employee future benefits liability	\$22,147,937	\$24,568,220
Long term payables and accrued liabilities	\$0	\$0
Long term debt		
Supported: Debentures and other supported debt	\$33,541,748	\$41,396,918
Less: Current portion of supported debt	(\$6,490,037)	(\$7,855,171)
Unsupported: Debentures and Capital Loans	\$0	\$0
Capital Leases	\$4,095,326	\$2,213,661
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	(\$467,829)	(\$263,697)
Other long term liabilities	\$1,887,455	\$1,287,455
Unamortized capital allocations	\$343,753,997	\$321,090,011
Total long term liabilities	\$414,034,753	\$396,403,623
TOTAL LIABILITIES	\$594,827,148	\$534,175,982
NET ASSETS		
Unrestricted net assets	\$2,685,782	\$826,678
Operating Reserves	\$35,647,994	\$23,447,811
Accumulated Operating Surplus (Deficit)	\$38,333,776	\$24,274,489
Investment in capital assets	\$70,469,112	\$60,721,514
Capital Reserves	\$39,979,540	\$30,195,951
Total Capital Funds	\$110,448,652	\$90,917,465
Total net assets	\$148,782,428	\$115,191,954
TOTAL LIABILITIES AND NET ASSETS	\$743,609,576	\$649,367,936

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) Restated- Note 17
REVENUES			
Government of Alberta	\$845,127,588	\$837,421,056	\$780,399,640
Federal Government and/or First Nations	\$2,565,069	\$2,261,678	\$2,681,909
Other Alberta school authorities	\$1,202,891	\$1,021,707	\$1,154,397
Out of province authorities	\$492,307	\$442,388	\$217,217
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$7,131,993	\$7,273,882	\$7,228,145
Transportation fees	\$5,121,728	\$5,370,735	\$5,238,841
Other sales and services	\$22,386,297	\$19,551,818	\$23,105,285
Investment income	\$5,656,556	\$6,825,295	\$7,241,094
Gifts and donations	\$1,203,907	\$945,439	\$1,312,800
Rentals of facilities	\$7,686,025	\$7,943,306	\$6,748,140
Net school generated funds	\$7,528,542	\$6,716,813	\$7,443,795
Gains on disposal of capital assets	\$15,472,893	\$0	\$7,975,270
Amortization of capital allocations	\$16,151,806	\$16,153,862	\$16,378,146
Total Revenues	\$937,727,602	\$911,927,979	\$867,124,679
EXPENSES			
Certificated salaries	\$472,759,542	\$470,140,044	\$438,034,673
Certificated benefits	\$56,323,269	\$54,512,059	\$53,483,685
Non-certificated salaries and wages	\$140,864,619	\$147,476,511	\$130,837,286
Non-certificated benefits	\$29,589,408	\$34,009,266	\$27,905,836
Services, contracts and supplies	\$168,562,046	\$164,829,553	\$158,770,791
Net school generated funds	\$7,528,542	\$6,716,813	\$7,443,795
Capital and debt services			
Amortization of capital assets			
Supported	\$16,151,806	\$16,153,862	\$16,378,146
Unsupported	\$10,733,782	\$10,689,007	\$9,016,558
Total Amortization of capital assets	\$26,885,588	\$26,842,869	\$25,394,704
Interest on capital debt			
Supported	\$3,731,530	\$3,731,530	\$4,608,315
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$3,731,530	\$3,731,530	\$4,608,315
Other interest charges	\$198,010	\$180,000	\$213,259
Losses on disposal of capital assets	\$0	\$0	\$0
Total Expenses	\$906,442,554	\$908,438,645	\$846,692,344
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$31,285,048	\$3,489,334	\$20,432,335
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$31,285,048	\$3,489,334	\$20,432,335

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) Restated- Note 17
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses for the year	\$31,285,048	\$20,432,336
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$16,151,806)	(\$16,378,146)
Total amortization expense	\$26,885,588	\$25,394,704
Gains on disposal of capital assets	(\$15,472,893)	(\$7,975,270)
Losses on disposal of capital assets	\$0	\$0
Changes in accrued accounts:		
Accounts receivable	(\$3,358,884)	\$7,308,447
Prepays and other current assets	(\$2,024,865)	(\$794,637)
Long term accounts receivable	\$0	\$0
Long term investments	(\$4,792,106)	(\$21,109,539)
Payables and accrued liabilities	\$3,619,895	\$5,320,982
Deferred revenue	(\$2,327,239)	\$35,385,609
Employee future benefit expense (recovery)	(\$2,420,283)	(\$1,865,924)
Other (describe) Wk capital changes in investing and financing activit	\$6,961,346	\$18,126,924
Total sources (uses) of cash from Operations	\$22,203,801	\$63,845,486
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	(\$1,850,304)	\$0
Buildings	(\$40,425,517)	(\$18,513,044)
Equipment	(\$9,899,655)	(\$14,268,883)
Vehicles	(\$749,681)	(\$488,341)
Net proceeds from disposal of capital assets	\$15,472,894	\$8,007,518
Other (describe) Unreal gains, Wk cap'l components and lg term inve	(\$802,946)	(\$25,169,984)
Total sources (uses) of cash from Investing activities	(\$38,255,209)	(\$50,432,734)
C. FINANCING ACTIVITIES		
Capital allocations	\$73,849,003	\$22,705,396
Issue of long term debt	\$2,143,000	\$0
Repayment of long term debt	(\$8,116,505)	(\$8,874,280)
Add back: supported portion	\$7,855,171	\$8,611,997
Other (describe) Changes in working capital components	(\$3,822,334)	\$7,043,063
Total sources (uses) of cash from Financing activities	\$71,908,335	\$29,486,176
Net sources (uses) of cash during year	\$55,856,927	\$42,898,928
Cash and temporary investments, net of bank indebtedness, at Aug. 31/07	\$148,465,530	\$105,566,602
Cash and temporary investments, net of bank indebtedness, at Aug. 31/08	\$204,322,457	\$148,465,530

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	\$123,746,311	\$69,275,871	\$826,678	\$23,447,811	\$30,195,951
<u>Retrospective Restatements (describe)</u>					
Restatement of IMR previously capitalized	(\$8,554,357)	(\$8,554,357)	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2007	\$115,191,954	\$60,721,514	\$826,678	\$23,447,811	\$30,195,951
Excess(def) of revenue over expenses	\$31,285,048		\$31,285,048		
Board funded capital transactions		\$19,806,215	(\$19,806,215)	\$0	\$0
Direct credits to net assets	\$0	\$0			
Amortization of capital assets		(\$26,885,588)	\$26,885,588		
Amortization of capital allocations		\$16,151,806	(\$16,151,806)		
Disposal of unsupported capital assets	\$0	(\$15,321)	\$15,321		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0
Debt principal payments (unsupported)		\$261,335	(\$261,335)		
Net transfers to operating reserves			(\$9,894,757)	\$9,894,757	
Net transfers from operating reserves			\$0	\$0	
Net transfers to capital reserves			(\$9,783,589)		\$9,783,589
Net transfers from capital reserves			\$0		\$0
Assumption/transfer of other operations's net assets	\$2,305,426	\$429,151	(\$429,151)	\$2,305,426	\$0
Balance at August 31, 2008	\$148,782,428	\$70,469,112	\$2,685,782	\$35,647,994	\$39,979,540

Note (1): \$429,151 represents the impact of amortization of Asset Retirement Obligation Asset (ARO)

Note (2): \$2,305,426 represents opening balance of unrealized gains at September 1, 2007 upon adoption of the Financial Instruments Standard.

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	\$9,626,446	\$321,090,011
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2007	\$9,626,446	\$321,090,011
Add:		
Restricted capital allocations from: Alberta Education-School/Modular Project Capital *	\$72,890,336	
Infrastructure & Transportation-School/Modular Project Capital *	\$0	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$958,667	
Other capital grants and donations	\$0	
Net Proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$7,855,171
Expended capital allocations - current year	(\$30,960,621)	\$30,960,621
Less:		
Net book value of supported capital assets disposition, write-off, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$16,151,806
Balance at August 31, 2008	\$52,514,828	\$343,753,997

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

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2008**

1. ORGANIZATION

The Calgary Board of Education (the “Corporation”) is an independent legal entity with an elected Board of Trustees as stipulated in the *School Act* (Alberta). The Corporation is registered as a charitable organization under the *Income Tax Act* (Canada) and, therefore, is exempt from income tax and may issue official receipts to donors for income tax purposes.

The Corporation provides a full range of educational services for all instructional programs ranging from Kindergarten through Grade 12. In addition, the Corporation demonstrates its commitment to life-long learning by offering continuing education programs for adults.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). A precise determination of many assets and liabilities is dependent upon future events and involves the use of estimates and approximations, which have been made using professional judgment. Actual results could differ from these estimates or approximations. In administration’s opinion, these financial statements have been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

The financial operations of EducationMatters (formerly The Calgary Board of Education Foundation) (see Note 15 (b)) are not consolidated in these financial statements.

Budget information is unaudited and is presented on the Statement of Revenue and Expense and on the related schedules for information purposes only and represents the original budget submitted to Alberta Education in June, 2007, as amended during the fiscal year to reflect identified changes in circumstances relating to operating and program changes. The Board of Trustees approves the original budget and monitors all subsequent changes through quarterly reports of revisions and amendments.

(b) Changes in accounting policies

On September 1, 2007 the Corporation adopted CICA Handbook Section 3855 “Financial Instruments, Recognition and Measurement”, and the amendment to Section 4400, “Financial Statement Presentation by Not-for-Profit Organizations”. These new standards have been adopted retroactively without restatement of prior years.

Section 3855 establishes the accounting and reporting standards for financial instruments and requires the initial recognition of financial instruments at fair value on the statement of financial position. The Corporation has classified each financial instrument into the following categories; held-for-trading financial assets and liabilities, loans or receivables,

held-to-maturity investments, available-for-sale financial assets and other liabilities. Subsequent measurement of the financial instruments is based on their classification.

Held-for-trading and available-for-sale financial assets are measured at fair value each reporting period. Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings. Gains and losses on available-for-sale financial assets are recognized in net assets and transferred to earnings when the asset is sold. The other categories of financial instruments are measured at amortized cost using the effective interest rate method. This represents a change from the prior period where all financial instruments were measured at cost or amortized cost.

There are no financial assets on the balance sheet designated as available-for-sale or held-to-maturity. Cash and cash equivalents and investments are classified as held for trading. All other financial assets are classified as loans or receivables and are accounted for on an amortized cost basis. All financial liabilities are classified as other financial liabilities and are accounted for on an amortized cost basis.

Transaction costs and related cash flow impacts are included in the fair value assessment of each financial instrument.

The Corporation has adopted the deferral method of accounting for grants received, restricted donations and fees collected. The amendment to Section 4400, requires not-for-profit organizations to recognize and defer certain gains and losses through the statement of changes in net assets if the deferral method of accounting is used.

The effect of the initial adoption of these new accounting policies at September 1, 2007 is an increase in net assets of \$2,305,426 with an offsetting increase in a new restricted operating reserve for unrealized gains and losses.

(c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and short-term investments with original maturity of 90 days or less. Investments in cash equivalents are made in compliance with the *School Act*, *Trustee Act* or other authorization from Alberta Education.

(d) Investments

Investments are made in compliance with the *School Act*, *Trustee Act* or other authorization from Alberta Education. As well, in accordance with the Corporation's administrative regulations, investments are made only in companies that are socially responsible and ethically managed, as recommended by the appointed external investment counsel in consultation with appointed officers of the Corporation.

Short-term investments are investments held with a maximum of a one-year view to ensure the timely settlement of the Corporation's financial obligations. Investments usually consist of treasury bills and money market investments.

Long-term investments are investments held for a period of approximately three to five years, unless significant unforeseen factors occur. Long-term investments may include corporate and government bonds and equities, and are recorded at cost.

Held-for-trading investments are recognized in the balance sheet at fair value. The fair values of recognized financial instruments have been determined based on the Corporation's assessment of available market information. Realized investment and unrealized gains and losses and investment income are recorded in the statement of operations.

(e) Inventories

Inventories consist of maintenance and school supplies and are valued at the lower of average cost and replacement cost, or net realizable value. Inventory is expensed when items are shipped to schools or departments.

(f) Capital Assets and Capital Revenue

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis at rates which are intended to amortize the cost of the capital assets over their estimated useful lives. The amortization rates applied are as follows:

Land improvements	20 years
Buildings	10 - 40 years
Computer Technology	5 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 10 years

No amortization is provided on construction in progress, as these assets are not ready and available for use. Once completed and placed into use, these assets are amortized in accordance with the Corporation's accounting policy.

Certain capital assets, including new school construction and major renovations (except administrative buildings and replacement of equipment and vehicles), are funded by Alberta Education when approved, based on three-year capital plans. When received, capital grants for these assets are deferred and reflected in revenue and matched to the amortization expense over the lives of the related assets. Provincially funded Infrastructure Maintenance Renewal (IMR) projects that improve or sustain the operating functionality of building components or land improvements and do not extend the useful life of the underlying asset are expensed.

(g) Asset Retirement Obligation

The Corporation recognizes the fair value of an Asset Retirement Obligation ("ARO") in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets. Certain building assets contain some asbestos. Although the asbestos is appropriately contained in accordance with environmental regulations, it is the Corporation's practice to, if necessary, remediate any asbestos upon disposal of a long-lived asset. The Corporation recognizes an ARO only when those assets have been approved by the Board of Trustees for disposition and when the fair value of the liability can be reasonably determined.

The fair value of the estimated ARO is recorded as a long term liability, with a corresponding increase in the carrying value of the asset. In periods subsequent to initial measurement, where the passage of time results in liability increases and the amount of this accretion is charged against income. The liability is also adjusted for revisions to previously used estimates.

(h) Revenue Recognition

Revenues are recognized when they are earned. Grants received, restricted donations and fees collected, in advance of the provision or use of related services, are deferred.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services, that would otherwise have been purchased, are recorded at fair market value when an estimated fair market value can be reasonably determined.

Funds donated by individuals or organizations for the purpose of establishing scholarships and bursaries, are accounted for as deferred revenues. Interest is calculated on each scholarship fund balance and is accrued for the benefit of the recipients of the fund. Individual scholarship payments are made to the recipients of the scholarships and bursaries in accordance with the various scholarship agreements, and a corresponding amount is recognized as revenue at that time.

The amortization of capital assets funded by Alberta Education and Alberta Infrastructure and Transportation is expensed annually and is offset by a corresponding amount of revenue arising from the recognition in that year of related capital grants.

Each year, volunteers contribute a considerable number of hours which support the delivery of certain programs within schools. Due to the difficulty of determining or otherwise estimating these hours, and the fact that these services are not otherwise purchased, the value of these contributed services is not quantified nor recognized in these financial statements.

(i) Proceeds on Disposal of Capital Assets

The proceeds on disposal of capital assets are applied to fund future capital asset expenditures. Pursuant to Provincial regulations, the allocation of proceeds for each asset disposal is based upon the relative contribution from the Province of Alberta and the Corporation to fund the original purchase of the disposed asset. Proceeds relating to provincially funded assets are recorded as deferred capital allocations until a provincially approved capital expenditure is made. Proceeds relating to Corporation funded assets are reflected as income and a corresponding amount is transferred to capital reserves until a capital expenditure to be financed from capital reserves is approved by the Board of Trustees.

(j) School Generated Funds

These financial statements include amounts arising from certain school and student activities which are controlled and administered locally by each school but for which the Corporation is accountable. When schools undertake fundraising for extra-curricular activities, the related costs are netted against the amount of related school generated funds revenue.

(k) Pensions

The Corporation's certificated employees are required to contribute to the Alberta Teachers' Retirement Fund, a multi-employer pension plan. This defined benefit pension plan is the responsibility of the Province of Alberta and these employee members. Accordingly, no disclosure has been made in these financial statements relating to the effects of participation in the pension plan by the Corporation's employees.

The Corporation and its uncertificated employees participate in the Local Authorities Pension Plan, a multi-employer pension plan. Pension costs included in these financial statements comprise the cost of employer contributions for current service of participating employees during the year.

The Corporation has established a Supplemental Integrated Pension Plan (SiPP) for certain members of senior administration comprised of both a registered and non-registered portion. The plan provides a supplement to the Local Authorities Pension Plan or Alberta Teachers' Retirement Fund (as appropriate) to provide an annual retirement benefit of 2% of total earnings. The cost of this SiPP is sponsored by the Corporation and actuarially determined using the projected benefit method prorated on service and managements' best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. As at August 31, 2008 plan assets held in trust are invested in a mix of cash, bonds, Canadian and international equities. Plan assets are valued at cost, which approximates market value and the plan is fully funded by separately designated plan assets. Changes to the actuarially determined obligation are recognized and expensed as of the applicable date to ensure the plan is fully funded. Actuarial valuations of the plan occur annually as at August 31st.

(I) Employee Future Benefit Plans

The Corporation has a number of defined benefit plans providing post-employment and post-retirement benefits for supplementary health care, dental care, life insurance and retiring allowances. These plans are not funded by separately designated plan assets.

For employee future benefit plans other than pension plans, the Corporation accrues its obligations, and expenses the related costs, in accordance with the terms of various collective agreements and other contracts of employment. The cost of employee future benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees, and expected provincial and supplementary health care costs and dental care costs. The actuarially determined benefit obligation from the initial application of this policy is being amortized over the average remaining service period of employees active at September 1, 2000, the beginning of the fiscal year in which this policy was implemented. The balance of any unrecognized net plan experience, including changes in actuarial basis, in excess of 10% of the greater of the actuarial benefit obligation and the market value of plan assets is amortized over the average remaining service lifetime of the active members as of the applicable date. When changes to employee future benefit plans are negotiated, the related financial impacts are recognized when an agreement has been reached by the Corporation and the applicable group of employees. Effective January 1, 2011, employees will pay 100% of the post-retirement benefit premium costs.

The Corporation measures its accrued benefit obligations under these plans for accounting purposes as at August 31 of each year. The most recent actuarial valuation of post-retirement and post-employment benefit plans was as of August 31, 2006. The next required valuation will be as of August 31, 2009.

(m) Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, cash held by schools, short-term investments, accounts receivable, long-term investments, outstanding cheques, bank indebtedness, accounts payable and accrued liabilities, and long-term liabilities. It is administration's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise stated in Notes #3 and #11, as determined by market comparisons, the fair values of these financial instruments approximate their carrying values. Recent fluctuations in market values of certain investments, if sold, could impact future investment returns.

(n) Future Accounting Standards

In 2006, the Canadian Institute of Chartered Accountants ("CICA") issued three new accounting standards: Handbook Section 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments - Disclosures; and Handbook Section 3863 Financial Instruments - Presentation. These new standards will be effective for the Corporation as of September 1, 2008. These sections emphasize disclosure on how the Corporation manages capital, market, credit, and liquidity risk exposure on financial instruments. The required changes, none of which are expected to have any impact on the expenses or performance of the Corporation, will be reflected in future financial statements.

In 2007, the Canadian Institute of Chartered Accountants ("CICA") issued a new accounting standard Handbook Section 3031 Inventories, to replace existing Handbook Section 3030. This new standard will be effective for the Corporation as of September 1, 2008. This section describes the standards for recognizing and measuring inventory in the balance sheet and the standards for reporting cost of sales in financial statements. Inventory must be valued at cost net of all trade discounts or at net realizable value. This section is not expected to have a material impact on the financial statements of the Corporation.

The impact of adopting these new standards will be evaluated by management in 2008/09.

3. CASH AND CASH EQUIVALENTS, INVESTMENTS AND BANK INDEBTEDNESS

	2008				
	Cash and cash equivalents	Investments at Market Value			Cost
Short-Term		Long-Term	Total		
<u>Cash and Fixed Income Investments</u>					
Bank balances	\$ 2,964,528	\$ -	\$ -	\$ 2,964,528	\$ 2,964,528
Outstanding cheques	(2,868,132)	-	-	(2,868,132)	(2,868,132)
Money market investments	172,680,820	31,072,507	14,970,293	218,723,620	218,079,147
Canadian bonds	-	-	11,463,494	11,463,494	11,503,043
Supplemental Integrated Pension Plan Assets	-	472,734	-	472,734	519,068
Restricted long-term investment (1)	-	-	4,143,835	4,143,835	4,143,835
<u>Equity Investments</u>					
Canadian equities	-	-	8,530,811	8,530,811	6,579,584
U.S. equity pooled funds	-	-	5,291,727	5,291,727	5,473,225
International equity pooled funds	-	-	6,182,181	6,182,181	6,549,453
Total at Market Value	<u>\$172,777,216</u>	<u>\$ 31,545,241</u>	<u>\$ 50,582,341</u>	<u>\$254,904,798</u>	
Total at Cost	<u>\$172,306,552</u>	<u>\$ 31,446,166</u>	<u>\$ 49,191,033</u>		<u>\$252,943,751</u>

(1) Restricted long-term investment relates to cash collateral requirements as a result of capital leases entered into between the years ended August 31, 2004 and August 31, 2008 (see Note 10).

	2007				
	Cash and cash equivalents	Investments at Market Value			Cost
		Short-Term	Long-Term	Total	
<u>Cash and Fixed Income Investments</u>					
Bank balances	\$ 1,103,439	\$ -	\$ -	\$ 1,103,439	\$ 1,103,439
Outstanding cheques	(1,762,156)	-	-	(1,762,156)	(1,762,156)
Money market investments	96,222,238	52,982,522	11,415,152	160,619,912	160,035,848
Canadian bonds	-	-	14,312,415	14,312,415	14,852,703
Supplemental Integrated Pension Plan Assets (see note 9(b))	-	509,352	-	509,352	492,605
Restricted long-term investment (1)	-	-	2,213,661	2,213,661	2,213,661
<u>Equity Investments</u>					
Canadian equities	-	-	7,886,510	7,886,510	5,560,025
U.S. equity pooled funds	-	-	5,297,509	5,297,509	5,366,642
International equity pooled funds	-	-	6,981,360	6,981,360	6,392,998
Total at Market Value	<u>\$ 95,563,521</u>	<u>\$ 53,491,874</u>	<u>\$ 48,106,607</u>	<u>\$197,162,002</u>	
Total at Cost	<u>\$ 95,340,849</u>	<u>\$ 53,124,681</u>	<u>\$ 45,790,235</u>		<u>\$194,255,765</u>

(1) Restricted long-term investment relates to cash collateral requirements as a result of capital leases entered into during the year ended August 31, 2004 (see Note 10).

General Operating and Other Bank Indebtedness

The Corporation maintains lines of credit that have been negotiated with its bankers for general operating purposes. As at August 31, 2008, no amount has been drawn against the Corporation's general operating line of credit.

Yields on current and long-term investments reflect the cash value of all dividends, interest or other payments received or receivable on active investment instruments. These yields do not include any realized or unrealized capital gains of the underlying market values of the instruments. At August 31, 2008 the yields on these investments were as follows:

	<u>2008</u>		<u>2007</u>	
	Effective or Market Yield	Market	Effective or Market Yield	Market
<u>Cash Equivalents</u>				
Money Market Investments	2.68%	\$172,680,820	4.21%	\$96,222,238
<u>Short-Term Investments</u>				
Money Market Investments	3.38%	31,072,507	4.74%	52,982,522
Non-Registered Mutual Funds (SiPP)	1.28%	472,734	2.25%	509,352
<u>Long-Term Investments</u>				
Money Market Investments	2.40%	14,970,293	4.12%	11,415,152
Bond maturity				
Two to five years	2.61%	2,497,256	4.58%	3,991,185
More than five years	3.75%	8,966,238	4.63%	10,321,230
Canadian equities	2.99%	8,530,811	2.11%	7,886,510
U.S. equity pooled funds	1.67%	5,291,727	1.61%	5,297,509
International equity pooled funds	3.64%	6,182,181	2.71%	6,981,360

Additional Cash Flow Information

During the year ended August 31, 2008, cash interest paid on school building debenture debt and other debt amounted to \$4,179,769 (2007 - \$5,081,925) and cash interest earned and dividends received on investments totaled \$8,593,396 (2007 - \$7,928,165).

4. OTHER CURRENT ASSETS

	<u>2008</u>	<u>2007</u>
Inventory	\$ 708,196	\$ 640,677

5. ACCOUNTS RECEIVABLE

	<u>2008</u>	<u>2007</u>
Alberta Education operating grants	\$ 157,550	\$ 121,071
Government of Alberta capital grants	5,564,250	2,190,156
Debenture interest grants	2,004,262	2,452,501
School jurisdictions and other governments	2,225,598	2,086,165
Other accounts receivable	4,475,277	4,218,160
	<u>\$ 14,426,937</u>	<u>\$ 11,068,053</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Salaries and benefits	\$ 35,809,965	\$ 33,545,928
Debenture interest	2,004,262	2,452,501
Federal government	902,257	533,684
Contractor payables	7,250,823	3,167,858
Other accounts payable	16,208,978	15,178,547
Other accrued liabilities	9,925,985	13,603,857
	<u>\$ 72,102,270</u>	<u>\$ 68,482,375</u>

7. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2007	ADD: 2007/2008 Restricted Funds Received/ Receivable	DEDUCT: 2007/2008 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2007/2008 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2008
Alberta Education Restricted Operational Funding:	\$0	\$0	\$0	\$0	\$0
Alberta Initiative for School Improvement	\$12,262,713	\$13,077,833	(\$13,795,712)	\$0	\$11,544,834
Children and Youth with Complex Needs	\$0	\$243,763	(\$243,763)	\$0	\$0
Francophone Student Health Services	\$0	\$0	\$0	\$0	\$0
Infrastructure Maintenance Renewal (IMR)	\$28,479,655	\$16,276,510	(\$28,349,481)	\$0	\$16,406,684
Institutional Education Programs	\$0	\$2,837,744	(\$2,837,744)	\$0	\$0
Portable/Modular Unit Relocation	\$0	\$0	\$0	\$0	\$0
Regional Consortium	\$0	\$0	\$0	\$0	\$0
Regional Educational Consulting Services	\$119,877	\$2,995,346	(\$3,068,059)	\$0	\$47,164
Small Class Size Initiative	\$0	\$40,323,905	(\$40,323,905)	\$0	\$0
Student Health Initiative (School Authorities)	\$296,117	\$2,683,382	(\$2,508,936)	\$0	\$470,563
SuperNet Service	\$0	\$1,422,388	(\$1,422,388)	\$0	\$0
Classroom resources One time grant		\$3,163,768		\$0	\$3,163,768
Classroom technology One time grant		\$1,861,040	(\$400,000)	\$0	\$1,461,040
Technology infrastructure One time grant		\$4,606,074		\$0	\$4,606,074
Other Alberta Education deferred revenue	\$301,284	\$724,958	(\$141,234)	\$0	\$885,008
Other Government of Alberta Restricted Funding:	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Other Deferred Revenue:	\$0	\$0	\$0	\$0	\$0
Scholarships	\$393,888	\$11,185	(\$116,366)	\$0	\$288,707
Funds from other Organizations	\$1,925,446	\$2,214,822	(\$2,207,145)	\$0	\$1,933,123
IMR interest earned	\$1,038,674	\$1,828,325	(\$1,039,292)	\$0	\$1,827,707
Student Fees	\$6,727,016	\$6,582,759	(\$6,727,016)	\$0	\$6,582,759
Total	\$51,544,670	\$100,853,802	(\$103,181,041)	\$0	\$49,217,431

8. PENSIONS/EMPLOYEE FUTURE BENEFITS

(a) Local Authorities Pension Plan

The Corporation's net pension expense for the year amounts to \$8,892,669 (2007 - \$8,689,444).

(b) Supplemental Integrated Pension Plan (SiPP)

During the 2007/08 school year, the plan was partially enhanced to be effective January 1, 1996 for the Chief Superintendent as approved by the Board of Trustees.

The Corporation's net pension expense for the registered portion for the year was \$17,500 (2007 - net expense of \$23,580). The net pension expense for the non-registered portion was \$169,268 (2007 - \$153,903). The total liability for the SiPP at August 31, 2008 is \$645,401 (2007 - \$476,133).

(c) Supplementary Retirement Plan (SRP)

The Corporation provides a Supplementary Retirement Plan for certain senior employees of the Corporation, based on approved terms and conditions of the plan. The plan provides for an annual contribution of 10% of the employee's salary which is above the LAPP or ATRF pensionable earnings cap.

The total liability for the SRP at August 31, 2008 is \$108,535 (2007 - \$nil).

(d) Other Employee Future Benefits

The significant actuarial assumptions adopted in measuring the Corporation's employee future benefit obligation (based on a weighted average assumption of the various plans as of August 31, 2008) are as follows:

Amortization method	Straight-line
Discount rate	5.45%
Supplementary health care cost escalation	8.0% declining by 0.5% per year to an ultimate rate of 5.0% per year
Dental care cost escalation	4.0% per year
Provincial health care cost escalation	3.0% per year

During the 2007/08 fiscal year, the Corporation amended the terms and conditions for non-unionized employees which included certain amendments to the employees' post retirement benefit plans that will reduce the Corporation's future obligations.

The actuarially determined liability for future employee benefits at August 31, 2008 is \$34,021,000 (2007 - \$36,190,000). To date, \$21,394,000 (2007 - \$24,092,087) has been accrued in these financial statements. The initial transitional obligation of \$35,664,263 at September 1, 2000 is being amortized over the expected average remaining service period of the employee group, which was estimated to be 12 years, of which 4 years remain. The unamortized transitional obligation of \$3,432,000 on September 1, 2007 has been reduced by \$687,000 to \$2,745,000 to reflect the change in the accrued benefit obligation to employee groups and the annual amortization of the remaining initial transitional obligation.

The total current year expense for employee future benefits amounts to \$3,428,000 (2007 - \$3,858,372), including current service costs of \$632,000 (2007 - \$673,000). During the year ended August 31, 2008, \$6,126,087 (2007 - \$5,793,394) was paid in respect of post-employment or post-retirement benefits.

9. DEFERRED CAPITAL GRANTS

Changes in deferred capital grants are as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 321,090,011	\$ 308,164,788
Debtenture principal repaid by Alberta Finance	7,855,171	8,611,998
Capital assets funded by Alberta Infrastructure and Transportation and Alberta Education	30,960,621	20,691,371
Capital allocations amortized to revenue	<u>(16,151,806)</u>	<u>(16,378,146)</u>
Balance, end of year	<u>\$ 343,753,997</u>	<u>\$ 321,090,011</u>

10. LONG-TERM LIABILITIES

Long-term liabilities relate to debentures for the acquisition of school buildings funded directly by Alberta Education (Pre 1995) and to capital leases, approved by the Minister of Education for internally financed equipment purchases. Debentures and capital leases are secured by all assets of the Corporation.

Debenture debt on school buildings of \$33,541,748 is outstanding at August 31, 2008 and bears interest at rates ranging from 7.25% to 12.00% with a weighted average rate of 8.11% per annum. Debenture interest expense on school buildings during the year amounted to \$3,731,530 (2007 - \$4,608,315). Debentures were issued for periods of 15, 20 or 25 years in those years prior to 1995 when the Corporation had local taxing authority. Fair value of this debt is \$38,782,039 (2007 - \$48,300,000) which is calculated using a discount rate of 5.40%, that reflects the average yield on high quality long term corporate bonds at August 31, 2008. This fair value amount is provided for information purposes only. This debt is fully guaranteed by the Province of Alberta and Alberta Finance funds these interest and principal payments.

In addition, the Corporation previously entered into a capital lease for certain building equipment in the amount of \$1,952,326. This obligation bears interest at the Royal Bank of Canada prime rate less 1.6% per annum and expires September 29, 2014. During 2007/08 the Corporation entered into another capital lease for certain building components in the amount of \$2,143,000. This obligation bears interest at the Royal Bank of Canada based on the 5 Year Bond All In Rate (4.160%) on the RBC Capital Markets Daily Rate Sheet. The Corporation has restricted a portion of its long-term investments in an amount equal to the outstanding principal on capital leases (see Note 3). Capital lease interest expense during the year amounted to \$73,213 (2007 - \$74,719).

The following is a summary by fiscal year of principal payments on debenture debt and on capital leases outstanding at August 31, 2008:

Year Ending	Debenture Debt	Capital Leases	Total
2009	6,490,037	467,829	6,957,866
2010	5,249,490	483,724	5,733,214
2011	4,480,173	500,196	4,980,369
2012	3,857,345	517,268	4,374,613
2013	3,245,796	534,962	3,780,758
to maturity	10,218,907	1,591,347	11,810,254
Total	33,541,748	4,095,326	37,637,074
Current portion	6,490,037	467,829	6,957,866
Long-term portion	\$ 27,051,711	\$ 3,627,497	\$ 30,679,208

11. ASSET RETIREMENT OBLIGATION

The Corporation has estimated an asset retirement obligation of \$1,887,455 as at August 31, 2008 (2007 - \$1,287,455) for building assets that have been approved for disposition by the Board which may occur between 2009 and 2011. An interest rate of 5.35% is applicable to discount expected cash flows, for calculation of the initial obligation and a rate of 5.40% is applicable for accretion of the obligation.

The following table summarizes the changes in the asset retirement obligations:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 1,287,455	\$ -
Obligations incurred	<u>600,000</u>	<u>1,287,455</u>
Balance, end of year	<u>\$ 1,887,455</u>	<u>\$ 1,287,455</u>

12. CONTINGENCIES AND COMMITMENTS

From year to year, legal actions are brought against the Corporation in the normal course of operations. Management believes that the ultimate resolution of claims presently outstanding are not expected to be significant to the overall financial position of the Corporation.

The Corporation has contractual commitments to complete major capital projects relating to school buildings. As at August 31, 2008, these outstanding contractual obligations amount to \$29,723,082 (2007 - \$3,349,764), all of which are expected to be funded by the Province of Alberta.

To the extent the Corporation terminates certain contractual commitments for convenience under certain service and development management agreements, the Corporation would incur costs, depending on the date of termination, of between \$3,500,000 and \$14,000,000.

The Corporation has entered into operating lease agreements for office space that expire through August 31, 2011. Future minimum annual lease payments under these leases, including provisions for renewals, are as follows:

2008	793,713
2009	548,987
2010	157,695
2011	<u>157,695</u>
	<u>\$ 1,658,090</u>

Lease expense during the year amounted to \$830,244 (2007 - \$710,000).

The Corporation has entered into a service agreement related to certain payroll and human resources administration processes expiring October 16, 2015. Future minimum annual payments under this commitment are:

2009	7,073,931
2010	7,829,910
2011	8,810,707
2012	9,518,602
2013	9,938,022
2014	10,286,180
2015	10,637,376
2016	<u>1,335,178</u>
Total payments	<u>\$ 65,429,906</u>

Effective September 1, 2006, the Corporation entered into a Master Transportation Agreement with Southland Transportation Ltd. and Cardinal Coach Lines Limited (now called First Student Canada) for the provision of student school bus transportation services. The initial term of the agreement is 10 years (expiring August 31, 2016) and the Corporation may renew the agreement for 2 additional periods of 5 years each. Each year during the term, the Corporation enters a Yearly Service Agreement with each carrier, outlining the services to be provided, the applicable Daily Base Rate and all other anticipated fees and charges under the agreement.

Effective November 1, 2006, the Corporation entered into a fixed price natural gas supply agreement of a certain price for a majority of its total annual natural gas consumption. This agreement was to expire on December 31, 2011. However, due to unforeseen financial complications with the supplier this contract was terminated in 2007/08.

Effective July 31, 2007, the Corporation entered into a fixed electricity supply agreement of a certain price for all of its electricity consumption. This agreement covers the period commencing January 1, 2009 and expires on December 31, 2012.

Effective July 1, 2007, the Corporation entered into a Committed Retainer Legal Services Agreement of a certain price, with a one year Evaluation Stage and the provision for a four year extension period, upon mutual agreement of both parties, to June 30, 2012. As at August 31, 2008, the evaluation stage has been completed and is under final review by Administration.

13. NET ASSETS

The components of the Corporation's net assets of \$148,782,428 as at August 31, 2008 are described below:

(a) Accumulated Operating Surplus

As at August 31, 2008, the Corporation has an accumulated operating surplus of \$38,333,776 (2007 - \$24,274,489) comprised of the following:

(i) Unrestricted Operating Surplus

Unrestricted operating surplus represents the aggregation of successive years' annual operating surpluses.

In the year ended August 31, 2008, the Corporation's annual operating surplus is \$1,859,103 (2007 - \$1,392,390) and, as at August 31, 2008, the Corporation has an unrestricted accumulated operating surplus of \$2,685,782 (2007 - \$826,678).

(ii) Designated Operating Funds and Operating Reserves

Where certain instructional initiatives are planned or in progress, and consistent with prior years, the Corporation has designated or restricted operating funds for specific purposes. Also, operating reserves have been established for specific program requirements, to stabilize annual fee rates or to offset the cost of programs and services in future years. These fund designations and reserves have been established consistent with Provincial legislation and by Board of Trustees' resolution and will be applied to finance future expenses in accordance with the specific requirements of each of these resolutions.

Operating funds have been designated by the Board of Trustees for the following purposes:

	<u>2008</u>	<u>2007</u>
School decentralized budgets	\$ 7,702,371	\$ 5,197,025
Instructional and service unit initiatives	<u>3,766,553</u>	<u>3,156,286</u>
	<u>\$ 11,468,924</u>	<u>\$ 8,353,311</u>

Operating reserves have been established by the Board of Trustees for the following purposes:

	<u>2008</u>	<u>2007</u>
Transportation Fee Stabilization	\$ 1,923,028	\$ 550,813
Continuing Education Fee Stabilization	1,306,437	1,273,703
Music Loan Pool	-	741,925
Unrealized Investment Gains/Losses	1,316,575	-
Utility Expense Stabilization	4,810,694	4,005,723
Snow Removal Budget Stabilization	200,000	200,000
Administrative Systems Renewal	5,322,336	5,322,336
General Instruction	3,000,000	1,000,000
Fiscal Stability	5,300,000	1,000,000
System Transformation	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 24,179,070</u>	<u>\$ 15,094,500</u>

As at August 31, 2008, the Board of Trustees has approved the use of \$1,215,000 of the Utility Stabilization Fee Reserve, \$450,000 of the Administrative Systems Renewal Reserve and \$792,000 of the Transportation Fee Stabilization Reserve in the 2008/09 operating budget.

(b) Capital Reserves and Designated Capital Funds

The Corporation's capital reserves and designated capital funds are established by Board of Trustees' resolution and in accordance with Provincial regulation, and are funded from proceeds on disposals of capital assets, provision from operating funds, or from lease revenues. To date, the following capital reserves and designated capital funds have been established:

	<u>2008</u>	<u>2007</u>
Land, Buildings and Equipment	\$25,152,613	\$15,936,964
School program modernization	2,270,771	3,880,119
Leased school buildings	2,000,000	2,000,000
Primary Data Centre	2,500,000	2,500,000
Chinook Learning Services Relocation	1,000,000	700,399
Funds designated for approved capital projects	<u>7,056,156</u>	<u>5,178,469</u>
	<u>\$39,979,540</u>	<u>\$30,195,951</u>

These reserves and designated funds are to be applied to finance future capital expenditures in accordance with the specific requirements of each Board resolution. Funds may be committed from these reserves or designated amounts by the Board of Trustees from time to time to permit the completion of approved capital projects. As at August 31, 2008, the Board of Trustees has approved the use of \$25,797,623 of these funds for current capital projects leaving \$14,181,916 uncommitted for future capital projects.

(c) Investment in Capital Assets

Investment in capital assets represents the Corporation's net investment of operating funds that have been used from time to time to purchase building improvements, capital equipment and technology infrastructure to support the general operating activities of the Corporation. As of August 31, 2008, the Corporation has \$70,469,112 invested in capital assets (2007 - restated - \$60,721,514).

14. RELATED PARTIES

(a) Province of Alberta and economic dependence

The Corporation is economically dependent upon the Government of the Province of Alberta, since the viability of its on-going operations depends on grants and contributions from Alberta Education and other provincial ministries.

Effective 2005/06, school jurisdictions have been deemed to be controlled by the Government of Alberta according to criteria set out in the Canadian Institute of Chartered Accountants Public Sector Accounting Standards section 1300, Government Reporting Entity. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now considered related parties of school jurisdictions for financial reporting purposes. These include government departments, health authorities, post secondary institutions and other school jurisdictions in Alberta.

Assets, liabilities and transactions of the Corporation that relate to the Government of Alberta are:

2007/08	Balances		Transactions	
	Assets (@ cost or net realizable value)	Liabilities (@fair value)	Revenues	Expenses
Government of Alberta:				
Education	\$ 5,721,800	\$ 40,293,887	\$ 841,396,058	\$ 3,116,215
Finance	2,004,262	35,546,009	3,731,530	-
Human Resources/Employment	57,584	-	177,031	-
Other Government of Alberta departments	-	428,920	315,276	-
Other:				
Health authorities	-	-	-	1,196,587
Post-secondary institutions	-	-	84,230	65,325
Other Alberta school jurisdictions	848,747	-	7,490,214	65,531
Other related parties	-	-	-	8,892,669
TOTAL 2007/08	\$ 8,632,393	\$76,268,816	\$ 853,194,339	\$ 13,336,328
TOTAL 2006/07	\$ 5,928,269	\$90,290,844	\$ 787,462,860	\$ 13,701,683

(b) EducationMatters

EducationMatters (formerly The Calgary Board of Education Foundation), (the “Foundation”) was established in 2003 by the Corporation under a trust indenture. The Corporation’s Board of Trustees appoints the Governors of the Foundation, however Trustees cannot hold a majority of the Governor positions. The Foundation promotes activities that support public education for the benefit of Calgary’s students.

The Foundation is not consolidated in these financial statements. The resources held by the Foundation are not necessarily limited for use by the Corporation. Selected financial information for the Foundation for the 12 months ended August 31 is as follows:

	2008	2007
Total assets	\$ 2,256,000	\$ 2,064,000
Total liabilities	3,000	7,000
Net assets	<u>\$ 2,253,000</u>	<u>\$ 2,057,000</u>
Fund balances held by the Foundation:		
Flow through funds	\$ 325,000	\$ 327,000
Endowment funds	1,281,000	1,129,000
Operating funds	647,000	601,000
	<u>\$ 2,253,000</u>	<u>\$ 2,057,000</u>
Revenues (1)	\$ 1,517,000	\$ 1,541,000
Expenses (2)	1,321,000	1,189,000
Excess of revenues over expenses	<u>\$ 196,000</u>	<u>\$ 352,000</u>

(1) Revenues include financial support from the Corporation of \$750,000 (2007 - \$700,000).

(2) Charitable disbursements and expenses paid to the Corporation amount to \$13,798 (2007 - \$14,000).

(c) The Urban Schools Insurance Consortium

The Corporation is, under agreement, 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. Amounts are paid by the members to the consortium to pay insurance for premiums on policy renewals and to self-insure a portion of each member's risk exposure. The Corporation's share of the accumulated and unencumbered consortium funds as at August 31, 2008 was \$2,286,902 (2007 - \$2,321,231). This amount has not been recognized in the Corporation's financial statements, as accumulated consortium funds are payable only upon membership termination or wrap up of the consortium.

(d) Other fundraising groups and associations

Various parent groups, including societies and other associations, solicit donations and undertake fundraising activities to provide operating and capital donations to further the objectives of the Corporation. The financial information of these groups is not consolidated in these financial statements.

15. COMPARATIVE FIGURES

Certain 2007 amounts have been reclassified where necessary to conform to the current year's presentation. In addition, for comparator year 2007, \$235,878 was reclassified from vehicles to equipment.

16. 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	\$11,697,289	\$320,164	\$1,573,667	\$0
Children and Youth with Complex Needs	\$2,600	\$77,094	\$164,069	\$0
Francophone Student Health Services	\$0	\$0	\$0	\$0
Small Class Size Initiative	\$39,535,498	\$0	\$0	\$0
Student Health Initiative	\$302,199	\$1,641,242	\$661,977	\$0
SuperNet Service	\$0	\$0	\$1,878,932	\$0

17. PRIOR PERIOD ADJUSTMENTS

Investment in Capital Assets (2007- \$69,275,871) has been restated to \$60,721,514 to reflect retroactive application and new adoption of the Corporation's accounting policy regarding expensing of costs funded by Infrastructure and Maintenance Renewal Funding (IMR), for work performed to address deferred maintenance of facilities, consistent with the intent of the funding. There is no change in the surplus position of the Corporation as a result of this restatement.

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Change</u>
Statement of Revenue and Expense			
Services purchased	\$ 101,445,079	\$109,999,436	\$ 8,554,357
Net capital purchases funded by operating funds	12,063,240	3,508,883	(8,554,357)
Balance Sheet			
Capital assets	435,263,916	426,709,559	(8,554,357)
Investment in capital assets	69,275,871	60,721,514	(8,554,357)

18. REMUNERATION AND MONETARY INCENTIVES

Board Members:	FTE	Remuneration	Benefits	Approved Allowances	Performance Bonuses	ERIP's / Other	Expenses
Chair							
Pat Cochrane	1.0	\$50,047	\$6,077	\$3,000			\$9,899
Other members:							
Carol Bazinet	1.0	\$45,475	\$5,906	\$3,000			\$5,514
Gordon Dirks	1.0	\$40,903	\$5,666	\$3,000			\$2,873
Pamela King	0.8	\$37,140	\$5,513	\$3,000			\$3,699
Kyle Fawcett	0.2	\$3,762	\$202	\$0		\$3,926	\$2,056
Lynn Ferguson	1.0	\$40,903	\$5,666	\$3,000			\$8,623
George Lane	1.0	\$40,903	\$3,266	\$3,000			\$4,134
Karen Kryczka	0.8	\$37,140	\$3,318	\$3,000			\$3,745
Nancy Close	0.2	\$3,762	\$202	\$0		\$10,330	\$2,056
Subtotal	7.0	\$300,035	\$35,816	\$21,000		\$14,256	\$42,599
Brendan J . Croskery	1.0	\$230,000	\$108,079	\$18,000	\$0	\$31,385	\$13,206
Don M. Dart	1.0	\$196,425	\$73,855	\$7,000	\$23,943	\$7,692	\$10,725
Certificated Teachers	6,330.5	\$472,529,542	\$56,122,539	\$4,667	\$38,599	\$0	
Non-certificated - Other	3,014.7	\$140,368,159	\$28,900,758	\$132,149	\$19,869	\$353,070	
TOTALS		\$613,624,161	\$85,241,047	\$182,816	\$82,411	\$406,403	

Note 1: The benefit costs for the Superintendent do not reflect the Alberta Teacher Retirement Fund (ATRF) contribution made by Alberta Education on behalf of the CBE in the amount of \$22,903 for 2007/08 (\$18,136 for 2006/07)

Note 2: The benefit costs for the certificated teaching staff do not reflect the Alberta Teacher Retirement Fund contribution made by Alberta Education on behalf of the CBE.

Note 3: Effective November 1, 2007 the Board of Trustees approved changes to the compensation structure for Trustees to reflect the part time nature of the role as benchmarked to one-half that of City of Calgary Alderman and requiring all remuneration to be taxable. This policy change moved trustee compensation from 2/3 taxable and 1/3 non-taxable to being fully taxable.

Note 4: Expenses include the reimbursement of travel, subsistence, and other approved expenses on his/her behalf in performing the responsibilities of the named position.

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

CALGARY BOARD OF EDUCATION

Legal Name of School Jurisdiction

515 MACLEOD TRAIL SE, CALGARY , ALBERTA T2G 2L9

Mailing Address

Tel: (403) 294-8211, Fax: (403) 294-8254

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

DONALD M. DART

Name

"ORIGINAL SIGNED"

Signature

25-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:

3030

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	\$841,396,058	\$23,616,735	\$647,291,869	\$103,096,594	\$29,237,801	\$35,065,000	\$3,068,059
(2) Other - Government of Alberta	\$3,731,530	\$0	\$0	\$3,731,530	\$0	\$0	\$0
(3) Federal Government and/or First Nations	\$2,565,069	\$29,888	\$1,569,278	\$0	\$0	\$1,482	\$964,421
(4) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Instruction resource fees	\$7,131,993	\$69,002	\$7,042,991				
(6) Transportation fees-ECS	\$0						
(7) Transportation fees-Grades 1-12	\$5,121,728				\$5,121,728		
(8) Net school generated funds	\$7,528,542	\$0	\$7,528,542			\$0	
(9) Gains on disposal of capital assets	\$15,472,893	\$0	\$0	\$15,472,893	\$0	\$0	\$0
(10) Amortization of capital allocations	\$16,151,806	\$0	\$0	\$16,151,806	\$0	\$0	\$0
(11) Other revenues	\$38,627,983	\$9,150	\$14,826,760	\$7,248,320	\$204,571	\$1,170,915	\$15,168,267
(12) TOTAL REVENUES	\$937,727,802	\$23,744,775	\$678,259,440	\$145,701,143	\$34,564,100	\$36,257,397	\$19,200,747
EXPENSES							
(13) Certificated salaries	\$472,759,542	\$15,538,736	\$452,546,399			\$2,352,871	\$2,321,536
(14) Certificated benefits	\$56,323,269	\$2,018,780	\$53,670,806			\$335,411	\$298,272
(15) Non-certificated salaries and wages	\$140,864,619	\$4,344,613	\$80,464,731	\$36,046,065	\$1,224,492	\$13,843,776	\$4,940,942
(16) Non-certificated benefits	\$29,589,408	\$964,686	\$16,883,313	\$7,854,401	\$272,618	\$2,725,026	\$689,364
(17) SUB - TOTAL	\$699,536,838	\$22,866,815	\$603,565,249	\$43,900,466	\$1,497,110	\$19,257,084	\$8,450,114
(18) Supplies and Services	\$168,562,046	\$798,598	\$55,873,817	\$63,375,261	\$31,689,562	\$12,838,349	\$3,986,459
(19) Net school generated funds	\$7,528,542	\$0	\$7,528,542				
(20) Amortization of capital assets	\$26,885,588	\$0	\$7,858,487	\$17,706,015	\$19,369	\$1,298,824	\$2,893
(21) Interest charges	\$3,929,540	\$0	\$44,660	\$3,804,743	\$0	\$123	\$80,014
(22) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(23) TOTAL EXPENSES	\$906,442,554	\$23,665,413	\$674,870,755	\$128,786,465	\$33,206,041	\$33,394,380	\$12,519,480
(24) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$31,285,048	\$79,362	\$3,388,685	\$16,914,658	\$1,358,059	\$2,863,017	\$6,681,267

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

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

Unexpended SGF - Opening Balance August 31, 2007			\$13,966,226
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$11,587,864	\$12,415,490	(\$827,626)
Student fees (Non-Instructional) (Note 1)	\$15,668,978	\$12,563,605	\$3,105,373
Donations and grants to schools	\$7,304,432	\$792,097	\$6,512,335
Other (describe): Interest income, bank charges	\$409,991	\$71,601	\$338,390
Net Additions to SGF	\$34,971,265	\$25,842,793	\$9,128,472
Net SGF Available			\$23,094,698
Uses of Net School Generated Funds:			
Extra-curricular activities			\$4,748,395
Field Trips			\$1,284,490
Other (describe): Purchase of minor equipment			\$1,495,657
Total Uses of Net SGF (Note 2)			\$7,528,542
Unexpended SGF - Closing Balance August 31, 2008 (Note 3)			\$15,566,156
<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. 			