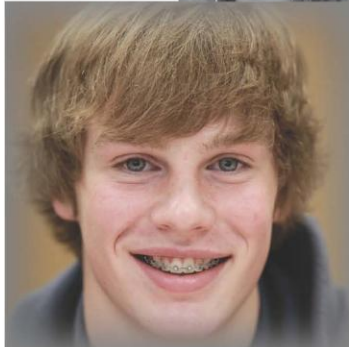


cbe.ab.ca



# Calgary Board of Education

## Financial Statements and Statistical Information

Year Ended  
August 31, 2012

learning | **as unique** | as every student



**Calgary Board  
of Education**

**CALGARY BOARD OF EDUCATION**  
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**AUGUST 31, 2012**

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## Overview

Despite a tough budget year, in 2011-12 the CBE provided outstanding educational opportunities to more than 104,000 students in 221 schools. Our students posted some of the best provincial achievement test and diploma exam results. The 2011-12 school year reflects continued implementation of the three pillars of *Alberta Education's Renewed Funding Framework: Flexibility, Accountability, and Funding* with a primary focus on improved accountability for results achieved in 2011-12. The vision defined by Alberta Education is reflected in the CBE's Three-Year Education Plan. This plan guides our work and connects each CBE employee to our ultimate goal of student success.

When the provincial budget was announced, the CBE faced a \$61.7 million shortfall in funding for 2011-12. Input from more than 1,400 parents and community members guided decisions to balance our budget while minimizing the negative impact on students in the classroom. We redesigned central services; planned to use all of our available reserves; and included a provision to underspend Board-funded capital. The goal of these initiatives and others was to reduce the impact of the anticipated budget shortfall on schools.

The review of the financial results for 2011-12 includes two comparisons: actual 2011-12 results to the budget; and year-over-year actual results.

### 2011-12 Actual to Budget

A comparison of actual results to budget for 2011-12 highlights a number of specific areas.

- Almost 90 per cent of CBE revenue comes from government grants.
- Actual "other revenue" was \$132.0 million. This amount, which is \$47.2 million more than the budget, is mostly a result of the sale of two schools and the old education centre (515 MacLeod Trail S.E.).
- The CBE did not need to use \$19.2 million of reserves to cover budget shortfall as expected. Moreover, as will be explained in detail in the report, the CBE actually increased operating reserves by \$8.1 million.
- Coincidentally, the CBE received additional, one-time funding of \$19.2 million when Premier Redford restored \$107 million to school budgets in October 2011. The CBE portion was directed to benefit students in classrooms.
- The provincial government limits administrative expenses to four per cent of the operating budget. For 2011-12, the CBE spent 3.7 per cent of its operating budget on administration.
- Board-funded capital additions totalled \$43.7million. To fund work not completed by the fiscal year-end, \$11.4 million is being carried forward to 2012-13.

In the past, school districts were challenged to align one-year budgets to the Three-Year Education Plan. The CBE hoped for predictable and sustainable funding. Starting in 2012, the province delivered a three-year funding plan to ensure predictable, stable and sustainable funding. This thoughtful and strategic approach to funding enables the CBE to continue to support the educational needs of all of its learners over a longer term.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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Year-over-year changes

Comparing the 2011-12 actual results to the prior year reveals the following highlights.

- Revenue from government grants was up \$39.9 million. This was the result of a 4.54 per cent Alberta Education grant rate increase and a 1.2 per cent enrolment increase, which equates to 1,265 students.
- Employee salaries and benefits represent almost 78 per cent of expenses. The total expense increased year-over year by \$29.4 million. This 3.4 per cent increase primarily reflects negotiated salary and step increment increases for various employee groups.<sup>1</sup>
- When the construction of four new middle schools was completed by the province, CBE capital assets increased by \$93.4 million
- CBE total net assets increased \$49.8 million to \$199.7 million from the year before, mainly due to the sale of three buildings.

Compliance

For the year ended Aug. 31, 2012, the CBE was in full compliance with the provincial funding framework. In addition, all transfers of funds affecting the CBE's operating and capital reserves were made in accordance with provincial regulations and the Board of Trustees' direction and approval.

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<sup>1</sup> This increase in salaries and benefits was anticipated so it does not appear as a variance between the budget and actuals for 2011-12.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

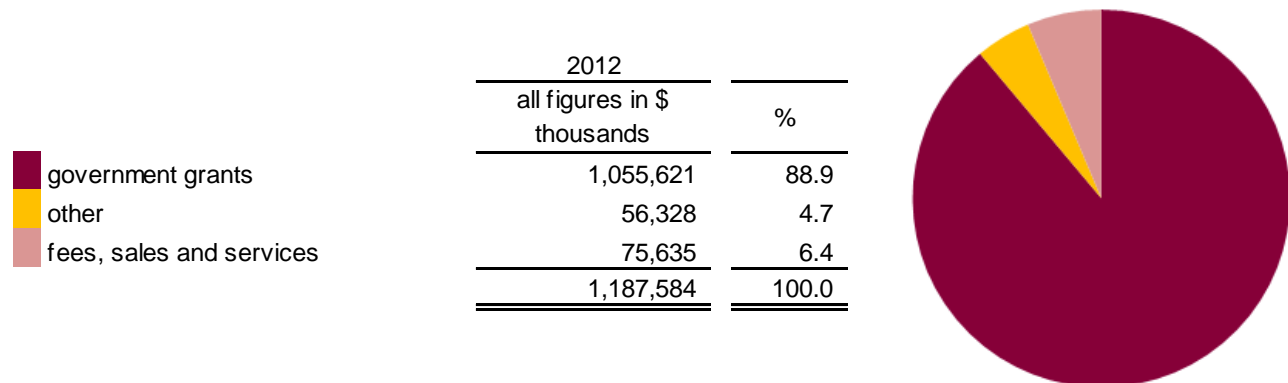
**Financial Overview**

	Budget (1) 2011/12	Actual 2011/12	Actual 2010/11	Budget to 2011-12 Actual Variance		Actual to Actual Variance	
				Favorable / (Unfavorable) (\$ millions)	%	Increase / (Decrease) (\$ millions)	%
(all figures in \$ millions)							
<b>Revenue</b>							
Government grants	1,045.7	1,055.6	1,015.7	9.9		39.9	
Other revenue	84.8	132.0	85.3	47.2		46.7	
	<u>1,130.5</u>	<u>1,187.6</u>	<u>1,101.0</u>	<u>57.1</u>	5.1%	<u>86.6</u>	7.9%
<b>Expense</b>							
Salaries and benefits	884.9	886.6	857.2	(1.7)		29.4	
Supplies and services	219.1	205.5	204.1	13.6		1.4	
Other (Interest/Amortization)	45.7	45.7	45.2	-		0.5	
	<u>1,149.7</u>	<u>1,137.8</u>	<u>1,106.5</u>	<u>11.9</u>	1.0%	<u>31.3</u>	2.8%
(Deficiency)/excess of revenue over expense	(19.2)	49.8	(5.5)	69.0		55.3	
Net applications of operating funds	16.6	(2.6)	7.4	(19.2)		(10.0)	
Capital reserves (net)	0.6	(46.6)	(3.2)	(47.2)		(43.4)	
Net operating (deficit)/surplus	(2.0)	0.6	(1.3)	2.6		1.9	
Draw from/(add to) unrestricted net assets	2.0	(0.6)	1.3	(2.6)		(1.9)	
Net annual operating surplus	<u>(0.0)</u>	<u>0.0</u>	<u>(0.0)</u>	<u>-</u>		<u>-</u>	

(1) Represents the Fall Updated Budget approved by the Board of Trustees on Dec. 6, 2011 modified to reflect the restatement of School Generated Funds (SGF) as required by Alberta Education.

**Revenue**

**Revenues by Source**



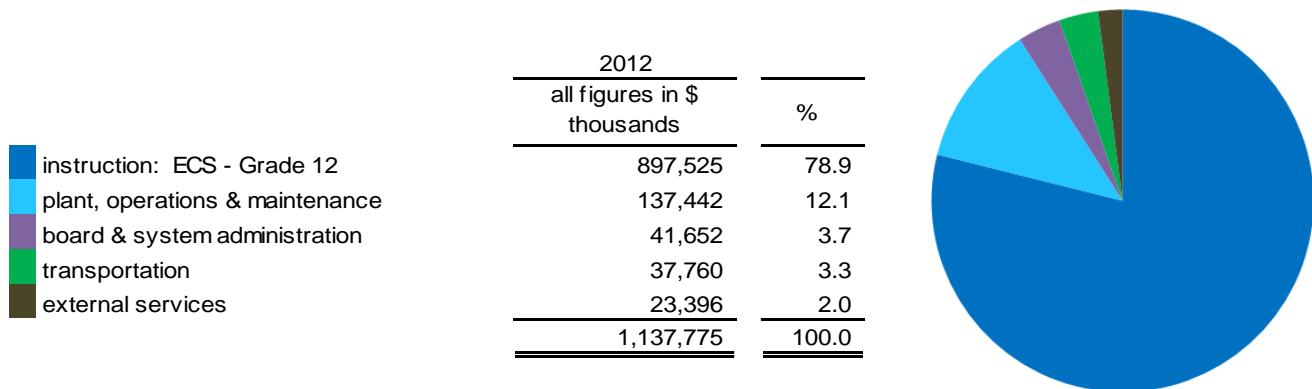
**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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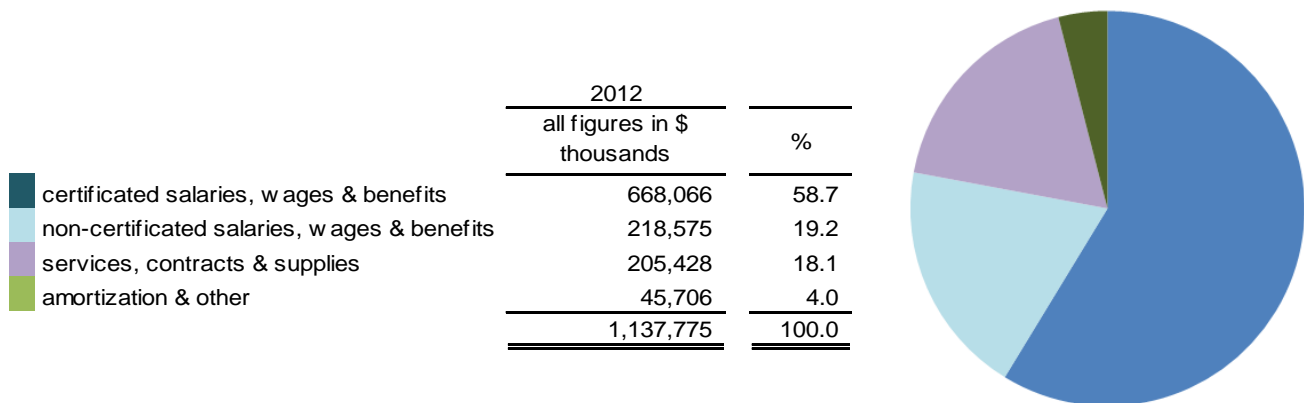
Expense

The way the Calgary Board of Education uses funding can be presented in two ways and both are shown. The first breakdown shows expenses by block, which is broken into five broad categories. The second breakdown shows expenses by object. Whether viewed by block or by object, the expense total is the same.

Expenses by block



Expenses by object



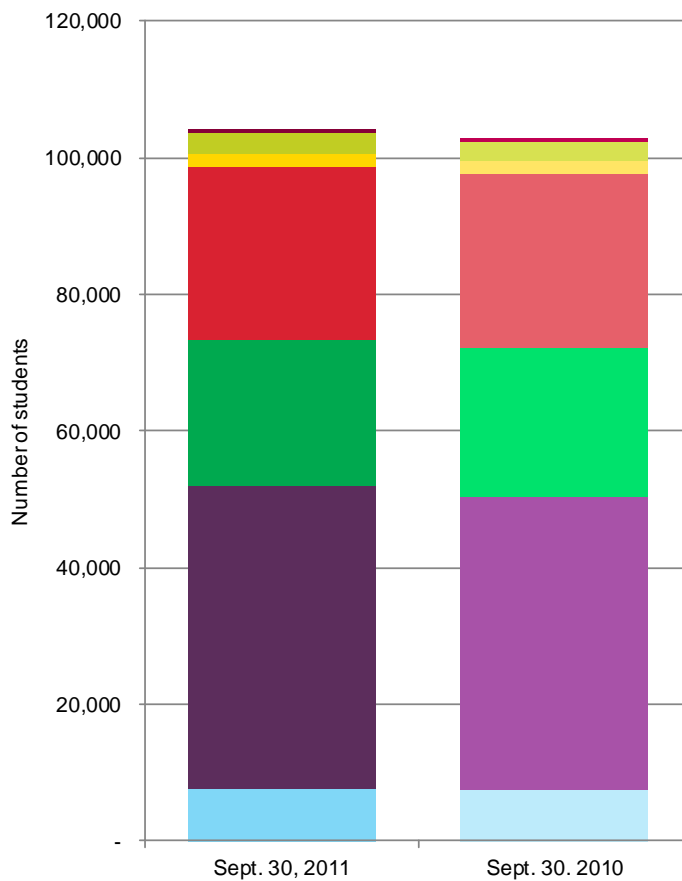
**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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Enrolment

For 2011-12, CBE's enrolment was up by 1,265 students. The enrolment increase resulted in additional base grant funding to the CBE of \$8.7 million in 2012.

Enrolment



Program	Sept. 30, 2011	Sept. 30, 2010	Variance
Pre-Kindergarten & Kindergarten	7,769	7,497	272
Grades 1-6	44,014	42,879	1,135
Junior High	21,505	21,693	(188)
Senior High	25,547	25,667	(120)
Unique/Outreach	1,797	1,755	42
Chinook Learning Services	2,935	2,789	146
Cbe-Learn	615	637	(22)
<b>Total</b>	<b>104,182</b>	<b>102,917</b>	<b>1,265</b>

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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**Analysis of Financial Operations 2012 over 2011**

Revenue

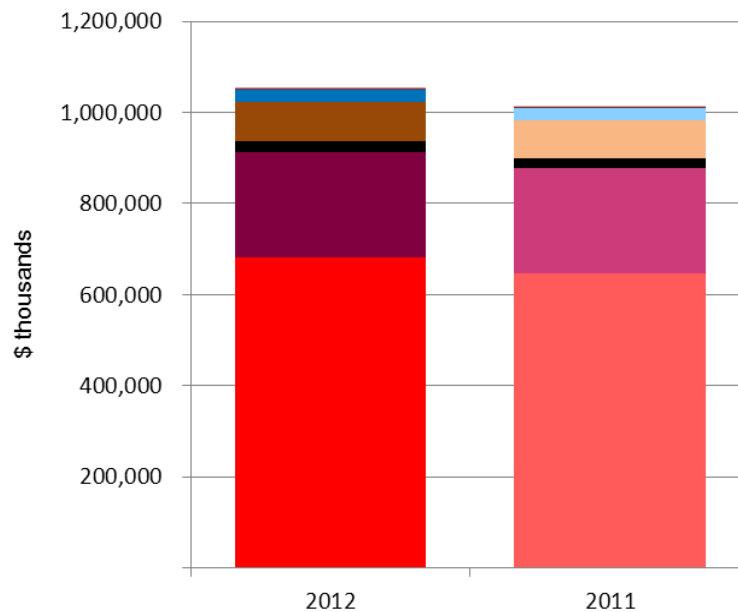
For the most part, the CBE can decide how best to use provincial funding for student learning. There are some exceptions. For example, there are grants targeted for specific projects such as the Alberta Initiative for School Improvement (AIS I).








Total revenues were \$1,187.6 million in 2011-12 compared to \$1,101.0 million in 2010-11.

The CBE receives 88.4 per cent of its revenue from Alberta Education, most of which is tied to enrolment.

Government grants of \$1,055.6 million represents an increase of \$39.9 million from 2010-11.

**Government Grants**



	<b>2012</b>	<b>2011</b>	<b>Variance</b>	
	<b>(all figures in \$ thousands)</b>		<b>(\$000)</b>	<b>%</b>
 Base provincial instruction	682,730	648,043	34,687	5.4
 Differential cost funding	230,582	230,007	575	0.3
 Other provincial education grants	87,279	84,887	2,392	2.8
 Capital support	25,865	25,626	239	0.9
 Provincial priority targeted grants	23,715	20,788	2,927	14.1
 Other provincial revenue	3,208	4,191	(983)	(23.5)
 Federal grants & education agreements	2,242	2,201	41	1.9
<b>Total</b>	<b>1,055,621</b>	<b>1,015,743</b>	<b>39,878</b>	<b>3.9</b>



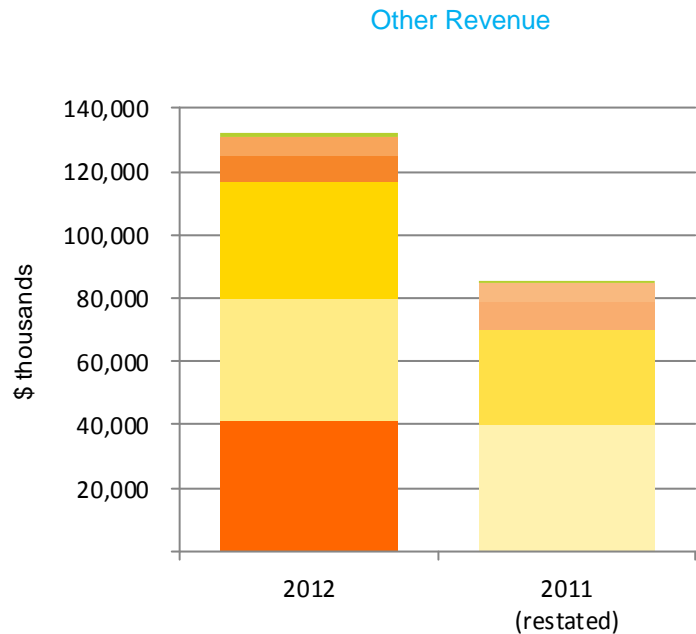
**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

Other Revenue

In 2011-12, the CBE sold King Edward and Albert Park schools—contributing \$8.2 million to revenue—and the old education centre building—contributing \$33.1 million.

The building sales were approved by the Board of Trustees and were in accordance with Alberta's *Disposition of Property Regulation AF181/2010*. More than half of the proceeds from the sale of the old education centre repaid all of the capital lease for renovations of the Dr. Carl Safran building. In keeping with the original financing plans for the new education centre, the use of the remaining proceeds from the sale of the old education centre has been approved by the Board of Trustees (pending Ministerial approval), to offset the leasing costs of the new education centre. Other net proceeds on building sales have been placed in capital reserves for future use to serve educational needs.

Fees increased by \$7.5 million comprised of an increase in noon supervision fees charged to those students classified as bus eligible but not accessing transportation, increased transportation fees due to anticipated fuel grant reduction, and increased fees at the school level.

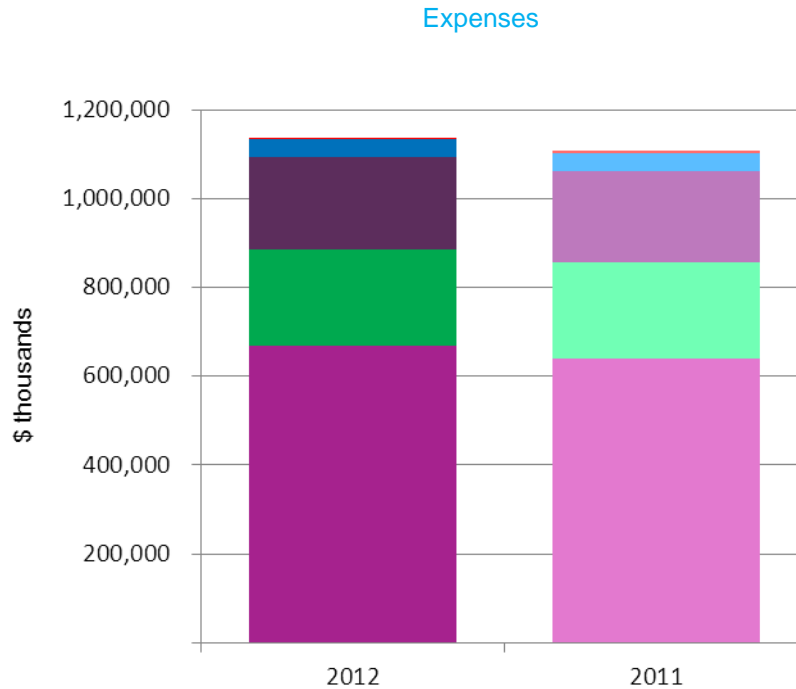


	2012	2011	Variance	
	(all figures in \$ thousands)		\$	%
Gain on disposal of assets	41,337	49	41,288	84259.2
Other sales and services	38,195	40,011	(1,816)	(4.5)
Fees	37,440	29,900	7,540	25.2
Rentals	8,397	9,221	(824)	(8.9)
Investment income & unrealized gain	5,632	5,307	325	6.1
School authorities & local governments	962	780	182	23.4
<b>Total</b>	<b>131,963</b>	<b>85,268</b>	<b>46,695</b>	<b>54.8</b>

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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Expense



	<b>2012</b>	<b>2011</b>	<b>Variance</b>	
	(all figures in \$ thousands)		\$	%
<span style="color: purple;">■</span> Certificated salaries & benefits	668,066	640,064	28,002	4.4
<span style="color: green;">■</span> Non-certificated salaries & benefits	218,575	217,171	1,404	0.6
<span style="color: darkpurple;">■</span> Supplies & services	205,428	204,004	1,424	0.7
<span style="color: blue;">■</span> Amortization of capital assets	42,463	41,889	574	1.4
<span style="color: red;">■</span> Interest	3,243	3,343	(100)	(3.0)
<b>Total</b>	<b>1,137,775</b>	<b>1,106,471</b>	<b>31,304</b>	<b>2.8</b>

Total expenses were \$1,137.8 million in 2011-12 compared to \$1,106.5 million in 2010-11.

The largest year-over-year variance is 3.4 per cent for total salaries, wages and benefits, which represent almost 78 per cent of expenses. The \$29.4 million change reflects the net impact of increased compensation offset by reduced and unfilled positions.

## Analysis of Financial Operating Results to Budget

The CBE's balanced 2011-12 budget was approved in June 2011 by the Board of Trustees with a forecasted operating deficit of \$19.3 million. In the budget, the CBE planned to cover this operating deficit with approved reserve draws and one-time savings on board-funded capital.

Additional funding from the province was announced in October 2011. The CBE portion, which was immediately directed to students in classrooms, was \$19.2 million. The 2011-12 First Quarter (Q1) Modified Budget was adjusted to accommodate these additional resources and the offsetting costs. Consequently, the anticipated operating deficit remained almost unchanged at \$19.2 million. (The fact the operating deficit and additional funding from the province are the same amount is a coincidence.)

## Operating Surplus (Deficit)

The budget anticipated a \$19.2 million deficit. The actual result was a surplus of \$49.8 million. The \$69.0 million difference predominantly reflects:

- \$41.3 million of proceeds from the sale of buildings;
- \$3.7 million Infrastructure, Maintenance and Renewal grant for capital;
- \$3.0 million of grant revenues that were higher than expected;
- \$2.5 million investment income;
- \$1.5 million additional fuel grant; and
- \$13.6 million of reduction on supplies and services, mainly due to delayed projects and other service and contract savings (e.g., SuperNet, utilities, transportation contracts, realignment of payroll service).

## Application of Surplus

The CBE used the \$49.8 million surplus to:

- Increase investment in capital by \$20.9 million including the full repayment of the \$20.2 million capital lease for the Dr. Carl Safran Centre;
- transfer to operating reserves totaling \$8.1 million, as follows;
  - \$0.2 million unrealized investment gains and losses;
  - \$2.8 million transportation fee stabilization reserve;
  - \$1.6 million utility expense stabilization reserve;
  - \$3.0 million fiscal stability;
  - \$0.5 million system transformation
- transfer \$0.6 million to unrestricted net assets
- transfer \$25.7 million to capital reserves;

after applying \$5.5 million from designated operating funds.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

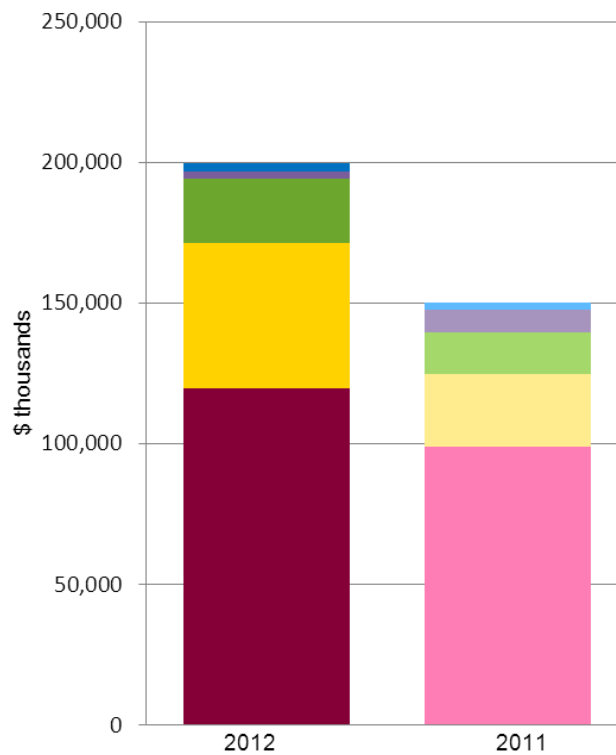
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The surplus meant the CBE's reliance on funding from operating reserves in 2011-12 was less than anticipated, making the funds available for use in 2012-13. Much of the surplus was forecasted and incorporated into the budget assumptions report and budget for 2012-13.

**Financial Position**

As at Aug. 31, 2012, the CBE has a net asset balance of \$199.7 million, reflecting total assets of \$1,058.6 million and total liabilities of \$858.9 million.

Change in Net Assets



	<u>2012</u>	<u>2011</u>
	<u>all figures in \$ thousands</u>	
Unrestricted net assets	2,810	2,184
Designated operating funds	2,641	8,154
Operating reserves	23,059	14,944
Capital reserves and designated funds	51,623	25,966
Investment in capital assets	119,571	98,647
	<u>199,704</u>	<u>149,895</u>

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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Whenever possible, the CBE has established specific operating and capital reserves to mitigate:

- the adverse impact of significant, uncontrollable increases in certain costs; and
- any adverse impacts to parents and students through service reductions and fee increases.

As described earlier, operating reserves were not drawn down as planned in 2011-12. In fact, the operating surplus enabled some reserve increases. A draw-down of \$12.2 million is included in the budget for 2012-13. This is required to maintain educational services and meet instructional needs while operating within the limitations of provincial-grant funding.

Designated operating funds decreased by \$5.5 million mainly due to reduced carry-forward of operating projects.

Changes to capital-related net assets are explained below.

## Capital Expenditures

The CBE receives funding for capital assets through two main sources. Funds are received for specific buildings or projects through targeted grants. In addition, the CBE funds other capital—such as technology, furniture, equipment and vehicles—by setting aside the funds from regular grants.

Capital reserves and designated funds increased \$25.7 million over 2011-12. This is a result of:

- the sale of the old education centre \$35.8 million (gross proceeds);
- other school building sales \$10.1 million (gross proceeds); and
- the reduction related to the repayment of Dr. Carl Safran capital lease of \$20.2 million.

Investment in capital assets increased by \$20.9 million due to:

- board-funded capital additions of \$43.7 million;
- offset by amortization of \$18.1 million and reduction of net book value of disposals of \$4.7 million.

One of the CBE's challenges is its ability to provide for new schools for Calgary's growing population in areas where they are required, and to provide resources for maintenance and renewal work necessary for established school facilities. As detailed in the School Capital Plan 2013-2016, the CBE continues to plan for and request provincial funding required to meet the significant shortfall of public schools in the new and developing communities of the City of Calgary.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2012**

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In recent years, the province has been supportive of these interests and has funded and constructed a number of schools in Calgary. Under the Alberta Schools Alternative Procurement project for construction of schools, four middle schools, Captain Nichola Goddard, Nose Creek, Ted Harrison and Twelve Mile Coulee welcomed students in September 2012. The new middle schools have added \$93.4 million to the CBE's capital assets. Robert Thirsk High School, which is under construction in the Calgary community of Arbour Lake, is expected to open in 2013.

The CBE continues to develop appropriate strategies to better utilize some of its school buildings, and to minimize the associated costs of operating and maintaining any excess space. In the past years, strategies included leasing unused space, program consolidation, expanding programs of choice and - as a last resort - school closure.

## Outlook

The most recent provincial budget kept its promise for sustainable funding. The Alberta government provided three-year budgets to enable long-term planning. For the first time, school boards can project their financial plans beyond the next fiscal year; the Three-Year Education Plan is complemented by a three-year funding model. A three-year funding model allows us to be more strategic in how we plan for student learning.

The Education Act proposed by the Alberta government may ultimately impact these strategies in areas such as full-day kindergarten, increased age of funded students, and residency requirements. The financial impact of these potential changes cannot be determined at this time.

On September 30, 2012, the CBE's total enrolment increased by 2,922 to 107,104, consisting of:

- 3,032 more students in kindergarten to Grade 12; and
- 110 fewer students in CBe-learn and Chinook Learning Services, including students who are 20 years of age and older.

The CBE believes these increases in enrolment are an endorsement of our commitment to achieving improved learning outcomes through the personalization of learning and specifically the Board of Trustees Results statements.

**CALGARY BOARD OF EDUCATION  
STATEMENT OF ADMINISTRATION RESPONSIBILITY  
AUGUST 31, 2012**

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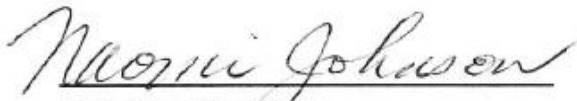
**STATEMENT OF ADMINISTRATION RESPONSIBILITY**

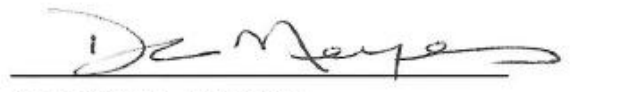
The Board of Trustees is responsible for ensuring that Administration fulfills its responsibility for financial reporting and control through its own ongoing monitoring and evaluation of its governance policies. The Board of Trustees carries out its responsibility for review of the financial statements principally through its Audit Committee. The Audit Committee, which consists of two Trustees and not less than three public members, meets with Administration and the External Auditor to discuss the results of the audit examination and financial reporting matters. The Audit Committee also reviews the financial statements, the Auditors' Report and other information, and recommends their approval to the Board of Trustees. The External Auditors have full access to the Audit Committee, with and without the presence of Administration.

In the context of the responsibilities of the Board, the Calgary Board of Education's Administration is responsible for the preparation, presentation and integrity of the financial statements and has prepared them in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The financial statements present fairly the financial position of the Calgary Board of Education as at August 31, 2012 and the results of its operations and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, Administration has developed Administrative Regulations and maintains a system of internal controls, procedures and guidelines, supplemented by ongoing monitoring and evaluation of results, to provide reasonable assurance that assets are safeguarded and that transactions are properly executed in accordance with the governance policies established by the Board of Trustees.

KPMG LLP, the External Auditors appointed by the Board of Trustees, has performed an audit of the financial statements in this report. Their independent professional opinion on these financial statements is included in the Auditors' Report.

  
\_\_\_\_\_  
NAOMI E. JOHNSON  
CHIEF SUPERINTENDENT OF SCHOOLS

  
\_\_\_\_\_  
DEBORAH L. MEYERS  
SUPERINTENDENT, CHIEF FINANCIAL OFFICER,  
AND CORPORATE TREASURER

November 27, 2012



**KPMG LLP**  
**Chartered Accountants**  
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Fax (403) 691-8008  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To Board of Trustees

We have audited the accompanying financial statements of the Calgary Board of Education (the "Corporation"), which comprise the balance sheet as at August 31, 2012, the statements of revenue and expense, changes in net assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

November 27, 2012  
Calgary, Canada



**CALGARY BOARD OF EDUCATION  
BALANCE SHEET  
AS OF AUGUST 31**

	2012	2011
	(in thousands)	(Restated - Note 20) (in thousands)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 3)	\$ 19,224	\$ 13,960
Short-term investments (Note 3)	68,977	50,315
Accounts receivable and prepaid expenses (Note 5)	38,084	35,953
Inventories	496	839
	<u>126,781</u>	<u>101,067</u>
Long-term investments (Note 3)	107,742	107,927
Capital assets (Note 6)	824,051	735,291
Assets held for sale (Note 6)	-	3,125
	<u>-</u>	<u>3,125</u>
<b>Total assets</b>	<u><u>\$ 1,058,574</u></u>	<u><u>\$ 947,410</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7,10)	\$ 84,767	\$ 76,242
Deferred revenue (Note 8)	50,319	53,764
Current portion of capital lease obligations (Note 11)	2,209	9,920
Current portion of long-term debt (Note 12)	3,246	3,857
	<u>140,541</u>	<u>143,783</u>
Employee future benefits (Note 9 (c), (d) and (e))	18,977	19,096
Deferred capital grants (Note 10)	674,472	587,622
Long-term capital lease obligations (Note 11)	14,334	31,905
Long-term debt (Note 12)	10,219	13,465
Asset retirement obligations (Note 13)	327	1,644
	<u>327</u>	<u>1,644</u>
<b>Total liabilities</b>	<u><u>\$ 858,870</u></u>	<u><u>\$ 797,515</u></u>
Contingencies and commitments (Note 14)		
<b>NET ASSETS (Note 15)</b>		
Unrestricted net assets	\$ 2,810	\$ 2,184
Designated operating funds	2,641	8,154
Operating reserves	23,059	14,944
Accumulated operating surplus (AOS)	28,510	25,282
Capital reserves and designated capital funds	51,623	25,966
Investment in capital assets	119,571	98,647
	<u>199,704</u>	<u>149,895</u>
<b>Total net assets</b>	<u><u>\$ 199,704</u></u>	<u><u>\$ 149,895</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,058,574</u></u>	<u><u>\$ 947,410</u></u>

*The notes are an integral part of these financial statements*

**CALGARY BOARD OF EDUCATION  
STATEMENT OF REVENUE AND EXPENSE  
FOR THE YEAR ENDED AUGUST 31**

	Budget (unaudited)	Actual	
	2012 (in thousands)	2012	2011 (Restated - Note 20)
<b>REVENUE (Schedule I)</b>			
Alberta Education grants:			
Base provincial instruction	\$ 683,381	\$ 682,730	\$ 648,043
Differential cost funding	225,655	230,582	230,007
Provincial priority targeted grants	25,552	23,715	20,788
Other provincial education grants	78,782	87,279	84,887
Capital support	25,809	25,865	25,626
Total Alberta Education grants	<u>\$ 1,039,179</u>	<u>\$ 1,050,171</u>	<u>\$ 1,009,351</u>
Other provincial revenue	4,328	3,208	4,191
Federal grants and education agreements	2,182	2,242	2,201
Other revenue	84,767	131,963	85,268
<b>Total revenue</b>	<u>\$ 1,130,456</u>	<u>\$ 1,187,584</u>	<u>\$ 1,101,011</u>
<b>EXPENSE (Schedule II)</b>			
Salaries and benefits	884,912	886,641	857,235
Services purchased	125,366	131,800	132,264
Supplies and materials	93,731	73,628	71,740
Amortization of capital assets	42,455	42,463	41,889
Interest	3,147	3,243	3,343
<b>Total expense</b>	<u>\$ 1,149,611</u>	<u>\$ 1,137,775</u>	<u>\$ 1,106,471</u>
<b>(Deficiency)/excess of revenue over expense for the year, before the undernoted</b>	(19,155)	49,809	(5,460)
<b>Transfer from/(to) operating reserves/designated funds</b>			
Transfer from/(to) operating reserves	10,300	(8,115)	8,011
Transfer from/(to) designated funds	6,323	5,513	(600)
	<u>16,623</u>	<u>(2,602)</u>	<u>7,411</u>
<b>Add/(deduct) capital items paid by operating funds</b>			
Capital assets acquired	(25,895)	(23,318)	(13,600)
Disposal of capital assets	-	4,738	4
Transfer from school purchased assets	1,286	1,636	1,132
Capital asset amortization	18,110	18,062	18,138
Debt repayments	(4,514)	(1,796)	(2,661)
Capital debt repayments	-	(20,247)	-
Transfer from capital reserve	-	20,247	-
Transfer from capital carry forwards	11,545	11,545	5,314
Transfer to capital carry forwards	-	(11,373)	(11,545)
	<u>532</u>	<u>(506)</u>	<u>(3,218)</u>
<b>Transfer from/(to) capital reserves</b>			
Building and equipment reserves	-	(46,075)	(49)
<b>Net operating (deficit)/surplus</b>	(2,000)	626	(1,316)
Draw from/(add to) unrestricted net assets	2,000	(626)	1,316
<b>Net operating (deficit)/surplus</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The notes are an integral part of these financial statements

**CALGARY BOARD OF EDUCATION  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31**

	Investment in Capital Assets	Capital Reserves	Operating Reserves	Designated Operating Funds	Unrestricted Net assets	Total Net Assets (Note 15)
	(in thousands)					
Balance, August 31, 2010	\$ 101,660	\$ 19,686	\$ 22,955	\$ 7,554	\$ 3,500	\$ 155,355
(Deficiency)/excess of revenue over expense	(18,138)	-	-	-	12,678	(5,460)
Transfers during the year	196	6,280	(8,011)	600	935	-
Capital assets acquired with operating funds	12,268	-	-	-	(12,268)	-
Capital debt repayments from operating funds	2,661	-	-	-	(2,661)	-
Net (decrease)/increase for year	(3,013)	6,280	(8,011)	600	(1,316)	(5,460)
<b>Balance, August 31, 2011</b>	<b>\$ 98,647</b>	<b>\$ 25,966</b>	<b>\$ 14,944</b>	<b>\$ 8,154</b>	<b>\$ 2,184</b>	<b>\$ 149,895</b>
Balance, August 31, 2011	\$ 98,647	\$ 25,966	\$ 14,944	\$ 8,154	\$ 2,184	\$ 149,895
(Deficiency)/excess of revenue over expense	(18,062)				67,871	49,809
Transfers during the year	-	25,657	8,115	(5,513)	(28,259)	-
Capital assets acquired with operating funds	37,190	-	-	-	(37,190)	-
Capital debt repayments from operating funds	1,796	-	-	-	(1,796)	-
Net (decrease)/increase for year	20,924	25,657	8,115	(5,513)	626	49,809
<b>Balance, August 31, 2012</b>	<b>\$ 119,571</b>	<b>\$ 51,623</b>	<b>\$ 23,059</b>	<b>\$ 2,641</b>	<b>\$ 2,810</b>	<b>\$ 199,704</b>

*The notes are an integral part of these financial statements*

**CALGARY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31**

	<b>2012</b>	<b>2011</b>
	<u>(in thousands)</u>	<u>(Restated - Note 20)</u> <u>(in thousands)</u>
<b>Operating activities</b>		
Excess/(deficiency) of revenue over expense for the year	\$ 49,809	\$ (5,460)
Add (less) items not requiring cash:		
Supported school building amortization	(24,401)	(23,751)
Amortization of capital assets	42,463	41,889
Employee future benefits	(119)	(1,027)
Gain on disposal of assets	(41,337)	(49)
Asset retirement obligation	(1,317)	
Unrealized gain on long-term investments	(1,528)	(467)
Changes in non-cash working capital:		
Short-term investments	(18,662)	31,515
Accounts receivable and prepaid expenses	(4,980)	(8,973)
Inventories	343	91
Accounts payable and accrued liabilities	1,675	8,210
Deferred revenue	(3,445)	(2,379)
<b>Cash from operating activities</b>	<u>\$ (1,499)</u>	<u>\$ 39,599</u>
<b>Financing activities</b>		
Capital grants received	17,894	26,750
Repayment of long-term debt	(3,857)	(4,480)
Repayment of capital lease obligations	(29,043)	(2,661)
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	2,849	(9,190)
Accounts payable and accrued liabilities	6,142	(17,196)
<b>Cash (used in)/from financing activities</b>	<u>\$ (6,015)</u>	<u>\$ (6,777)</u>
<b>Investing activities</b>		
Purchase of investments, net of disposals	1,713	(2,827)
Capital assets acquired	(35,718)	(28,041)
Proceeds from disposal of capital assets	46,075	53
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	-	-
Accounts payable and accrued liabilities	708	84
<b>Cash used in investing activities</b>	<u>\$ 12,778</u>	<u>\$ (30,731)</u>
<b>Net increase in cash and cash equivalents</b>	5,264	2,091
Cash and cash equivalents, beginning of year	<u>13,960</u>	<u>11,869</u>
<b>Cash and cash equivalents, end of year (Note 3)</b>	<u>\$ 19,224</u>	<u>\$ 13,960</u>

*The notes are an integral part of these financial statements*

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

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**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.

**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) Part V Pre-Changeover Accounting Standards. A precise determination of many assets and liabilities is dependent upon future events and involves the use of estimates, 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) is a not-for-profit foundation which promotes and supports public education in Calgary (see Note 16 (b)) and is a controlled entity whose financial results are not consolidated in these financial statements, as permitted under Canadian Institute of Chartered Accountants (CICA) Handbook Accounting Part V 4450.14.

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 approved budget submitted to Alberta Education in December 2011.

**(b) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash and short-term investments with original maturities of 90 days or less.

**(c) Inventories**

Inventories consist of maintenance and school supplies stored in administrative warehouses and are valued at the lower of cost and net realizable value. Inventories are expensed when items are shipped to schools or departments.

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Investments**

Held-for-trading assets are measured at fair value each reporting period. Unrealized gains and losses on held-for-trading financial instruments are recognized in earnings.

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 consist of treasury bills and money market investments and are recorded at fair value.

Long-term investments are investments held for a period of at least one to five years. Long-term investments may include corporate and government bonds and equities and are recorded at fair value.

**(e) Capital Assets and Capital Revenue**

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis at rates which 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
Equipment – Computer hardware & software	3 - 5 years
Vehicles	5 – 10 years
Other equipment	5 – 10 years

Amortization is not provided on construction in progress, as these assets are not ready and are not available for use. Once completed and placed into use, these assets are amortized in accordance with the Corporation's above amortization 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, and are based on the Corporation's three-year capital plan. 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.

Capital assets which are paid for directly by the Province of Alberta on behalf of the Corporation are recorded by the Corporation at fair market value when title has transferred. A corresponding deferred capital grant is recorded and reflected in revenue over the life of the asset. Maintenance expenses paid directly by the Province of Alberta on behalf of the Corporation relating to these assets are expensed and corresponding grant revenue is recognized.

**(f) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially the entire benefits and risks incidental to the ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(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 capital assets. Certain building assets contain 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 capital 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 estimated fair value of ARO are capitalized as part of the related long-lived asset and depreciated on the same basis as the underlying asset. ARO is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in earnings when remediation is completed.

### **(h) Revenue Recognition**

Revenues are recognized when they are earned. Restricted grants and donations received and fees collected in advance of the provision or use of related services, are deferred until utilized. Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services are recognized as revenue when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

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 is recognized 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 Board- funded assets are reflected as revenue 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.

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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 and for which the Corporation is accountable. School generated funds revenues are primarily generated through fundraising activities, non-instructional fees and donations and grants to schools in support of extra-curricular activities, field trips and equipment.

**(k) Financial Instruments**

The Corporation's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, long-term investments, accounts payable and accrued liabilities, long-term debt and capital leases. Unless otherwise stated in the notes to the financial statements, the carrying values of these financial instruments approximate their fair values.

There are no financial assets on the balance sheet designated as available-for-sale or held-to-maturity. Cash and cash equivalents, short-term and long-term 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 are expensed when incurred.

The risks that arise from transacting financial instruments include credit risk, liquidity risk and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices. The Corporation does not use derivative financial instruments to alter the effects of these risks. It is administration's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Corporation has elected to apply the scope provisions of paragraph 3855.07A such that the Corporation will not apply the requirements of Section 3855 to contracts for the purchase or sale of non-financial items and any embedded derivatives within these types of contracts or those embedded derivatives that may exist within lease or insurance contracts. In addition, the Corporation has elected to not adopt CICA 3861, "Financial Instruments – Disclosure and Presentation" and CICA 3862 "Financial Instruments – Disclosures."

**(l) Employee Future Benefits Plans and Accounting Policy Change**

The Corporation participates in a number of defined benefit plans to provide pension, retirement and healthcare benefits to its employees.

The Corporation's certificated employees are required to contribute to the Alberta Teachers' Retirement Fund (ATRF), a multi-employer pension plan. ATRF contributions by the Province for current service are reflected as a component part of education system costs and are formally recognized in the accounts of the Corporation, even though the Corporation has no legal obligation to pay these costs. The amount of current service contributions are recognized as revenue from the Province and as certificated benefits expense. Previously, the Provincial contributions were not included in the accounts of the Corporation. The prior year's comparative figures have been restated to reflect this change in accounting policy.



**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(I) Employee Future Benefits Plans and Accounting Policy Change (continued)**

The Corporation and its non-certificated employees participate in the Local Authorities Pension Plan ("LAPP"), a multi-employer pension plan. Pension costs of LAPP included in these financial statements comprise the cost of employer contributions for current service of participating employees during the year (refer to Note 9).

The Corporation established supplementary pension plans for certain members of senior administration. The Supplementary Integrated Pension Plan (SiPP) is a registered multi-employer plan. The Supplementary Executive Retirement Program (SERP) is a non-registered plan administered by the Corporation. The plan provides a supplement to the LAPP or ATRF (as appropriate) to provide an annual retirement benefit of 2% of total employee earnings. The cost of this SiPP is sponsored by the Corporation and is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Actuarial valuations of this plan occur annually as at August 31.

The Corporation provides a non-registered Supplementary Retirement Plan ("SRP") for certain senior employees of the Corporation, based on approved terms and conditions of the plan. The plan provides for annual contributions of 10% of the employee's salary which is above the LAPP or Alberta TRF pensionable earnings cap.

The Corporation has a number of other Post-Retirement and Post-Employment Benefits Plans. These plans are not funded by separately designated plan assets. For these plans, the Corporation accrues its obligations, and expenses the related costs, in accordance with the terms of the 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, all employees pay 100% of the post-retirement benefit premium costs. The most recent actuarial valuation of post-retirement and post-employment benefit plans was as of August 31, 2012. As the Corporation is transitioning to Public Sector Accounting (note 2(n)) reporting on September 1, 2011, this report will be updated to accommodate any necessary changes.

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Capital Management**

The Corporation's capital consists of its net assets. The Corporation is required to maintain sufficient net assets to support operational capital asset needs while ensuring no deficiency in unrestricted net assets. Accordingly, each year the Corporation prepares a Board of Trustees approved budget based on its projected funding to ensure sufficient funds are available to meet the Corporation's operational capital asset and operational needs. The Corporation provides information with regard to its performance against this budget throughout the year and adjusts expenditures when necessary to ensure the Corporation's compliance with net asset requirements. As part of the budget process, the Corporation establishes budgets for each of its service units and schools which, in aggregate, equal the Board of Trustee approved budget.

When necessary, the Board of Trustees can request appropriation of funds from the Capital Reserve to eliminate a deficiency in unrestricted net assets. In addition, to support service units and schools unspent budget allocation in anticipation of planned projects or spending commitments, the Board of Trustees will transfer unrestricted net assets to the Designated Funds and Operating Reserves and draw on these funds when spent.

**(n) Future Accounting Standards**

Effective January 1, 2012, all Government controlled not-for-profit organizations ("GNFPOs") will be required to follow either the CICA Public Sector Accounting Handbook ("PSA Handbook"), including Sections PS 4200 to PS 4270 or, alternatively, the CICA PSA Handbook without Sections PS 4200 to PS 4270. The Alberta Treasury Board requires that the Corporation adopt the current public sector accounting standards without reference to the not-for-profit standards Sections PS 4200 to PS 4270 effective for the year ending August 31, 2013 with retrospective application and restatement for the comparative year ending August 31, 2012. The transition is intended to enhance the public accountability and comparability of the financial reporting of the government controlled entities with those of other government organizations.

The Corporation is currently assessing the impacts of the conversion, including identifying the key differences, developing PSA Handbook accounting policies and new financial statement disclosures. The Corporation will continue to monitor the development of standards. The impact, if any, is not known at this time.

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

**3. CASH AND CASH EQUIVALENTS, INVESTMENTS AND BANK INDEBTEDNESS**

	2012			2011 Restated		
	Effective Fair Value Yield	Cost	Fair Value	Effective Fair Value Yield	Cost	Fair Value
<b><u>Cash and short term investments</u></b>						
Bank balances (1)	-	\$ 21,910	21,910	-	\$ 18,423	\$ 18,423
Outstanding cheques	-	(2,686)	(2,686)	-	(4,463)	(4,463)
Cash equivalents	-	64,753	64,753	-	49,959	49,959
Fixed income securities	1.01%	4,220	4,224	0.93%	356	356
		<u>\$ 88,197</u>	<u>88,201</u>		<u>\$ 64,275</u>	<u>\$ 64,275</u>
<b><u>Long term investments</u></b>						
Bank term investments	2.05%	\$ 26,291	\$ 26,291	1.18%	\$ 1,173	\$ 1,173
Fixed income securities						
Government of Canada	(0.61)%	15,290	16,134	1.42%	17,095	17,752
Provincial	2.02%	571	592	2.30%	571	588
Municipal	1.52%	2,037	2,116	1.67%	2,037	2,140
Corporate	2.28%	21,467	22,179	2.69%	21,156	21,766
Total fixed income securities		<u>39,365</u>	<u>41,021</u>		<u>40,859</u>	<u>42,246</u>
Equities						
Canadian equities	2.79%	6,451	8,370	2.81%	6,811	8,784
U.S. equity funds	1.97%	6,772	6,953	1.90%	6,697	5,844
International equity pooled funds	3.27%	8,479	7,913	3.30%	8,264	7,405
Total equities		<u>21,702</u>	<u>23,236</u>		<u>21,772</u>	<u>22,033</u>
Supplemental Integrated Pension Plan Assets	1.26%	714	651	2.21%	695	649
Restricted long-term investment (2)		16,543	16,543	0.00%	41,826	41,826
Total long term investments		<u>\$ 104,615</u>	<u>\$ 107,742</u>		<u>\$ 106,325</u>	<u>\$ 107,927</u>

(1) Bank balances for both years have included cash and cash equivalents at schools – see Note 4

(2) 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, 2012 (see Note 11).

The following is the maturity structure for fixed income securities based on the principal amount:

	2012	2011
1-5 years	90.45%	88.93%
6-10 years	0.00%	1.71%
11-20 years	7.37%	9.36%
Over 20 years	2.18%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

**General Operating and Other Bank Indebtedness**

The Corporation maintains a line of credit with 3% borrowing rate that has been negotiated with its banker for general operating purposes. The line of credit is secured against the Corporation's accounts receivable at bank prime rate. At August 31, 2012, no amount has been drawn against the Corporation's general operating line of credit (2011 - \$nil).

Yields on current, short-term 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 instrument.

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

**3. CASH AND CASH EQUIVALENTS, INVESTMENTS AND BANK INDEBTEDNESS (continued)**

Supplementary Cash Flow Information

During the year ended August 31, 2012, cash interest paid on debenture debt amounted to \$1,693(2011 - \$2,146) and cash interest earned (operating and capital) and dividends received on investments totalled \$4,064 (2011 - \$4,047).

**4. SCHOOL GENERATED FUNDS**

New reporting guidelines from Alberta Education have changed the presentation of school generated funds (SGF). Under the new methodology, SGF revenue is reflected in fees, fundraising, gifts and donations, and other sales and services as appropriate. These revenue categories are reported on a gross basis. Any unexpended funds have been reported as deferred revenue on the Statement of Financial Position. 2010/2011 amounts have been restated for comparative purposes.

The continuity of unexpended SGF Revenue as of August 31, 2012 is summarized below:

	<u>2012</u>	<u>2011</u>
Unexpended School Generated Revenue, Opening balance	\$ 13,506	\$ 11,045
Current Year Activities - Gross Receipts		
Fees	15,776	18,306
Fundraising	11,035	11,446
Gifts and donations	5,131	5,439
Grants to schools	554	679
Other sales and services	134	29
Total gross receipts	<u>\$ 46,136</u>	<u>\$ 46,944</u>
Current Year Activities - Direct Costs Including Costs of Goods Sold to Raise Funds	24,302	26,936
Current Year Activities - Use of Funds	7,118	6,502
Unexpended School Generated Revenue, Closing Balance	<u><u>\$ 14,716</u></u>	<u><u>\$ 13,506</u></u>

**5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES**

**Accounts receivable and prepaid expenses are comprised of:**

	<u>2012</u>	<u>2011</u> <u>(Restated)</u>
Alberta Education	\$ 13,045	\$ 15,070
Alberta Finance	800	1,029
Federal Government and First Nations	2,501	1,473
Other Alberta School Juristictions	3,450	1,472
Other accounts receivable	8,477	9,791
Less: valuation allowances	<u>(632)</u>	<u>(51)</u>
Total accounts receivable	<u>27,641</u>	<u>28,784</u>
Prepaid expenses	<u>10,443</u>	<u>7,169</u>
Total accounts receivable and prepaid expenses	<u><u>\$ 38,084</u></u>	<u><u>\$ 35,953</u></u>

**CALGARY BOARD OF EDUCATION  
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**6. CAPITAL ASSETS**

	<b>2012</b>		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 2,711	\$ -	\$ 2,711
Land improvements	22,153	8,930	13,223
Buildings	1,097,798	370,996	726,802
Buildings under capital lease	19,061	2,455	16,606
Furniture and equipment	207,063	146,007	61,056
Furniture and equipment under capital lease	2,700	2,041	659
	\$ 1,351,486	\$ 530,429	\$ 821,057
Construction in progress	2,994	-	2,994
	\$ 1,354,480	\$ 530,429	\$ 824,051
<b>2011</b>			
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 4,571	\$ -	\$ 4,571
Land improvements	18,162	9,041	9,121
Buildings	943,328	348,779	594,549
Buildings under capital lease	36,849	1,797	35,052
Furniture and equipment	181,248	130,583	50,665
Furniture and equipment under capital lease	9,053	1,798	7,255
	\$ 1,193,211	\$ 491,998	\$ 701,213
Construction in progress	34,078	-	34,078
	\$ 1,227,289	\$ 491,998	\$ 735,291

As of August 31, 2012, the Corporation has an asset retirement obligation of \$327 (2011 - \$1,644) for the estimated costs of removing and disposing of asbestos in those schools and other buildings approved by the Board for disposition.

As of August 31, 2012, Alberta Education has confirmed that costs of \$93,357 (2011 - \$ 31,465) related to the ASAP II P3 project have been incurred. This amount has been recorded as a capital asset acquisition as the project has been completed and title has been transferred to the Corporation.

During 2012, land and buildings with a net book value of \$4,738 was disposed of, for proceeds (less of expenses for disposal) of \$46,075.

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**7. ACCOUNTS PAYABLE , ACCRUED LIABILITIES AND DEFERRED CAPITAL ALLOCATIONS**

Accounts payable, accrued liabilities and deferred capital allocations are comprised of:

	<u>2012</u>	<u>2011 (Restated)</u>
Alberta Education - Deferred capital allocations	\$ 12,512	\$ 6,141
Alberta Finance	800	1,029
Federal Government and First Nations	843	876
Other Alberta School Jurisdictions	-	-
Salaries and Benefits	37,572	35,157
Other accounts payable and accrued liabilities	33,040	33,039
	<u>\$ 84,767</u>	<u>\$ 76,242</u>

**8. DEFERRED REVENUE**

	<u>2012</u>	<u>2011 (Restated)</u>
Alberta Education operating grants	\$ 6,749	\$ 5,001
Alberta Initiative for School Improvement grants	1,696	2,352
Infrastructure Maintenance Renewal grants	16,272	20,569
Student fees	9,258	7,976
Scholarship funds	204	248
Other	16,140	17,618
Total	<u>\$ 50,319</u>	<u>\$ 53,764</u>

**9. PENSIONS/EMPLOYEE FUTURE BENEFITS**

**(a) Alberta Teachers Retirement Fund (ATRF)**

The current service and past service costs of the ATRF are met by contributions by active members and the Province of Alberta. Under the terms of the Teachers' Pension Plan Act, the Corporation does not make pension contributions for certificated staff and does not report on any unfunded liabilities. The service costs for the members are funded and contributed by the Province of Alberta in the amount of \$54,600 (2011 - \$51,624) and are included in these financial statements as revenue from the Government of Alberta and as certificated benefits expense. At August 31, 2012, the ATRF reported a deficiency of \$1,909,266 (2011 - \$1,953,920).

**(b) Local Authorities Pension Plan (LAPP)**

The Corporation participates in the LAPP, which is a multi-employer pension plan and does not report on any unfunded liabilities. The service costs for the employees for the current year of \$15,567 (2011 - \$15,297) are included in these financial statements and comprise the Corporation's costs of employer contributions. At December 31, 2011, the Local Authorities Pension Plan reported a deficiency of \$4,639,390 (2010 - \$4,635,250).

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**9. PENSIONS/EMPLOYEE FUTURE BENEFITS (continued)**

**(c) Supplemental Integrated Pension Plan (SiPP) and Supplemental Executive Retirement Program (SERP)**

The Corporation's net pension expense for the registered portion of SiPP for the year was \$ 54 (2011 – \$56). The net pension expense for the non-registered portion was \$152 (2011 - \$219). The total liability for the SERP at August 31, 2012 is \$547 (2011 - \$394).

**(d) Supplementary Retirement Plan (SRP)**

The total liability for the SRP at August 31, 2012 is \$226 (2011 - \$132).

**(e) Post-Retirement and Post-Employment Benefits Plans**

**Changes in Projected Benefits Obligation**

The following table provides the plans' change in Accrued Benefit Obligation ("ABO") for the year ended August 31 are:

	<u>2012</u>	<u>2011</u>
Accrued benefit obligation, beginning of year	\$ 30,397	\$ 30,263
Current service cost	918	848
Interest cost	1,274	1,365
Benefits payments	(4,005)	(4,152)
Actuarial losses	3,935	2,073
Accrued benefit obligation, end of year	<u>\$ 32,519</u>	<u>\$ 30,397</u>

To date, \$18,204 (2011 – \$18,570) has been accrued in the Corporation's financial statements as an accrued benefit obligation.

**Plan Funded Status**

Reconciliation of funded status of benefit plans to the amounts recorded in the financial statements is as below:

	<u>2012</u>	<u>2011</u>
Plan deficit	\$ 32,519	\$ 30,397
Unamortized net actuarial gains	(13,906)	(10,600)
Unamortized past service costs	(409)	(543)
Unamortized transition asset	-	(684)
Accrued benefit obligation	<u>\$ 18,204</u>	<u>\$ 18,570</u>

The Corporation does not fund its post-retirement plans (see accounting policy Note 2(l)). Accordingly, the plans held no assets at August 31, 2012 and 2011.

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**9. PENSIONS/EMPLOYEE FUTURE BENEFITS (continued)**

**(e) Post-Retirement and Post-Employment Benefits Plans (continued)**

**Components of Net Periodic Post-Retirement Benefit Cost**

The net period benefits cost for pension plans includes the following components for the year ended August 31:

	<u>2012</u>	<u>2011</u>
Current period service cost	\$ 918	\$ 848
Interest cost	1,274	1,365
Amortization of net actuarial losses	845	785
Amortization of transitional obligation	684	687
Amortization of past service costs	134	(672)
Net Period Benefits Cost	<u>\$ 3,855</u>	<u>\$ 3,013</u>

The initial transitional obligation of \$35,664 at September 1, 2000 and the unamortized transitional obligation of \$684 on September 1, 2010 have been fully amortized as of August 31, 2012.

**Assumptions**

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, 2012) and comparative prior year are as follows:

	<u>2012</u>	<u>2011</u>
Amortization method	Straight-line	Straight-line
Accrued benefit obligation at end of fiscal year		
Discount rate	3.70%	4.35%
Rate of Compensation increase	3.50%	2.50%
Initial health care cost trend rate	7.00%	8.00%
Annual decline in health care cost trend rate	0% for 1st 3 years, 0.5%thereafter	0% for 1st 3 years, 0.5%thereafter
Ultimate health care cost trend rate	5.00% in fiscal 2019	5.00% in fiscal 2018
Net benefit cost for fiscal year ended August 31		
Discount rate	4.35%	4.35%
Rate of compensation increase	2.50%	2.50%
Expected return on assets	N/A	N/A



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**10. DEFERRED CAPITAL ALLOCATIONS AND UNAMORTIZED CAPITAL ALLOCATIONS**

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

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 6,141	\$ 23,066
Restricted capital allocations received	19,055	6,425
Net proceeds on supported capital assets	1,378	-
Interest earned on deferred capital allocations	59	82
Capital allocations expended during the year	<u>(14,121)</u>	<u>(23,432)</u>
Balance, end of year	<u>\$ 12,512</u>	<u>\$ 6,141</u>

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. Changes in unamortized capital allocations are as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 587,622	\$ 553,159
Debenture principal repaid by Alberta Finance	3,857	4,480
Capital assets funded by Alberta Education	93,357	31,465
Capital allocations expended during the year	14,120	23,432
Capital allocations amortized to revenue	(24,401)	(23,751)
Net book value of supported capital assets disposal	<u>(83)</u>	<u>(1,163)</u>
Balance, end of year	<u>\$ 674,472</u>	<u>\$ 587,622</u>

**CALGARY BOARD OF EDUCATION  
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**11. CAPITAL LEASES**

Capital leases are approved by the Minister of Education for internally financed projects. All capital leases are secured by identified assets of the Corporation (restricted cash). As of August 31, 2012, capital lease obligations pertaining to the Corporation are as summarized below:

	<u>2012</u>	<u>2011</u>
Finance contracts, secured by certain equipment at interest rates ranging from 2.44% - 4.49%, repayable in annual installments of \$325 including interest, maturing September 2014.	\$ 809	\$ 1,105
Finance contracts, secured by certain building components at interest rates ranging from 2.72% - 4.24%, repayable in annual installments of \$887 including interest, maturing August 2018 through August 2022.	5,510	3,137
Finance contracts, secured by certain building components at interest rates ranging from 2.69% - 3.18%, repayable in annual installments of \$1,515 including interest, maturing August 2020 through August 2022.	<u>10,224</u>	<u>37,583</u>
	16,543	41,825
Less: Current portion	<u>(2,209)</u>	<u>(9,920)</u>
	<u>\$ 14,334</u>	<u>\$ 31,905</u>

Minimum lease payments and interests for future years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	2,209	517	2,726
2014	2,279	447	2,726
2015	2,226	375	2,601
2016	2,099	304	2,403
2017	2,166	236	2,402
Thereafter	<u>5,564</u>	<u>323</u>	<u>5,887</u>
Total	<u>16,543</u>	<u>2,202</u>	<u>18,745</u>

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**12. LONG-TERM DEBT**

Long-term debt includes debentures for the acquisition of school buildings funded directly by Alberta Education (pre-1995). Those debentures were issued for periods of 15, 20 or 25 years in those years prior to 1995 when the Corporation had local taxing authority, at interest rates ranging from 7.38% -11.75%, and maturity at various dates to 2020. All debenture principal and interest payments are fully guaranteed by the Province of Alberta.

	<u>2012</u>	<u>2011</u>
Debentures outstanding	\$ 13,465	\$ 17,322
Less: Current portion	(3,246)	(3,857)
	<u>\$ 10,219</u>	<u>\$ 13,465</u>

Minimum repayments of debentures based on the terms above are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3,246	1,308	4,554
2014	2,793	986	3,779
2015	2,515	710	3,225
2016	1,975	463	2,438
2017	1,554	273	1,827
Thereafter	1,382	204	1,586
Total	<u>13,465</u>	<u>3,944</u>	<u>17,409</u>

**13. ASSET RETIREMENT OBLIGATION**

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

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 1,644	\$ 1,644
Obligations discharged	(1,317)	-
Balance, end of year	<u>\$ 327</u>	<u>\$ 1,644</u>

An interest rate of 5.35% is applicable to discount expected cash flows for calculation of the initial obligation and a rate of 3.70% would be applicable for accretion of the obligation.

The Corporation has not recorded an asset retirement obligation for the estimated costs of restoring certain schools that may have asbestos as the Corporation is unable to determine the value of this liability as all locations and amounts of asbestos are unknown.

During the year ended August 31, 2012, \$1,317 asset retirement obligation associated with King Edward school and the 515 Macleod Trail building was discharged as a result of disposal of those assets (see note 6).

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**14. COMMITMENTS AND CONTINGENCIES**

- (a) 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 is not expected to be significant to the overall financial position of the Corporation.
- (b) The Corporation has contractual commitments to complete major capital projects relating to school buildings and administrative sites. As at August 31, 2012, these outstanding contractual obligations were \$491 (2011 - \$11,190), and the full amount is to be funded by Alberta Education.
- (c) The Corporation has entered into various operating lease agreements for office spaces that expire up to February, 2031. Future annual lease payments and operating payments under these leases are as follows:

	Minimum Lease payment	Estimated Operating Costs	Total
2013 \$	9,453	\$ 2,912	\$ 12,365
2014	9,651	2,950	12,601
2015	9,752	2,988	12,740
2016	9,370	3,027	12,397
2017	9,701	3,066	12,767
Thereafter	154,094	45,508	199,602
Total \$	<u>202,021</u>	<u>\$ 60,451</u>	<u>\$ 262,472</u>

Lease expense during the year excluding operating costs amounted to \$9,378 (2011 - \$4,990).

- (d) The Corporation has revised its service agreement related to certain payroll and human resources administration processes expiring October 14, 2015. Future minimum annual payments under this commitment are:

Year	Minimum payments
2013	\$ 2,879
2014	2,924
2015	2,735
2016	320
	<u>\$ 8,858</u>

- (e) Effective September 1, 2006, the Corporation entered into a Master Transportation Agreement with Southland Transportation Ltd. and First Student Canada for the provision of student school bus transportation services. The initial term of the agreement is ten years (expiring August 31, 2016) and the Corporation may renew the agreement for two additional periods of five years each. Each year during the term, the Corporation enters into 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.

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**14. CONTINGENCIES AND COMMITMENTS (continued)**

- (f) Effective January 1, 2012, the Corporation entered into a one year fixed price natural gas supply agreement with Direct Energy at a certain price for a majority of its total annual natural gas consumption, and this agreement is to expire on December 31, 2012. The contract contains a one year renewal option; the Corporation is currently in the process of posting a prequalification of bidders for natural gas for calendar year 2013, with optional extension years.
- (g) Effective July 31, 2007, the Corporation entered into a fixed electricity supply agreement at a certain price for all of its electricity consumption from January 1, 2009 to December 31, 2012. This agreement has been extended by two additional years and will expire December 31, 2014. Subsequent to August 31, 2012, the Corporation awarded a 3 year contract to Enmax for electricity for calendar years 2015 to 2018.
- (h) Effective June 2011, the Corporation entered into a 5 year contract with Telus Corporation for all phone services which expires May 31, 2016.

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**15. NET ASSETS**

The components of the Corporation's net assets of \$199,704 as at August 31, 2012 are described below:

**(a) Accumulated Operating Surplus**

As at August 31, 2012, the Corporation has an accumulated operating surplus of \$28,510 (2011 - \$25,282) comprised of the following:

**(i) Unrestricted Net Assets**

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

For the year ended August 31, 2012, the Corporation's operating surplus was \$626 (2011 - deficit of \$1,316), and the Corporation has an unrestricted accumulated operating surplus of \$2,810 (2011 - \$2,184).

**(ii) Designated Operating Funds and Operating Reserves**

Where certain instructional initiatives are planned or in progress, the Corporation has designated or restricted operating funds for these specific purposes. 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>2012</u>	<u>2011</u>
School decentralized budgets	\$ 1,127	\$ 5,482
Instructional and service unit initiatives	1,514	2,672
	<u>\$ 2,641</u>	<u>\$ 8,154</u>

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

	<u>2012</u>	<u>2011</u>
Unrealized Investment Gains/Losses (1)	\$ 3,195	\$ 3,033
Continuing Education Fee Stabilization (2)	1,593	1,593
Transportation Stabilization Fee Reserve	2,816	-
Utility Expense Stabilization	5,007	3,370
Fiscal Stability	5,000	2,000
Administrative Systems Renewal	2,248	2,248
System Transformation	2,000	1,500
General Instruction	1,000	1,000
Snow Removal Budget Stabilization	200	200
	<u>\$ 23,059</u>	<u>\$ 14,944</u>

(1) Restricted operating reserve for unrealized gains/losses only, which result from changes in the fair market value of held-for-trading financial instruments

(2) Restricted operating reserve for Adult Education purposes only, and in accordance with Alberta Education reporting guidelines, cannot be used in support of K-12 educational programs

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**15. NET ASSETS (continued)**

**(a) Accumulated Operating Surplus (continued)**

As at August 31, 2012, the Board of Trustees approved the use of \$3,370 of the Utility Expense Stabilization Fee Reserve, \$200 of the Snow Removal Reserve, \$1,000 of the General Instruction Reserve, \$2,000 of the Fiscal Stability Reserve, \$1,931 of the Administrative Systems Renewal Reserve, and \$1,500 of the System Transformation Reserve to support the 2012/13 Operating Budget. The Board has also approved the use of \$2,184 of Unrestricted Net Assets in support of the 2012/13 Operating Budget. It is expected that these various reserves may not be drawn down in 2012/13 to the same amounts.

**(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 legislation, 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>2012</u>	<u>2011</u>
Land, Buildings and Equipment	\$ 34,579	\$ 8,751
School Program Modernization	2,271	2,271
Leased School Buildings	2,000	2,000
Chinook Learning Services Relocation	1,400	1,400
Funds carried forward for approved capital projects	11,373	11,544
	<u>\$ 51,623</u>	<u>\$ 25,966</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. At August 31, 2012, all funds are committed or designated for a specified purpose, except for \$18,393 which remains available for new building commitments.

**(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, 2012, the Corporation has \$119,571 invested in capital assets (2011 - \$98,647).

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**16. 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 all school jurisdictions in Alberta.

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

<b>Corporate</b>	Assets (at cost or net realizable value)	Liabilities	Revenues	Expenses
<b>Government of Alberta (GOA):</b>				
Education	\$ 13,045	24,276	\$ 1,026,875	\$ 2,705
Education (Deferred Capital Allocations)	N/A	12,512	N/A	N/A
Treasury Board and Finance	800	14,264	1,464	1,693
Health and Wellness	-	-	8	2,014
Human Services	-	-	273	-
Other GOA departments	-	-	357	-
<b>Other:</b>				
Health authorities	-	-	-	-
Post-secondary institutions	18	-	81	157
Other Alberta school jurisdictions	3,264	-	731	7
Other related parties (1)	83	657	5,466	15,567
<b>TOTAL 2011/12</b>	<b>\$ 17,210</b>	<b>51,709</b>	<b>1,035,255</b>	<b>22,143</b>
<b>TOTAL 2010/11</b>	<b>\$ 16,615</b>	<b>47,102</b>	<b>942,561</b>	<b>17,663</b>

(1) "Other related parties" – Revenue included lease revenue from Chartered Schools of \$5,337 for 2011/2012 fiscal year.

**(b) EducationMatters**

EducationMatters (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. The Corporation's Trustees cannot hold a majority of the Governor positions. The Foundation promotes activities that support public education for the benefit of Calgary's students.



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**16. RELATED PARTIES (continued)**

**(b) EducationMatters (continued)**

The Foundation is not consolidated into 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 year ended August 31, 2012 is as follows:

	<b>2012</b> <u>(unaudited)</u>	<b>2011</b> <u>(unaudited)</u>
Total assets	\$ 3,935	\$ 2,930
Total liabilities	(2)	(13)
Net assets	<u>\$ 3,933</u>	<u>\$ 2,917</u>
Fund balances held by the Foundation:		
Flow through funds	\$ 1,186	\$ 598
Endowment funds	2,238	1,809
Operating funds	509	510
	<u>\$ 3,933</u>	<u>\$ 2,917</u>
Revenues (1)	\$ 3,256	\$ 2,032
Expenses (2)	(2,240)	(1,578)
Excess (deficiency) of revenues over expenses	<u>\$ 1,016</u>	<u>\$ 454</u>

(1) Revenues include financial support from the Corporation of \$750 (2011 - \$750).

(2) Expenses paid to the Corporation amount to \$57 (2011 - \$19); approved Grant disbursements to CBE Schools and Programs amount to \$1,377 (2011 - \$574).

**(c) The Urban Schools Insurance Consortium**

The Corporation is a member of the Urban Schools Insurance Consortium (USIC), which facilitates the placement of property and liability insurance coverage for fourteen school jurisdictions throughout the Province of Alberta. Amounts are paid by each of the members to the consortium to pay for insurance 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, 2012 was \$1,349 (2011 - \$2,442). This amount has not been recognized in the Corporation's financial statements, as accumulated consortium funds are payable only upon membership termination or dissolution of the consortium.

**(d) Other**

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 as the Corporation has no control, significant influence or economic interests in any of those entities.

During the 2011/2012 year, CBE engaged a legal firm as corporate secretary and legal counsel. CBE made payments to this firm totaling \$1,120, of which \$76 was outstanding at August 31, 2012. These transactions were conducted in the normal course of operations, on commercial terms established and agreed to by the parties, and therefore were recorded at the exchange amount.

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**17. FEES**

For the year ended August 31, 2012, the following fees were charged:

	<b>Gross Receipts 2012</b>	<b>Gross Receipts 2011 (Restated)</b>
Transportation fees	\$ 8,928	\$ 6,062
Fees charged for instruction material and supplies	7,628	7,493
Noon Supervision	6,145	4,399
Other	14,739	11,946
Total gross receipts	<u>\$ 37,440</u>	<u>\$ 29,900</u>

**18. REMUNERATION AND MONETARY INCENTIVES**

The Corporation had paid or accrued expenses for the year ended August 31, 2012 to or on behalf of the following positions and persons (in \$):

	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses (2)
<b>Board Members:</b>							
<b>Chair</b>							
Pat Cochrane	1.0	\$57,094	\$7,985	\$3,600			\$3,079
<b>Other members</b>							
Lynn Ferguson	1.0	\$51,856	\$7,982	\$3,600			\$4,057
Carol Bazinet	1.0	\$46,618	\$6,880	\$3,600			\$6,061
Pamela King	1.0	\$46,618	\$7,974	\$3,600			\$5,149
George Lane	1.0	\$46,618	\$5,451	\$3,600			\$5,833
Sheila Taylor	1.0	\$46,618	\$7,916	\$3,600			\$5,766
Joy Bowen-Eyre	1.0	\$46,618	\$7,940	\$3,600			\$4,428
<b>Subtotal</b>	<b>7.0</b>	<b>\$342,040</b>	<b>\$52,128</b>	<b>\$25,200</b>			<b>\$34,373</b>
<b>Chief Superintendent:</b>							
Naomi Johnson (1)	1.0	\$280,753	\$84,919	\$15,000	\$0	\$0	\$26,760
<b>Chief Financial Officer:</b>							
Deborah Meyers	1.0	\$250,000	\$59,915	\$7,000	\$0	\$0	\$9,912
<b>Corporate Secretary (3)</b>							
Janice Barkway	0.2	\$25,679	\$4,906	\$0	\$0	\$0	\$4,832
Rod Peden	0.0	\$8,942	\$1,890	\$296	\$0	\$175,345	\$52
Certificated teachers (1)	5,655.7	\$ 555,619,357	\$ 112,029,127	\$ 37,300	\$0	\$0	
Non-certificated - other	3,125.0	\$ 176,792,348	\$ 37,910,248	\$ 1,849,048	\$0	\$ 1,070,481	
<b>TOTALS</b>		<b>\$ 733,319,119</b>	<b>\$ 150,143,133</b>	<b>\$ 1,933,844</b>	<b>\$0</b>	<b>\$ 1,245,826</b>	

(1) The benefits include government portion of the current service contribution to the Alberta Teachers Retirement Fund on behalf of the Corporation.

(2) Expenses include the reimbursement of travel, subsistence, and other approved expenses on his/her behalf in performing the responsibilities of the named position. Expenses reported included 100% GST.

(3) For the months September 2011 to June 2012, a legal firm has provided services as acting Corporate Secretary with remuneration totalling \$122,520.

**CALGARY BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

(In thousands of dollars unless stated otherwise)

**19. COMPARATIVE FIGURES**

Certain 2011 amounts have been reclassified where necessary to conform to the current year's presentation.

**20. PRIOR PERIOD ADJUSTMENTS**

**Alberta Teachers Retirement Fund (ATRF)**

Revenue from Government of Alberta and certificated benefits for the year ended August 31, 2011 have been restated to reflect the accounting policy change of Government contributions to ATRF in the statement of revenues and expenses (refer to note 2(l)). The restatement amounts are summarized as below:

	<b>Year ended August 31, 2011</b>
Increase in revenue: Alberta Education grants - Other provincial education grants	\$ 51,624
Increase in expenses - certificated benefits	51,624
Net impact on unrestricted operating surplus	\$ -

**School Generated Funds (SGF)**

The Corporation has restated its cash and cash equivalents, short-term investments, accounts receivable and prepaid expenses, accounts payable and accrued liabilities, deferred revenue and SGF revenue and SGF expenses as at August 31, 2011 for the correction of insignificant amounts of SGF under the new reporting guidelines from Alberta Education (refer to note 4).

A summary of the numerical changes are summarized in a table:

	<b>Year ended August 31, 2011</b>		
<b>Income Statement</b>			
Increase in revenue - SGF revenue	\$ 31,421		
Increase in expenses - SGF expenses	31,421		
Net impact on unrestricted operating surplus	\$ -		
<b>Balance Sheet</b>	<b>Restated as of August 31, 2011</b>	<b>Reported as of August 31, 2011</b>	<b>Net Changes</b>
<b>Assets:</b>			
Cash and cash equivalent	\$ 12,057	12,057	-
Short - term investments	1,438	1,438	-
Accounts receivable and prepaid expenses	647	1	646
	<u>14,142</u>	<u>13,496</u>	<u>646</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	636	-	636
Deferred Revenue	13,506	13,496	10
	<u>14,142</u>	<u>13,496</u>	<u>646</u>
Net impact on net assets	\$ -	-	-

**CALGARY BOARD OF EDUCATION  
DETAILED SCHEDULE OF REVENUE  
FOR THE YEAR ENDED AUGUST 31, 2012**

**Schedule I**

	Budget (unaudited)		Actual	
	2012		2011 (Restated - Note 20)	
	(in thousands)		(in thousands)	
<b>Alberta Education grants</b>				
<b>Base provincial instruction grants</b>				
Kindergarten	\$ 30,739	\$ 30,584	\$ 28,182	
Instruction - Elementary	322,523	323,073	302,534	
Instruction - Junior High	139,695	140,042	134,862	
Instruction - Senior High	190,424	189,031	182,465	
<b>Total Base provincial instruction grants</b>	<b>\$ 683,381</b>	<b>\$ 682,730</b>	<b>\$ 648,043</b>	
<b>Differential cost funding</b>				
Operations and maintenance - Regular	79,698	80,669	79,698	
Special education programs (Gr 1 - 12)	51,501	51,500	51,531	
Transportation - Regular	29,663	31,244	28,193	
English as a second language	26,921	26,500	29,265	
Kindergarten - Special Education (Program unit funding & Mild & Moderate)	7,786	10,323	8,220	
Socioeconomic status	9,815	9,877	9,759	
Relative cost of purchasing goods and services adj (RCPA)	6,612	7,644	7,932	
First Nations, Metis and Inuit education	3,997	3,947	3,760	
Regional education consulting services (REACH)	3,228	3,543	3,549	
Small Schools by Necessity	1,860	1,876	1,930	
Operations and maintenance - RCPA	2,574	1,664	3,288	
Other differential cost funding	1,419	1,419	2,153	
Transportation - RCPA	581	376	729	
<b>Total Differential cost funding grants</b>	<b>\$ 225,655</b>	<b>\$ 230,582</b>	<b>\$ 230,007</b>	
<b>Provincial priority targeted grants</b>	<b>\$ 25,552</b>	<b>\$ 23,715</b>	<b>\$ 20,788</b>	
<b>Other provincial education grants</b>				
Other programs	60,534	62,087	61,828	
Infrastructure Maintenance Renewal (IMR)	18,248	25,192	23,059	
<b>Total Other provincial education grants</b>	<b>\$ 78,782</b>	<b>\$ 87,279</b>	<b>\$ 84,887</b>	
<b>Capital support</b>				
Supported school building amortization	24,345	24,401	23,751	
Debenture interest for school projects	1,464	1,464	1,875	
<b>Total Capital support</b>	<b>\$ 25,809</b>	<b>\$ 25,865</b>	<b>\$ 25,626</b>	
<b>Total Alberta Education grants</b>	<b>\$ 1,039,179</b>	<b>\$ 1,050,171</b>	<b>\$ 1,009,351</b>	
<b>Other provincial revenue</b>	<b>\$ 4,328</b>	<b>\$ 3,208</b>	<b>\$ 4,191</b>	
<b>Federal grants and education agreements</b>	<b>\$ 2,182</b>	<b>\$ 2,242</b>	<b>\$ 2,201</b>	
<b>Other revenue</b>				
Gain on disposal of assets	-	41,337	49	
Individuals and organizations	36,850	38,195	40,011	
Fees	34,524	37,440	29,900	
Rentals	9,576	8,397	9,221	
Investment income	3,199	4,104	4,024	
Unrealized gain on investment	-	1,528	1,283	
School authorities and local governments	618	962	780	
<b>Total Other revenue</b>	<b>\$ 84,767</b>	<b>\$ 131,963</b>	<b>\$ 85,268</b>	
<b>Total revenue</b>	<b>\$ 1,130,456</b>	<b>\$ 1,187,584</b>	<b>\$ 1,101,011</b>	

**CALGARY BOARD OF EDUCATION  
DETAILED SCHEDULE OF EXPENSE  
FOR THE YEAR ENDED AUGUST 31, 2012**

**Schedule II**

	Budget (unaudited)		Actual			
	2012		2012			
	(in thousands)		(in thousands)			
				2011 (Restated - Note 20)		
<b>Salaries and benefits</b>						
Certificated regular	\$	641,902	\$	645,405	\$	616,468
Certificated temporary		19,382		22,661		23,596
Non-certificated regular		217,376		207,086		204,163
Non-certificated temporary		6,252		11,489		13,008
<b>Total salaries and benefits</b>	\$	884,912	\$	886,641	\$	857,235
<b>Services purchased</b>						
Transportation		36,520		36,505		36,690
Maintenance and repair		20,792		27,645		26,525
Professional and technical		23,718		25,638		29,131
Utilities		25,875		23,749		25,709
Equipment and facility rentals		8,921		9,378		4,988
Insurance premiums and losses		2,923		2,891		2,924
Dues and fees		1,477		2,186		1,695
Travel and subsistence		1,289		2,060		1,782
Other		2,625		975		1,441
Transfer payments to other jurisdictions		1,226		773		1,379
<b>Total Services purchased</b>	\$	125,366	\$	131,800	\$	132,264
<b>Supplies and materials</b>						
Supplies		77,171		55,382		52,266
Minor equipment		8,647		14,543		15,963
Textbooks and media materials		7,913		3,703		3,511
<b>Total Supplies and materials</b>	\$	93,731	\$	73,628	\$	71,740
<b>Interest</b>						
Interest on long-term liabilities		1,464		1,464		1,875
Bank and other interest		1,683		1,779		1,468
<b>Total Interest</b>	\$	3,147	\$	3,243	\$	3,343
<b>Amortization of capital assets</b>		42,455		42,463		41,889
<b>Total expense</b>	\$	1,149,611	\$	1,137,775	\$	1,106,471

# Calgary Board of Education

## Statistical Information

(Unaudited)

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Year Ended  
August 31, 2012



Calgary Board  
of Education

**CALGARY BOARD OF EDUCATION  
REVENUE BY SOURCE  
LAST TEN YEARS  
(in thousands of dollars)  
(UNAUDITED)**

Fiscal Year	Provincial revenue		Other revenue		School generated funds		Total revenue
		%		%		%	
<b>2003</b>	\$654,685	92.8%	\$43,844	6.2%	\$6,952	1.0%	\$705,481
<b>2004</b>	\$668,121	92.7%	\$46,240	6.4%	\$6,723	0.9%	\$721,084
<b>2005</b>	\$713,016	93.0%	\$44,909	5.8%	\$9,104	1.2%	\$767,029
<b>2006</b>	\$754,293	93.0%	\$49,676	6.1%	\$6,933	0.9%	\$810,902
<b>2007</b>	\$796,996	91.9%	\$62,685	7.2%	\$7,444	0.9%	\$867,125
<b>2008</b>	\$861,772	91.9%	\$68,428	7.3%	\$7,528	0.8%	\$937,728
<b>2009</b>	\$890,363	90.9%	\$53,198	5.4%	\$36,306	3.7%	\$979,867
<b>2010</b>	\$939,607	91.2%	\$52,817	5.1%	\$37,651	3.7%	\$1,030,075
<b>2011</b>	\$1,013,542	92.1%	\$87,469	7.9%	-	-	\$1,101,011
<b>2012</b>	\$1,053,379	88.7%	\$134,205	11.3%	-	-	\$1,187,584

Notes:

- (1) School generated funds revenues have been reclassified to conform with Alberta Education presentation requirements commencing in 2012 ( with restatement of 2011).
- (2) In 2009, the Calgary Board of Education adopted Canadian Institution of Chartered Accountants (CICA) Handbook Section 4400 "Financial Statement presentation by not-for profit organizations" such that revenues and expenses should be recognized and presented at their gross amounts when an organization is acting as a principal in transactions.

**CALGARY BOARD OF EDUCATION  
EXPENSE BY OBJECT  
LAST TEN YEARS  
(in thousands of dollars)  
(UNAUDITED)**

Fiscal Year	Salaries and benefits	Services purchased	Supplies and materials	Interest	Amortization	School funded activities	Total expenses
<b>2003</b>	\$546,791 <b>79.3%</b>	\$73,240 <b>10.6%</b>	\$33,690 <b>4.9%</b>	\$8,512 <b>1.3%</b>	\$20,178 <b>2.9%</b>	\$6,952 <b>1.0%</b>	\$689,363 <b>100.0%</b>
<b>2004</b>	\$556,750 <b>79.6%</b>	\$75,674 <b>10.8%</b>	\$32,767 <b>4.7%</b>	\$7,501 <b>1.0%</b>	\$20,192 <b>2.9%</b>	\$6,723 <b>1.0%</b>	\$699,607 <b>100.0%</b>
<b>2005</b>	\$592,365 <b>79.0%</b>	\$81,723 <b>10.9%</b>	\$38,499 <b>5.2%</b>	\$6,589 <b>0.9%</b>	\$21,218 <b>2.8%</b>	\$9,104 <b>1.2%</b>	\$749,498 <b>100.0%</b>
<b>2006</b>	\$621,591 <b>78.3%</b>	\$96,697 <b>12.2%</b>	\$40,583 <b>5.1%</b>	\$5,672 <b>0.7%</b>	\$22,178 <b>2.8%</b>	\$6,933 <b>0.9%</b>	\$793,654 <b>100.0%</b>
<b>2007</b>	\$650,262 <b>76.8%</b>	\$109,999 <b>13.0%</b>	\$48,771 <b>5.7%</b>	\$4,821 <b>0.6%</b>	\$25,395 <b>3.0%</b>	\$7,444 <b>0.9%</b>	\$846,692 <b>100.0%</b>
<b>2008</b>	\$699,537 <b>77.2%</b>	\$121,355 <b>13.4%</b>	\$47,207 <b>5.2%</b>	\$3,930 <b>0.4%</b>	\$26,886 <b>3.0%</b>	\$7,528 <b>0.8%</b>	\$906,443 <b>100.0%</b>
<b>2009</b>	\$740,295 <b>75.4%</b>	\$119,891 <b>12.2%</b>	\$49,898 <b>5.1%</b>	\$3,254 <b>0.3%</b>	\$32,288 <b>3.3%</b>	\$36,306 <b>3.7%</b>	\$981,932 <b>100.0%</b>
<b>2010</b>	\$781,724 <b>76.5%</b>	\$115,892 <b>11.3%</b>	\$48,933 <b>4.8%</b>	\$2,942 <b>0.3%</b>	\$34,296 <b>3.4%</b>	\$37,651 <b>3.7%</b>	\$1,021,438 <b>100.0%</b>
<b>2011</b>	\$857,235 <b>77.5%</b>	\$132,264 <b>11.9%</b>	\$71,740 <b>6.5%</b>	\$3,343 <b>0.3%</b>	\$41,889 <b>3.8%</b>	-	\$1,106,471 <b>100.0%</b>
<b>2012</b>	\$886,641 <b>77.9%</b>	\$131,800 <b>11.6%</b>	\$73,628 <b>6.5%</b>	\$3,243 <b>0.3%</b>	\$42,463 <b>3.7%</b>	-	\$1,137,775 <b>100.0%</b>

Notes:

- (1) School generated funds expenses have been reclassified to conform with Alberta Education presentation requirements commencing in 2012 ( with restatement of 2011).
- (2) In 2009, the Calgary Board of Education adopted Canadian Institution of Chartered Accountants (CICA) Handbook Section 4400 "Financial Statement presentation by not-for profit organizations" such that revenues and expenses should be recognized and presented at their gross amounts when an organization is acting as a principal in transactions.



**CALGARY BOARD OF EDUCATION  
SUMMARY OF ENROLMENTS  
LAST TEN YEARS  
(UNAUDITED)**

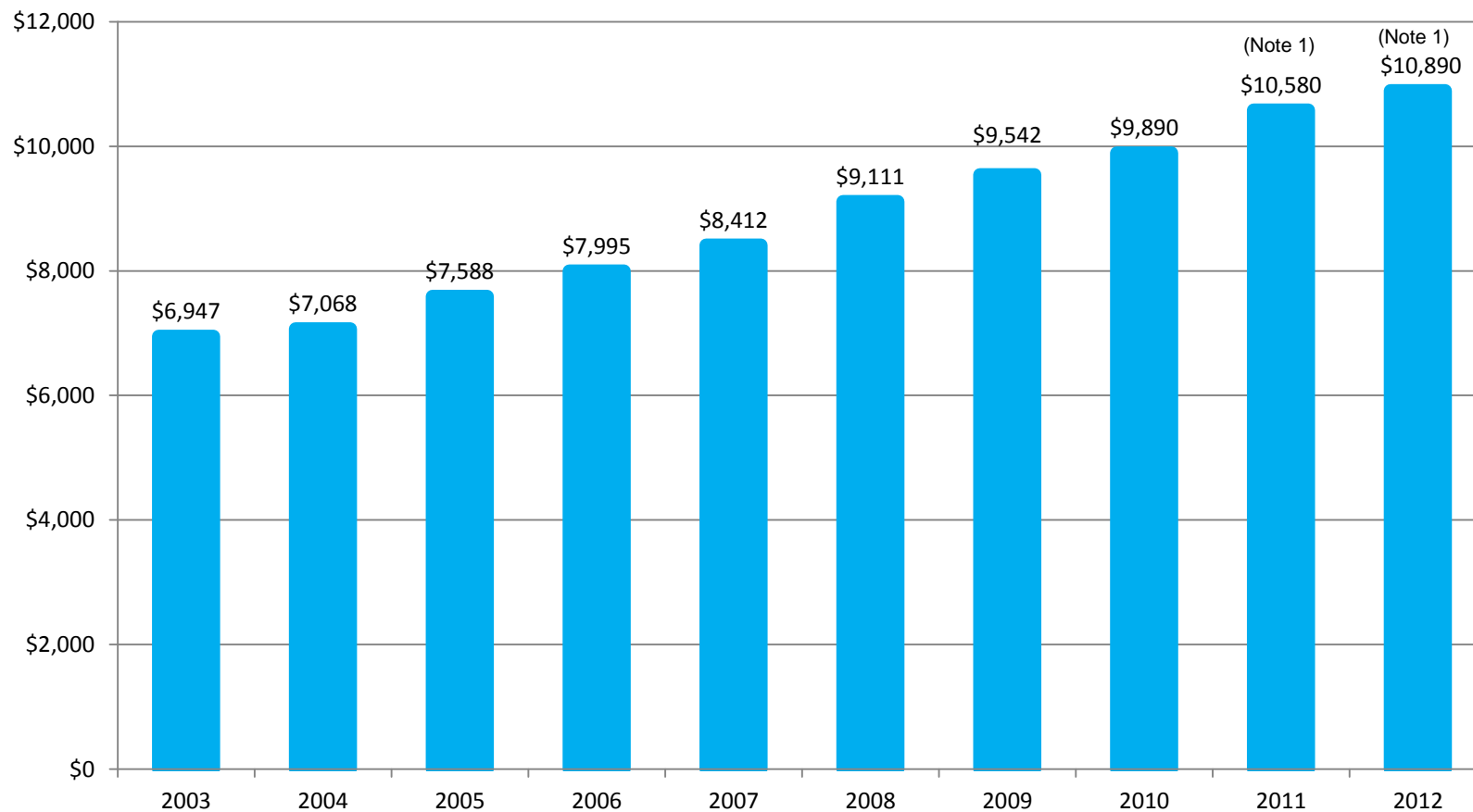
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>KINDERGARTEN</b>	<b>6,241</b>	<b>6,361</b>	<b>6,140</b>	<b>6,223</b>	<b>6,487</b>	<b>6,574</b>	<b>7,060</b>	<b>7,201</b>	<b>7,504</b>	<b>7,781</b>
<b>ELEMENTARY</b>										
Grade 1	6,203	6,217	6,158	6,427	6,571	6,297	6,734	7,019	6,746	7,154
Grade 2	6,198	5,989	5,886	6,468	6,314	6,358	6,404	6,579	6,513	6,785
Grade 3	5,995	6,015	5,733	6,080	6,348	6,141	6,341	6,100	6,192	6,645
Grade 4	5,582	5,755	5,535	5,725	5,813	6,003	5,799	5,918	5,859	6,104
Grade 5	5,828	5,636	5,524	5,742	5,708	5,813	5,908	5,636	6,006	5,937
Grade 6	5,912	5,860	5,417	5,686	5,797	5,731	5,709	5,735	5,955	6,161
Special Education (Gr 1 - 6)	5,782	5,700	6,656	5,342	5,789	5,352	5,274	5,676	5,833	5,449
<b>Total Elementary</b>	<b>41,500</b>	<b>41,172</b>	<b>40,909</b>	<b>41,470</b>	<b>42,340</b>	<b>41,695</b>	<b>42,169</b>	<b>42,663</b>	<b>43,104</b>	<b>44,235</b>
<b>JUNIOR HIGH</b>										
Grade 7	6,382	6,056	5,940	5,894	5,893	5,982	5,942	5,748	5,680	5,583
Grade 8	6,471	6,349	6,113	6,119	5,973	5,953	6,241	5,778	5,713	5,798
Grade 9	6,552	6,528	6,353	6,321	6,178	6,065	6,228	6,146	5,857	5,932
Special Education (Gr 7 - 9)	3,889	4,275	4,402	4,100	4,542	4,403	3,966	4,624	4,668	4,435
<b>Total Junior High</b>	<b>23,294</b>	<b>23,208</b>	<b>22,808</b>	<b>22,434</b>	<b>22,586</b>	<b>22,403</b>	<b>22,377</b>	<b>22,296</b>	<b>21,918</b>	<b>21,748</b>
<b>SENIOR HIGH</b>										
Grade 10	7,190	7,342	7,410	7,926	7,601	7,420	7,050	6,742	6,997	6,792
Grade 11	8,111	8,059	7,747	7,891	8,171	7,647	7,394	7,140	7,224	7,190
Grade 12	10,397	10,325	9,651	10,808	10,474	10,982	10,197	10,354	10,739	10,697
Special Education (Gr 10 - 12)	2,840	3,030	4,256	3,147	3,814	3,783	5,018	5,616	5,431	5,739
<b>Total Senior High</b>	<b>28,538</b>	<b>28,756</b>	<b>29,064</b>	<b>29,772</b>	<b>30,060</b>	<b>29,832</b>	<b>29,659</b>	<b>29,852</b>	<b>30,391</b>	<b>30,418</b>
<b>TOTAL ENROLMENT</b>	<b>99,573</b>	<b>99,497</b>	<b>98,921</b>	<b>99,899</b>	<b>101,473</b>	<b>100,504</b>	<b>101,265</b>	<b>102,012</b>	<b>102,917</b>	<b>104,182</b>

Notes: (1) Since 1995, senior high students are funded on course completion but enrolments are based on head counts.  
(2) Special Education includes all students who are coded with a mild, moderate, gifted and talented or severe disability.  
Commencing in 2002, funding for severely disabled students is provided based on a jurisdiction profile.

Sources: (1) Financial Services Department and Alberta Education, School Finance Department. Final enrolment count is reported on which grant funding was based.

**CALGARY BOARD OF EDUCATION  
PER PUPIL COST STATISTICS  
LAST TEN YEARS  
(in thousands of dollars)  
(UNAUDITED)**

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Note 1: Includes Alberta Teachers Retirement Fund expense of \$54,600 in 2012 (2011 - \$51,624)

**CALGARY BOARD OF EDUCATION  
 DEMOGRAPHIC AND MISCELLANEOUS INFORMATION  
 AUGUST 31, 2012  
 (UNAUDITED)**

<b>GEOGRAPHIC AREA - City of Calgary</b>	<b>848 Square Kilometres</b>
<b>POPULATION - April 2012 Census (1)</b>	<b>1,120,225</b>
<b>NUMBER OF SCHOOLS*</b>	
Elementary	132
Elementary/Junior High/Middle	28
Junior High	22
Junior/Senior High	7
Elementary/Junior High/Senior High (Home Education)	1
Senior High	16
Unique Settings and Unique Special Education Settings	11
Outreach Programs	4
<b>TOTAL SCHOOLS (2)</b>	<b>221</b>
*The term school is defined as an instructional setting assigned a unique school code by Alberta Education.	
<b>NUMBER OF BUDGETED EMPLOYEES</b>	
Certificated K Staff	244
Certificated 1 - 6 Staff	2,214
Certificated 7 - 9 Staff	1,377
Certificated 10 - 12 Staff	1,510
Other Certificated Staff (including secondments and professional improvement leaves)	314
Caretaking Staff	572
Other School Uncertificated Staff	1,650
Other Uncertificated Staff	902
<b>TOTAL STAFF (in full-time equivalents) (3)</b>	<b>8,783</b>

Sources: (1) City of Calgary 2012 Civic Census  
 (2) CBE Overview 2011-2012 getting to know the value of Calgary's public schools  
 (3) Calgary Board of Education 2011/12 Operating Budget.

**CALGARY BOARD OF EDUCATION  
SELECTED DEFINITIONS OF FINANCIAL TERMINOLOGY  
AUGUST 31, 2012  
(UNAUDITED)**

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The following selected definitions have specific meanings as used in the Corporation's financial statements:

**Amortization of capital assets** is the periodic charge to expense which recognizes that a capital asset has a finite life and that the cost of a capital asset is allocated to the periods, or years, of service provided by the asset.

**Capital assets**, comprising tangible properties, such as land, buildings and equipment, and intangible properties, are identifiable assets that meet all of the following criteria:

- (a) are held for use in the provision of services, for administrative purposes, for production of goods or for the maintenance, repair, development or construction of other capital assets;
- (b) have been acquired, constructed or developed with the intention of being used on a continuing basis;
- (c) are not intended for sale in the ordinary course of operations; and
- (d) are not held as part of a collection.

**Certificated staff** represents those staff that have acquired an Alberta Teaching Certificate.

**Debt**, including bank indebtedness, debenture debt and capital lease obligations, is a financial liability that is a contractual obligation to deliver cash or another financial asset to another party.

**Deferred capital revenue contributions** are capital grants that are deferred and recognized as revenue in the same periods as the related expense (i.e., amortization of the provincially funded capital asset) is recognized.

**Net operating surplus (deficiency) or Excess (deficiency) of revenue over expense** have the same definition, which is the annual determination of the extent to which the Corporation has been able to obtain resources to cover the cost of its services in the current fiscal year.

**School generated funds (SGF)** are funds raised in the community for activities that come under the control and responsibility of school management (usually viewed as being the principal and/or those reporting to the Principal). Within school generated funds, when schools undertake fundraising and extra-curricular activities, the related costs are netted against the amount of recorded school generated funds revenue.

**SGF - Direct costs including costs of goods sold to Raise Funds consist of:**

- Salaries charged back to SGF
- Professional Development paid by school
- Maintenance paid out of SGF
- Supplies General
- Printing and Binding
- Cost of Extra Curricular Activities, School Store, Vending Machines, Agendas, Fundraising Expenses (items bought to be re-sold)
- Travel and Subsistence paid from SGF

**CALGARY BOARD OF EDUCATION  
SELECTED DEFINITIONS OF FINANCIAL TERMINOLOGY  
AUGUST 31, 2012  
(UNAUDITED)**

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**SGF - Use of funds include:**

- Minor Equipment, include technology
- Insurance (Buses, etc.)
- Cost of charter buses paid by school (usually team transport and may include Fieldtrips)
- Extra-curricular activities – anything from referees to Quest Theater coming in to do performances

**Total net assets** represent the Corporation's residual interest in its assets after deducting its liabilities.

The net assets balance therefore provides information about the net resources the Corporation has available for carrying out its service delivery activities in the future.

Total net assets are comprised of the following:

- **Unrestricted operating surplus** represents the aggregation of successive years' annual unrestricted excesses and deficiencies of revenue over expense.
- **Designated funds** are internally restricted operating funds which have been designated by the Board of Trustees for specific purposes. These funds generally fall within two categories:
  1. School decentralized budgets carried forward represent the unspent balances of schools' decentralized budget allocations. This practice is followed in recognition of schools' needs to provide from these allocations, for many non-consumable resources (such as textbooks, photocopiers, technology and other instructional materials) which are not incurred in equal annual amounts.
  2. Specific Board of Trustee designation for projects which occur over more than one school year or budget allotments which relate to a future school year.
- **Operating reserves** are established by Provincial regulation or authorization of the Board of Trustees and may represent funds available for future operating expenses.
- **Accumulated operating surplus** represents the aggregate of the Corporation's balances of unrestricted operating surplus, designated funds, and operating reserves.
- **Capital reserves** are established by authorization of the Board of Trustees and are intended to be applied to finance future capital projects.
- **Investment in capital assets** represents the Corporation's net investment of operating funds which have been used from time to time to purchase building improvements, capital equipment and technologies to support the general operating activities of the Corporation.

**Working capital** equals current assets minus current liabilities. Working capital measures how much in liquid assets a company has available to build its business. The number can be positive or negative, depending on how much debt the company is carrying. Also called net current assets or current capital.

**Unearned revenue** is the amount of restricted revenue for which the related restrictions remain unfulfilled (e.g., funding received for a project which is not yet completed).

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