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# Calgary Board of Education

## Consolidated Financial Statements and Statistical Information

Years Ended August 31, 2013 and 2012

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**Calgary Board  
of Education**

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**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2013  
(In thousands)**

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## Overview

Public education is a shared responsibility. With our students, families, employees, communities and Alberta Education, we work together to build positive learning and working environments. By sharing a common goal of student success, each one of us contributes to make it happen.

The work of the CBE is guided by the Board of Trustees' policies, the CBE Three-Year Education Plan and the direction set by *Inspiring Education* and Alberta Education.

In 2012-13, the CBE continued to build on its exceptional record of student success, with our students' academic results leading the province and high school completion rates increasing. The CBE provided outstanding educational opportunities to more than 107,000 students in 225 schools.

A full report on the 2012-13 Education Results and the Three-Year Education Plan for 2013-2016 can be accessed using the following link: [www.cbe.ab.ca/aboutus/documents/1213AERR.pdf](http://www.cbe.ab.ca/aboutus/documents/1213AERR.pdf)

When the 2012-13 provincial budget was announced, the Province of Alberta made a commitment to providing predictable and sustainable funding for school jurisdictions. As a result, the 2012-13 budget reflected a stable year and future. However, the budget announcement for 2013-14 did not carry through with this promise and the CBE faced another \$62 million funding shortfall and uncertainty for the years to come. As a result, significant staffing cuts were made to central services during the 2012-13 fiscal year to prepare for a difficult budget in 2013-14. The impact of those cuts on the CBE's ability to support student success is being carefully monitored. Cost-saving strategies and system re-design continue to be a priority in order to operate within a reduced budget and minimize the impact on our schools. Progress is being made in streamlining, but securing funding that keeps step with costs remains a priority. The uncertainty of future funding creates a challenge to plan for the support of educational needs over the longer term.

The review of the financial results for 2012-13 includes two comparisons: actual 2012-13 results to the approved budget; and year-over-year actual results.

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## 2012-13 Actual to Budget

The CBE's 2012-13 budgeting process started with the release of the Province of Alberta's budget on Feb. 9, 2012. CBE administration then began developing the budget for approval by the Board of Trustees on May 29, 2012 for implementation in September. The budget was based on estimates of expected enrolment for the 2012-13 school year. At the Sept. 30, 2012 student count date, it was assessed that the actual enrolment for the year would be over 1,100 students higher than originally budgeted and as a result, both revenues and expenses would be higher due to this increase in students.

A comparison of actual results to budget for 2012-13 highlights a number of specific areas.

- Over 92 per cent of CBE revenue comes from Alberta Education. Alberta Education funding received was higher than budgeted by \$6.7 million due to higher enrolments than projected. This increase is net of the loss of the Alberta Initiative for School Improvement (AIS) funding and Transportation Fuel grant funding as announced by the province in March 2013.
- Other revenue was \$90.3 million. This amount is comprised mainly of fees, fundraising and school generated revenues. Actual other revenue is \$5.8 million higher than budgeted due to higher fees from greater enrolment than initially expected and more revenues generated at schools from fundraising and various sales.
- The CBE did not need to use the full \$12.2 million of reserves to cover the budget shortfall as initially planned. Due to more favorable results, actual net draws from reserves was \$5.3 million.
- In 2012-13, the provincial government limited administrative expenses to four per cent of the operating budget. For 2012-13, the CBE spent 3.28 per cent of its total operating expenses on administration (budgeted at 3.24 per cent) allowing more resources to be directed to the classroom.
- The CBE planned board-funded capital projects totalled \$29.9 million. To fund work not completed by the fiscal year-end, \$4.7 million is being carried forward to 2013-14.

## Year-over-year changes

From 2011-12 to 2012-13, student enrolment increased by approximately 2.8 per cent using Sept. 30 count data. Comparing the 2012-13 actual results to the prior year highlights the following.

- Revenue from Alberta Education was up \$25.3 million, an increase of 2.4 per cent. While the provincial government increased some grant rates, they reduced others and the net impact resulted in less provincial funding per student than in the prior year.
- The CBE did not have any one-time asset dispositions in 2012-13 as compared to the \$41.3 million gain that was realized in 2011-12 from the sale of three properties.
- Employee salaries and benefits represent 78 per cent of expenses. The total expense increased year-over-year by \$29.7 million. This 3.4 per cent reflects an approximate increase in permanent positions of 1.4 per cent and the remaining 2.0 per cent primarily reflects negotiated salary and step increment increases for various employee groups.
- When the construction of Robert Thirsk High School was completed by the province, CBE capital assets increased by \$33.1 million.
- CBE accumulated surplus remains relatively consistent to the prior year at \$193 million.

## **New Accounting Standards**

Effective Jan. 1, 2012, all Government controlled not-for-profit entities ("GNFPO") will be required to follow either the CICA Public Sector Accounting Handbook ("PSA HB"), including Sections PS 4200 to PS 4270 or, alternatively, the CICA Public Sector Accounting Handbook without Sections PS 4200 to PS 4270. The Alberta Treasury Board, however, has directed that all school boards adopt the current public sector accounting standards without reference to the not-for-profit standards Sections PS 4200 to PS 4270 effective Aug. 31, 2013.

The 2012-13 financial statements are the first ones being reported under Public Sector Accounting Standards ("PSAS"). The adoption of PSAS will be retroactive to Sept. 1, 2011, meaning that both the 2012-13 fiscal year and comparative figures for 2011-12 will be reported under the new standards. Readers may find it difficult to compare previously issued financial statements to these and so further details are provided to explain the changes.

As a result of the new standards, the format of the financial statements has changed as well as the accounting treatment for some items. The most significant accounting changes are:

- The annual financial results for EducationMatters<sup>1</sup> have been consolidated into the CBE's year-end reports. Under PSAS, EducationMatters is considered to be controlled by the CBE.
- Upon transition to PSAS as of Sept. 1, 2011, the unrecognized actuarial losses of \$11.8 million assessed on Employee Future Benefits were recognized directly into accumulated surplus; There was also an impact of \$1.6 million due to a change in the discount rate applied for the year ended August 31, 2012. The net impact on accumulated surplus was \$10.2 million.

Due to these changes, this report has been expanded to provide useful and understandable information to the readers. Financial information has been provided to disclose CBE base operations without the consolidated information of EducationMatters.

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<sup>1</sup> EducationMatters is a charitable trust that funds innovative public enhancement programs. It is governed through a Trust Indenture by an independent Board of Governors, which includes two appointed CBE Trustees.

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**Financial Overview – Consolidated CBE financial results**

As previously noted, the CBE is now required to report under Public Sector Accounting Standards. A summary of the year-end financial results under PSAS is presented below.

	Budget <sup>(1)</sup> 2012/13 (\$ thousands)	Actual 2012/13 (\$ thousands)	Actual 2011/12 (\$ thousands)	Budget to 2012-13 Actual Variance		Actual to Actual Variance	
				Favorable / (Unfavorable) (\$ thousands)	%	Increase / (Decrease) (\$ thousands)	%
<b>Revenue</b>							
Alberta Education	1,068,350	1,075,073	1,049,811	6,723		25,262	
Other - Government of Alberta	1,786	1,709	3,567	(77)		(1,858)	
Federal Government and First Nations	2,191	2,201	2,242	10		(41)	
Fees	30,856	35,217	37,440	4,361		(2,223)	
Other sales and services	20,295	21,824	21,010	1,529		814	
Investment income <sup>(2)</sup>	3,198	4,453	5,671	1,255		(1,218)	
All other revenue <sup>(2)</sup>	26,194	24,915	68,470	(1,279)		(43,555)	
	<u>1,152,870</u>	<u>1,165,392</u>	<u>1,188,211</u>	<u>12,522</u>	1%	<u>(22,819)</u>	-2%
<b>Expense by block</b>							
Instruction: ECS - grade 12	922,616	929,031	896,355	(6,415)		32,676	
Plant operations and maintenance	141,308	141,178	137,117	130		4,061	
Transportation	39,012	37,849	37,751	1,163		98	
Administration	37,941	38,448	41,539	(507)		(3,091)	
External services <sup>(2)</sup>	28,073	26,545	23,391	1,528		3,154	
	<u>1,168,950</u>	<u>1,173,051</u>	<u>1,136,153</u>	<u>(4,101)</u>	0%	<u>36,898</u>	3%
<b>Expense by object</b>							
Salaries and benefits <sup>(2)</sup>	916,537	915,211	885,537	1,326		29,674	
Supplies and services <sup>(2)</sup>	196,752	206,240	204,278	(9,488)		1,962	
Other (Interest, Amortization & Bad Debt)	55,661	51,600	46,338	4,061		5,262	
	<u>1,168,950</u>	<u>1,173,051</u>	<u>1,136,153</u>	<u>(4,101)</u>	0%	<u>36,898</u>	3%
(Deficiency)/excess of revenue over expense	(16,080)	(7,659)	52,058	8,421		(59,717)	
Net applications of operating funds <sup>(2)</sup>	10,001	2,723	(4,851)	(7,278)		7,574	
Capital reserves (net)	3,895	2,126	(46,581)	(1,769)		48,707	
Net operating (deficit)/surplus	(2,184)	(2,810)	626	(\$626)		(3,436)	
Draw from/(add to) unrestricted net assets	2,184	2,810	(626)	626		3,436	
Net annual operating surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	

(1) Represents the Approved Budget approved by the Board of Trustees on May 29, 2012. Some numbers have been reclassified for comparative purposes.

(2) Highlighted amounts include impacts of transition to PSAS. 2012-13 impacts are summarized as follows:

<u>Consolidation of EducationMatters</u>	<u>Remeasurement gains</u>
Gifts and Donations: incr \$115	Investment income: decr \$6,176
Investment Income: incr \$53	
Salaries and benefits: incr \$536	
Supplies and services: incr \$243	
Other grant expenses: decr \$750	

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**Non-consolidated CBE financial results**

The following presentation has been provided to show the CBE's financial results under the previous accounting standards and is consistent with both the fourth quarter variance report and the 2012-13 operating budget format. The difference between the PSAS presentation and the below presentation is:

- the operations of EducationMatters are not consolidated below.
- the unrealized gains on investments are recorded as revenue under the previous standards rather than having a separate statement.

As a result of these adjustments, the 2012-13 deficit is reduced to \$1.6 million from the \$7.7 million reported on page 5.

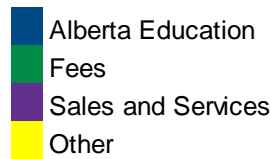
	Budget <sup>(1)</sup> 2012/13 (\$ thousands)	Actual 2012/13 (\$ thousands)	Actual 2011/12 (\$ thousands)	Budget to 2012-13 Actual Variance		Actual to Actual Variance	
				Favorable / (Unfavorable) (\$ thousands)	%	Increase / (Decrease) (\$ thousands)	%
<b>Revenue</b>							
Alberta Education	1,068,350	1,075,073	1,049,811	6,723		25,262	
Other - Government of Alberta	1,786	1,709	3,567	(77)		(1,858)	
Federal Government and First Nations	2,191	2,201	2,242	10		(41)	
Fees	30,856	35,217	37,440	4,361		(2,223)	
Other sales and services	20,295	21,824	21,010	1,529		814	
Investment income	3,198	10,576	5,632	7,378		4,944	
All other revenue	26,194	24,800	67,881	(1,394)		(43,081)	
	<u>1,152,870</u>	<u>1,171,400</u>	<u>1,187,583</u>	<u>18,530</u>	2%	<u>(16,183)</u>	-1%
<b>Expense by block</b>							
Instruction: ECS - grade 12	922,616	929,031	896,355	(6,415)		32,676	
Plant operations and maintenance	141,308	141,178	137,117	130		4,061	
Transportation	39,012	37,849	37,751	1,163		98	
Administration	37,941	38,448	41,539	(507)		(3,091)	
External services	28,073	26,516	23,351	1,557		3,165	
	<u>1,168,950</u>	<u>1,173,022</u>	<u>1,136,113</u>	<u>(4,072)</u>	0%	<u>36,909</u>	3%
<b>Expense by object</b>							
Salaries and benefits	916,537	914,675	884,979	1,862		29,696	
Supplies and services	196,752	206,747	204,795	(9,995)		1,952	
Other (Interest, Amortization & Bad Debt)	55,661	51,600	46,339	4,061		5,261	
	<u>1,168,950</u>	<u>1,173,022</u>	<u>1,136,113</u>	<u>(4,072)</u>	0%	<u>36,909</u>	3%
(Deficiency)/excess of revenue over expense	(16,080)	(1,622)	51,470	14,458		(53,092)	
Net applications of operating funds	10,001	(3,314)	(4,264)	(13,315)		950	
Capital reserves (net)	3,895	2,126	(46,581)	(1,769)		48,707	
Net operating (deficit)/surplus	(2,184)	(2,810)	625	(626)		(3,435)	
Draw from/(add to) unrestricted net assets	2,184	2,810	(625)	626		3,435	
Net annual operating surplus	-	-	-	-		-	

<sup>(1)</sup> Represents the Approved Budget approved by the Board of Trustees on May 29, 2012. Some numbers have been reclassified for comparative purposes.

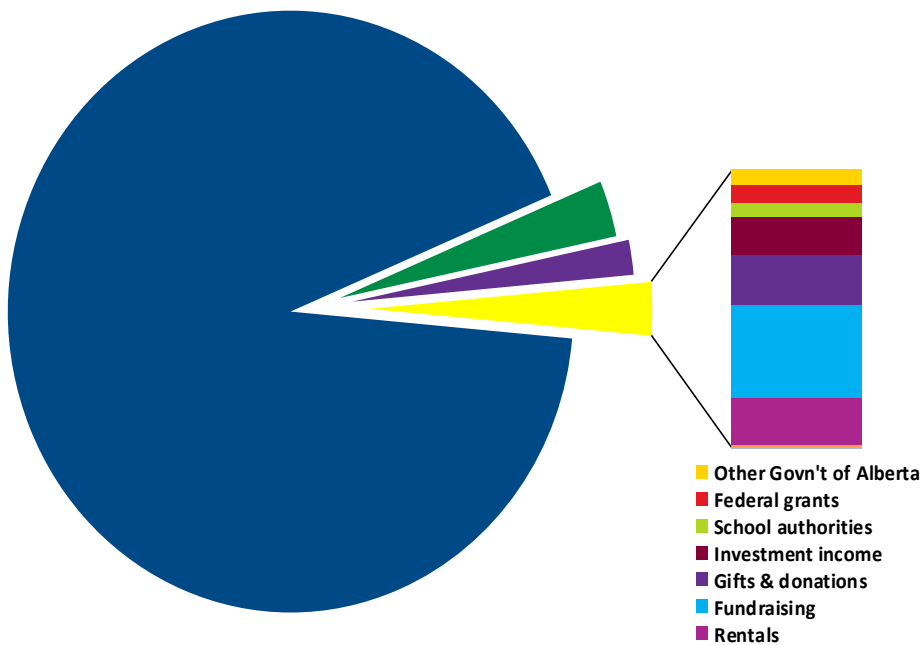
**CALGARY BOARD OF EDUCATION  
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**Revenue**

Revenues by Source



2012-13	
all figures in \$ thousands	%
1,075,073	92.2
35,217	3.0
21,824	1.9
33,278	2.9
<b>1,165,392</b>	<b>100.0</b>



The CBE received \$1,075.1 million or 92 per cent of total revenue from Alberta Education. Of those funds received, \$913.8 million were provided to address basic instruction and certain differential factors that are specific to the CBE as a school jurisdiction. The CBE can decide how best to use these funds for student learning. The remaining \$161.3 million, or 15 per cent, relates to funding that has a specified use like maintenance for school buildings, transportation or specific initiatives.

The CBE received two new grants in 2012-13: Inclusive Education and Equity of Opportunity. The Inclusive Education grant represents Alberta Education's move towards supporting a broader range of student needs and it replaced the grants for Severe Disability Profile and ECS Mild & Moderate/Gifted & Talented.

The Inclusive Education Grant is comprised of two components:

1. 75 per cent is allocated on a per student basis.
2. 25 per cent is allocated based on the CBE's placement within provincial averages with reference to 10 identified demographic factors.



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**Revenues by Source (continued)**

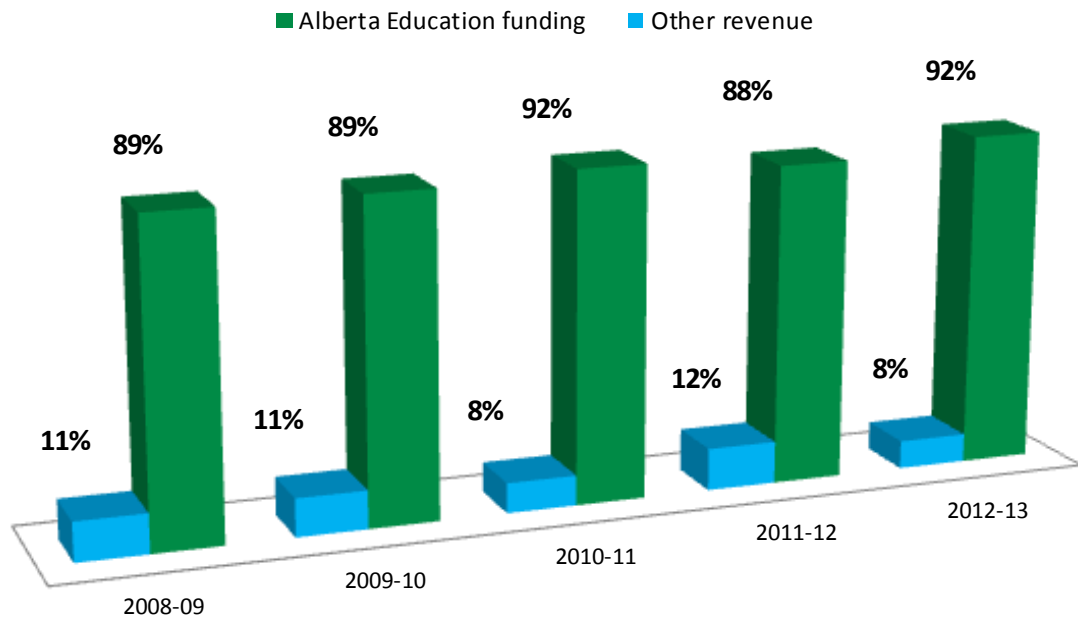
Based on the criteria for the grant, the CBE would have been allocated \$4.3 million less than if the Severe Disability Profile and ECS Mild & Moderate/Gifted & Talented grants had continued. For 2012-13, Alberta Education granted the CBE the additional \$4.3 million as transitional funding.

The Equity of Opportunity grant was the continuation of the reinstated funding that had been provided in 2011-12. It is separated into three CBE components, a per student amount, a distance funding amount and an amount for low student density. The CBE qualified for the first component but not for the other two components.

The remaining \$90.3 million, or eight per cent of total revenue, is received from these sources:

- **Fees** – parent fees collected for transportation services, the supervision of children who stay at school for lunch, instructional materials, field trips, and additional programming.
- **Sales and Services** – revenue collected for international students attending CBE schools, instruction fees paid by adult learners, and general sales revenue based on cafeteria sales, and the provision of services by students, like beauty and automotives.
- **Other** – these include donations received, fundraising at schools, and revenues from the rental of facilities.

## Alberta Education funding vs other revenue








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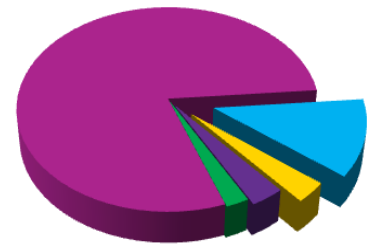
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**Expense**

The way the CBE 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.

**Expense by block**





	2012-13	
	all figures in \$ thousands	%
 instruction: ECS - Grade 12	929,031	79.2
 plant, operations & maintenance	141,178	12.0
 transportation	37,849	3.2
 board & system administration	38,448	3.3
 external services	26,545	2.3
	<u>1,173,051</u>	<u>100.0</u>

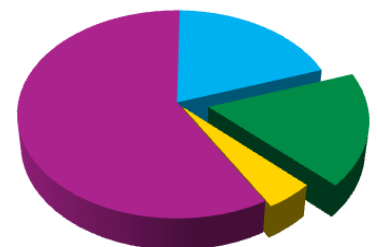


The CBE is required to code expenses to five programs, as set out in guidelines from Alberta Education. Internally and for reporting purposes, the CBE uses the term 'block' to refer to the programs defined by Alberta Education. The CBE follows those guidelines to track budget and actual expenses by block and reviews the coding periodically.

Driven by budget constraints in the last three years, the CBE has emphasized maximizing resources directed to classrooms while limiting central expenses as much as possible. While board and system administration is required to be reported separately, the services and supports reported under this grouping are integral to student success in the classroom.

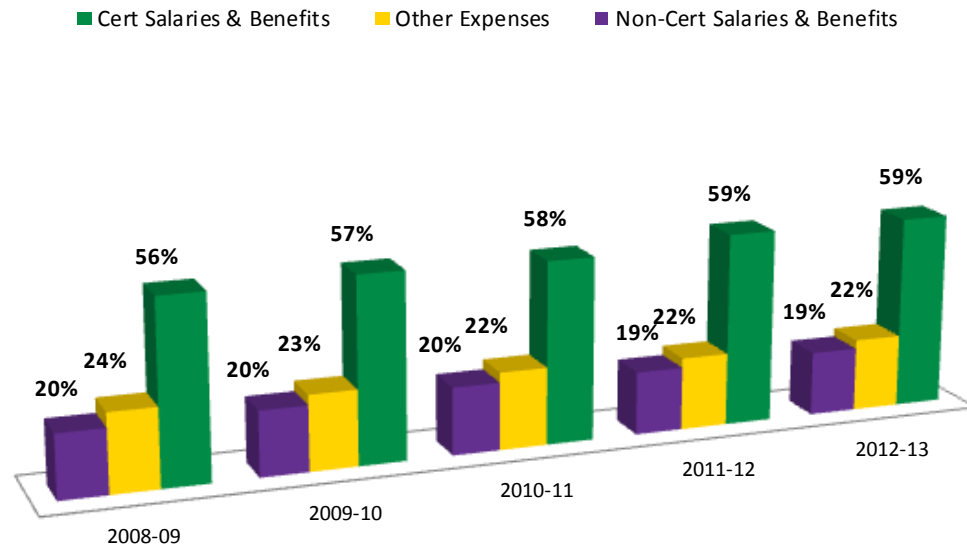
**Expenses by object**

	2012-13	
	all figures in \$ thousands	%
 certificated salaries, wages & benefits	687,794	58.6
 non-certificated salaries, wages & benefits	227,417	19.4
 services, contracts & supplies	206,240	17.6
 amortization & other	51,600	4.4
	<u>1,173,051</u>	<u>100.0</u>



Expenses (continued)

**Salaries & benefits vs other expenses**



As previously noted, salaries and benefits make up 78 per cent of total expenses. The composition of expenses has been relatively stable, but salaries and benefits have increased over time. The CBE strives to keep up with enrolment increases (2.8 per cent from 2011-12) by putting more teachers in classrooms. But with a lower grant increase (2.3 per cent) than the enrolment increase and salary rates increasing on average by 2.0 per cent, it has been impossible for teacher positions to keep up with enrolment growth. This trend is expected to continue into 2013-14 with per student funding shriking by 3.0 per cent. See funding per student information on page 16.

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**Expenses by Operating Unit**

Expenses can also be viewed by Service Unit and Schools. This chart shows that the vast majority of the CBE's resources are allocated to schools and how the Service Units spend money to support student success in schools.

	Service units								Actuals	Budget	Actuals	Variance	
	Schools	Office of the Chief Supt <sup>1</sup>	Learning Innovation	Learning Services <sup>2</sup>	Human Resource	Finance & Supply Chain Serv	Facilities & Environ Serv	Board of Trustees' Office	2012-13	2012-13	2011-12	2012-13 Budget vs 2012-13 Actual Favorable / (Unfavorable)	2012-13 Actual vs 2011-12 Actual Increase / (Decrease)
	(all figures in \$ thousands)												
salaries, wages & benefits	771,308	11,923	21,140	26,617	10,872	7,991	58,142	727	908,720	908,685	874,934	(35)	33,786
contracted services, supplies and other expenses <sup>3</sup>	63,881	2,176	1,852	3,508	6,087	2,387	6,062	1,382	87,335	82,657	84,982	(4,678)	2,353
amortization	4	14	6,828	446	22	8,226	32,362		47,902	52,101	42,463	4,199	5,439
corporate responsibility <sup>4</sup>		175	5,360	2,255	6,172	1,193			15,154	20,962	18,473	5,807	(3,318)
transportation <sup>5</sup>							35,407		35,407	36,660	34,952	1,253	455
utilities			2,936				18,664		21,600	25,156	23,039	3,556	(1,439)
infrastructure, maintenance & renewal							18,646		18,646	18,328	21,486	(318)	(2,840)
education centre lease and op costs <sup>6</sup>		1,766	3,189	3,005	2,531	1,368	323	34	12,216	11,988	11,666	(228)	550
insurance						2,767			2,767	2,842	2,879	75	(112)
maintenance and repair	1,227	50	3	67	43	13	5,426		6,829	3,257	6,689	(3,572)	140
minor equipment	6,160	91	8,465	274	11	159	471	7	15,638	6,138	13,451	(9,500)	2,187
legal fees		767			69				836	176	1,139	(660)	(303)
	842,580	16,962	49,773	36,172	25,807	24,104	175,503	2,150	1,173,051	1,168,950	1,136,153	(4,099)	36,897
% of total	71.8%	1.4%	4.2%	3.1%	2.2%	2.1%	15.0%	0.3%	100.0%	100.0%	100.0%	-0.3%	3.1%

<sup>1</sup> The Chief Superintendent's Office includes Area Offices, Global Learning, Legal Services and Communications.

<sup>2</sup> Learning Services includes Chinook Learning Services.

<sup>3</sup> These include all other expenses such as rentals, supplies, textbooks, school generated funds, interests etc.

<sup>4</sup> These expenses are held within the Service Units but are for the benefit of the entire organization. Examples include interest and bad debt expenses, costs for staff seconded or on professional leaves and software licenses.

<sup>5</sup> Transportation costs shown here include charter, Calgary Transit and special education transportation costs.

<sup>6</sup> The 2012-13 actual costs of the Education Centre lease are partially offset by rental revenues of \$825,000 from the 9th and 10th floors.

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**Expenses by Operating Unit (continued)**

Some, but certainly not all, of the significant work performed by Service Units during the year to support student success in the classroom includes:

- Iris, the CBE's award winning web-based teaching and learning application in support of inclusive and personalized learning was launched in 30 CBE schools.
- Expansion of early development centres (EDC) to 200 spaces for children.
- Existing Locally Developed Courses were revised and new courses were created to provide opportunities for students to engage in specific course content that is intended to enrich or extend existing Alberta Program of Studies and meet local Alberta contexts.
- Development of Fees Central to remove administrative burden from schools and to allow parents the convenience of paying school fees online.
- Provision of technology support to schools and implementation of system tools such as Web 2.0 guidelines, Collaborative Online Resource Environment (CORE), Desire2Learn (D2L), Adobe and inclusive technologies.
- Participation in the Calgary Emergency Management Agency (CEMA) process in response to the June 2013 floods. The CBE provided school facilities, parking lots, and staff resources, for evacuation centres and debit card distribution centres in Calgary. CBE staff inspected all school facilities and ensured critical utility services were either disconnected or repaired as quickly as possible. Badly damaged schools were assessed immediately for safety and alternative accommodation arrangements were made to ensure no disruption to programmes and student learning.
- Commissioning of the Career and Technology Centre at Lord Shaughnessy School and Robert Thirsk High School.
- Establishment of a Fine and Performing Arts Committee to engage community partnerships and networking to support the fine arts in schools.
- Completion of the eHR project which resulted in features such as online recruitment, employee performance management, online time entry and management of employee credentials, licences and certification.
- Provision of tools to support teaching and learning and maximize learning specialist resources. Tools and training were provided to enable staff to produce their own learning resources in the future, empowering them to better serve student success.
- Implementation of a multi-million dollar performance contract to replace the lighting in over 40 schools. The project is self-funding through guaranteed energy savings and will deliver a better learning environment through improved lighting quality.
- Working closely with schools and parent groups to create a number of naturalization projects that provide the recipient school with unique outdoor learning environments.

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**Full-Time Equivalent Positions (FTEs)**

The CBE spends the greatest proportion of the budget (78 per cent) on salaries and benefits, in particular for teachers. The grant rate increase in recent years has not been sufficient to keep up with enrolment growth and to cover the negotiated rate increases and grid movement for teachers and support staff. As a result, the number of FTEs has not been increasing at an equal rate to enrolment growth.

The following table shows the **average number of CBE students per full-time equivalent staff position**.

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<b>Students per Certificated Staff FTEs</b>			
School based (1)	17.9	18.4	18.7
Non-school based (2)	617.0	819.7	859.1
<b>Students per Non-Certificated Staff FTEs</b>			
Instructional (3)	49.9	56.2	55.9
Non-instructional (4)	93.0	78.2	82.8
<b>Total Students per FTEs</b>	<b>11.3</b>	<b>11.6</b>	<b>11.8</b>

FTEs can be categorized in several ways. The groupings shown above include the following composition of positions:

- (1) Certificated, school based: This category includes certificated teachers in schools.
- (2) Certificated, non-school based: This category includes positions that require a teaching certificate but are not based in schools. These positions may be considered instructional or non-instructional.
- (3) Non-certificated, instructional: These positions do not hold teaching certificates but support the implementation of instruction and are located either in or outside of a school. Examples include teaching aides, school secretaries, school technology support, support staff in learning service units, etc.
- (4) Non-certificated, non-instructional: These positions do not hold teaching certificates and are not directly supporting the implementation of instruction and are located either in or outside of a school. Examples of this category include facility operators and cleaners in schools, noon supervision staff, service unit support staff, etc.

The above graph shows that students per school based certificated staff have increased marginally even though enrolment has increased. This demonstrates the CBE's commitment to student success in the classroom.

While the total number of students per FTE has increased, this is a direct result in the decrease of per student funding, as shown on page 16.

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**Fees**

The CBE charges fees for instructional supplies and materials (ISM), transportation, noon supervision and other incidentals. ISM fees are mandatory and charged per student whereas transportation and noon supervision are only charged for students using those services. Fees are set in the spring prior to the school year and are estimated at a level to cover the cost of providing those services. Any surplus resulting from these programs is added to a related reserve to keep fees at a minimum in future years.

The following chart shows the actual results of the transportation and noon supervision programs.

	<b>Transportation</b>		<b>Noon Supervision</b>	
	<b>Budget 2012-13</b>	<b>Actual 2012-13</b>	<b>Budget 2012-13</b>	<b>Actual 2012-13</b>
(all figures in \$ thousands)				
<b>Government grants</b>	<b>32,734</b>	<b>32,481</b>	<b>-</b>	<b>-</b>
<b>Salaries and Benefits</b>				
Busing Aide	1,442	1,301	-	-
Central Administration	910	881	-	-
Noon Supervision	-	-	8,962	7,771
<b>Contracts and Services</b>				
Transportation Services	36,660	35,407	-	-
Other Supplies and Services	-	-	-	185
<b>Bad Debt</b>	<b>-</b>	<b>229</b>	<b>1,050</b>	<b>596</b>
	<b>39,012</b>	<b>37,818</b>	<b>10,012</b>	<b>8,553</b>
<b>Funding Gap</b>	<b>(6,278)</b>	<b>(5,337)</b>	<b>(10,012)</b>	<b>(8,553)</b>
<b>Fees</b>	<b>6,278</b>	<b>6,223</b>	<b>5,276</b>	<b>5,987</b>
<b>Net surplus / (deficit)</b>	<b>-</b>	<b>886</b>	<b>(4,736)</b>	<b>(2,566)</b>

The transportation surplus was primarily the result of fewer students submitting for Calgary Transit rebates than was budgeted. The surplus was transferred to the Transportation Fee Stabilization Reserve in accordance with provincial legislation. It will be used to mitigate future year reliance on transportation fees to cover transportation costs.

2012-13 was the first year that noon supervision fees were charged to students who are bused to school. The fees for 2012-13 were half of the full rate, as we phased in the impact on families. The deficit from the program was funded by the global CBE budget. 75 per cent of the full fee will be charged in 2013-14 and 100 per cent in 2014-15.

**Instructional Supplies and Materials (ISM) Fees**

The CBE charges parents and independent students fees for instructional supplies and materials as authorized under the provincial *School Act* (sec. 60(2)(j)). The supplies and materials are deemed by the CBE to be necessary for the instruction of students. No student is denied access to instructional supplies and materials due to an inability to pay. The fee levels for instructional supplies and materials are reviewed and set annually and have remained unchanged over the last several years.

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The CBE charges \$15 per student in kindergarten and \$30 per student in Grades 1 – 6. The supplies and materials purchased include such things as pencils, markers, and photocopied materials, appropriate to their grade level.

**Fees (continued)**





The CBE charges \$105 per student in Grades 7 – 9 and \$132 in Grades 10 - 12. The proceeds of this fee are used to purchase items such as textbooks, novels, photocopy paper and per-copy charges, basic Career and Technology supplies, and other instructional supplies and materials.

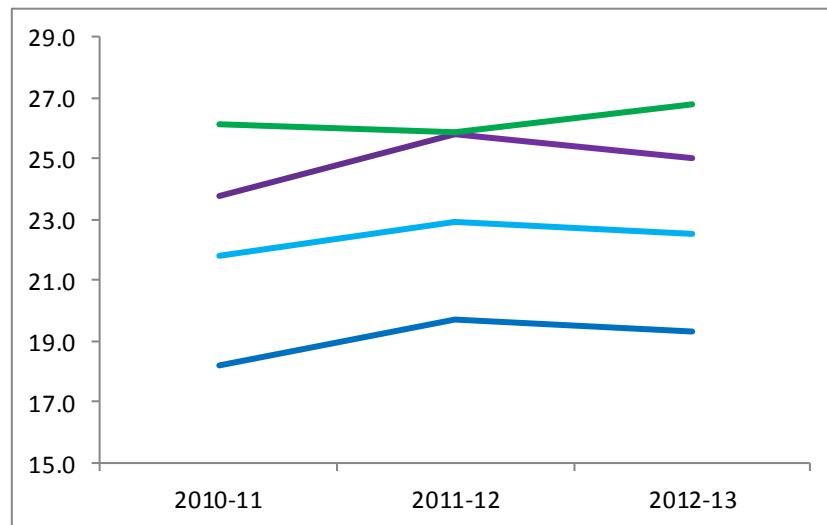
The total amount of Instructional Supplies and Materials fees collected at schools for the year ended Aug. 31, 2013 is \$7.7 million (budgeted at \$7.7 million). In addition, CBE granted waivers of ISM fees in the amount of \$430,000.

Other fees of \$15.3 million are charged and collected by schools. These include fees for musical instruments, student parking, etc.

**Class size**

As noted above, the CBE has directed as many resources as possible to instruction; and schools in particular. Current research indicates that smaller class sizes make the most difference in lower grades, which is consistent with the expectations of Alberta Education. The most recent Class Size survey reports the following average class size numbers for CBE schools:

	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
 K - 3	18.2	19.7	19.3
 Grades 4 - 6	21.8	22.9	22.5
 Grades 7 - 9	23.8	25.8	25.0
 Grades 10 - 12	26.1	25.9	26.8



Alberta Education requires school jurisdictions to report class sizes on an annual basis and is a measure of the number of students in a classroom being taught by a certificated teacher.



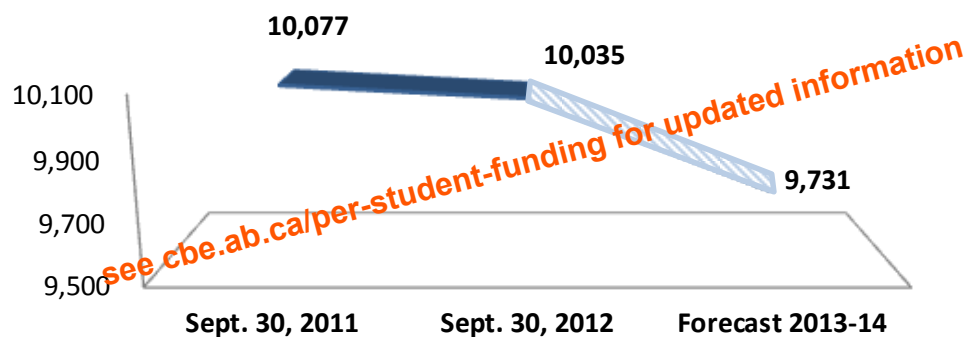
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**Alberta Education funding per student**

For 2012-13, CBE's enrolment was up by 2,950 students from Sept. 30 of the prior year. Alberta Education funding did not increase at the same rate as enrolment and resulted in a reduction in provincial funding per student of 0.4 per cent. The projected reduction in 2013-14 is 3.0 per cent.

<b>Program</b>	<b>Forecast 2013-14</b>	<b>Sept. 30, 2012</b>	<b>Sept. 30, 2011</b>	<b>Forecast 2013-14 to Sept. 30, 2012 Variance</b>
	<b>(in \$ thousands)</b>	<b>(in \$ thousands)</b>	<b>(in \$ thousands)</b>	<b>(in \$ thousands)</b>
Pre-K & Kindergarten	88,367	83,481	78,286	4,886
Grades 1-6	472,060	459,344	443,516	12,716
Grades 7-9	211,659	217,208	216,700	(5,549)
Grades 10-12	260,012	260,088	257,430	(76)
Unique/Outreach	20,133	20,431	18,108	(298)
Chinook Learning Services	24,473	27,697	29,575	(3,224)
Cbe-Learn	5,508	6,824	6,197	(1,316)
<b>Alberta Education Funding</b>	<b>1,082,212</b>	<b>1,075,073</b>	<b>1,049,812</b>	<b>7,139</b>

**Funding Per Student**



**Reserves**

The 2012-13 Operating Budget anticipated the use of \$12.2 million operating reserves in order to balance. The actual results reported are better than budgeted which has resulted in a lower reliance on reserves, which will help resource future years.

	<b>Opening Reserve balances</b>	<b>Planned (use) in 2012-13</b>	<b>Actual (use) / addition in 2012-13</b>	<b>Ending Reserve balances</b>
all figures in \$ thousands				
unrestricted operating	18,265	(12,185)	10,784	29,049
designated funds	4,342	-	(1,605)	2,737
restricted operating	(327)	-	7,553	7,226
capital	51,623	-	(22,122)	29,501
	<b>73,903</b>	<b>(12,185)</b>	<b>(5,390)</b>	<b>68,513</b>

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## Analysis of Financial Operations 2013 over 2012

### Revenue

Total revenues were \$1,165.4 million in 2012-13 compared to \$1,188.2 million in 2011-12, a decrease of \$22.8 million, or 1.9 per cent.

#### Alberta Education

	Actual		Variance	
	(all figures in \$ thousands)		(\$000)	%
	2012-13	2011-12		
Base provincial instruction grants	704,402	682,729	21,673	3.2
Differential cost funding	241,872	227,040	14,832	6.5
Provincial priority targeted grants	10,738	22,887	(12,149)	(53.1)
Other provincial education grants	70,503	67,562	2,941	4.4
Capital Support	18,646	25,192	(6,546)	(26.0)
Expended deferred capital revenue	28,912	24,401	4,511	18.5
<b>Total</b>	<b>1,075,073</b>	<b>1,049,811</b>	<b>25,262</b>	<b>2.4</b>

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 use such as Infrastructure, Maintenance and Renewal funding.

The CBE receives 92 per cent of its revenue from Alberta Education, most of which is tied to enrolment. Of the total funding from Alberta Education, 15 per cent is restricted for specific use by the CBE.

Alberta Education funding was \$1,075.1 million in 2012-13 compared to \$1,049.8 million in 2011-12, an increase of \$25.3 million, or 2.4 per cent. The increase was mainly driven by the year-over-year enrolment increase, net of grant cuts.

The provincial funding announcement in the spring of 2012 came with the promise of long term, sustainable funding. That original budget announcement was subsequently reduced in the spring of 2013 and resulted in a \$3.0 million reduction. Both the funding for the Alberta Initiative for School Improvement (included in provincial priority targeted grants) and the fuel grant were discontinued effective April 1, 2013.

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2012-13 Actual to Budget Reconciliation

<b>Alberta Education Revenue</b>	<b>Increase / (Decrease)</b>	<b>Balance</b>
	(in \$ thousands)	
12-13 approved budget		1,068,350
Increase due to enrolment	11,100	
		1,079,450
Funding reduction	(2,976)	
		1,076,474
Reduction capital grants	(693)	
		1,075,781
Decrease due to other (project grants)	(708)	
12-13 actuals		1,075,073

2011-12 Actual to 2013-12 Actual Reconciliation

<b>Alberta Education Revenue</b>	<b>Increase / (Decrease)</b>	<b>Balance</b>
	(in \$ thousands)	
11-12 actual grant revenue		1,049,811
Increase due to enrolment	22,269	
		1,072,080
Increase due to rate increase	14,696	
		1,086,776
Funding reduction	(10,486)	
		1,076,290
Increase capital grants	4,511	
		1,080,801
Decrease due to other	(5,728)	
12-13 actual grant revenue		1,075,073

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**Other Revenue**

	<b>Actual</b>		<b>Variance</b>	
	<b>(all figures in \$ thousands)</b>		<b>(\$000)</b>	<b>%</b>
	<b>2012-13</b>	<b>2011-12</b>		
Fees	35,217	37,440	(2,223)	(5.9)
Sales and services	21,824	21,010	814	3.9
Fundraising	11,267	11,035	232	2.1
Gifts and donations	6,083	6,738	(655)	(9.7)
Rentals	5,641	2,677	2,964	110.7
Investment income	4,453	5,671	(1,218)	(21.5)
Federal grants and education agreements	2,201	2,242	(41)	(1.8)
Other Alberta school authorities	1,756	6,452	(4,696)	(72.8)
Other government of Alberta revenue	1,709	3,567	(1,858)	(52.1)
Gain on disposal of assets	138	41,337	(41,199)	(99.7)
Local governments	30	231	(201)	(87.4)
	<u>90,319</u>	<u>138,400</u>	<u>(48,081)</u>	<u>(34.7)</u>

Other revenue has decreased by \$48.1 million from 2011-12. \$41.2 million of this decrease is due to the sale of three properties in the prior year whereas there were no major disposals in 2012-13.

The remaining net \$6.9 million decrease is a combination of several factors:

- A decrease in lease revenue from charter school rentals due to change in provincial policy. This decrease is reflected in revenue from school authorities and local governments.
- A decrease in transportation fees due to the opening of four new schools. This reduced the number of students requiring transportation from 2011-12.
- A decrease in realized investment income due to unrealized gains. The 2011-12 investment income included unrealized gains whereas the 2012-13 the unrealized gains were recorded under the new accounting standards.
- An increase in rental revenue from the sub-lease of the top two floors of the Education Centre. This generated additional rental revenue of \$0.8 million.
- A marginal increase in other sales and services and fundraising due to schools generating more sales and fundraising than in the prior year.

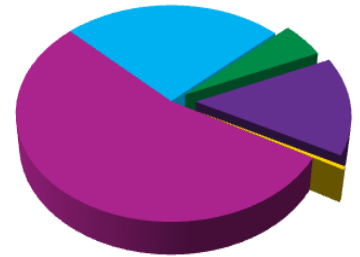
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**Expenses**

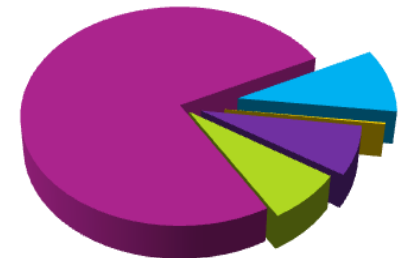
**Expenses by Object**

	<b>Actual</b>		<b>Variance</b>	
	<b>(all figures in \$ thousands)</b>		<b>(\$000)</b>	<b>%</b>
	<b>2012-13</b>	<b>2011-12</b>		
certificated salaries & benefits	687,794	667,624	20,170	3.0
non-certificated salaries & benefits	227,417	217,912	9,505	4.4
supplies & services	206,240	204,278	1,962	1.0
amortization of capital assets	47,902	42,466	5,436	12.8
other	3,698	3,873	(175)	(4.5)
<b>Total</b>	<b>1,173,051</b>	<b>1,136,153</b>	<b>36,898</b>	<b>3.2</b>



**Expenses by Block**

	<b>Actual</b>		<b>Variance</b>	
	<b>(all figures in \$ thousands)</b>		<b>(\$000)</b>	<b>%</b>
	<b>2012-13</b>	<b>2011-12</b>		
instruction: ECS - Grade 12	929,031	896,355	32,676	3.6
plant, operations & maintenance	141,178	137,117	4,061	3.0
transportation	37,849	37,751	98	0.3
board & system administration	38,448	41,539	(3,091)	(7.4)
external services	26,545	23,391	3,154	13.5
<b>Total</b>	<b>1,173,051</b>	<b>1,136,153</b>	<b>36,898</b>	<b>3.2</b>



Total expenses were \$1,173.0 million in 2012-13 compared to \$1,136.2 million in 2011-12, an increase of \$36.8 million or 3.2 per cent.

The largest year-over-year variance is 3.4 per cent for total salaries, wages and benefits, which represent 78 per cent of expenses. This makes up the majority of the increase in the Instruction block along with increased spending in schools on services and supplies.

The \$29.6 million change in salaries, wages and benefits reflects the net impact of increased compensation driven mainly by collective agreements.

In response to Board of Trustees direction, the CBE has made great efforts to reduce central costs in order to maximize resources deployed directly to schools and instruction. This has resulted in a year-over-year decrease to administration of \$3.1 million.

## **Analysis of Financial Operating Results to Budget**

The CBE's balanced 2012-13 budget was approved in May 2012 by the Board of Trustees with a planned operating deficit of \$16.1 million. In the budget, the CBE planned to cover this operating deficit with approved reserve draws of \$12.2 million and \$3.9 million of one-time savings on board-funded capital.

### **Operating Deficit**

The budget anticipated a \$16.1 million deficit. The actual result was a deficit of \$7.7 million. The \$8.3 million difference predominantly reflects:

- \$4.2 million of amortization expenses due to fewer projects completed in 2011-12;
- \$1.2 million of unbudgeted investment income;
- \$0.9 million reduced transportation costs due to fewer Calgary transit rebates issued; and
- \$2.0 million in savings generated in Service Units in response to the 2013-14 funding announcement made in March 2013.

### **Funding of Deficit**

The CBE funded the \$7.7 million deficit by:

- transfer (from) operating reserves totaling \$(1.2) million, as follows:
  - \$0.8 million to the transportation fee stabilization reserve;
  - \$(1.0) million from the fiscal stability reserve;
  - \$(1.0) million from the operating lease reserve;
- use of \$(2.8) million unrestricted net assets;
- use of \$(1.6) million designated funds; and
- transfer \$(2.1) million from capital reserves.

The reduced deficit means that the CBE's reliance on funding from operating reserves in 2012-13 was less than anticipated, making the funds available for use in future years. Some of the reduced deficit was forecasted and incorporated into the budget assumptions report and budget for 2013-14.

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**Financial Position**

As at Aug. 31, 2013, the CBE has a net asset balance of \$192.5 million, reflecting net financial debt of (\$656.2) million and non-financial assets of \$848.7 million. Net debt includes \$699.3 million of deferred revenue already expended on the acquisition of capital assets and will be recognized as revenue over the useful life of the related assets. If the deferred revenue were fully recognized, the August 31, 2013 financial position would result in net financial assets of \$43.1 million.

**Accumulated Surplus**

	<b>Actual</b>	
	(all figures in \$ thousands)	
	<b>2012-13</b>	<b>2011-12</b>
Unrestricted operating surplus	-	2,810
Endowment fund	2,744	2,233
Operating reserves	36,267	17,237
Capital reserves	29,501	51,623
Investment in capital assets	123,989	119,570
	<u>192,501</u>	<u>193,473</u>

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.

Changes to capital-related net assets are explained on page 23.

## 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 decreased by \$22.1 million over 2011-12. This is a result of:

- the transfer of \$15.6 million net proceeds from the sale of the old Education Centre at 515 Macleod Trail to operating reserves;
- \$6.5 million more carried into the 2012-13 year from the prior year than what is being carried out into 2013-14; and
- All CBE asset sales.

Investment in capital assets increased by \$4.4 million due to:

- board-funded capital additions of \$20.1 million, such as the eHR system upgrade, replacement of vehicles, equipment purchases, school purchased assets and information technology projects;
- debt repayment of \$3.3 million; and
- (\$19.0) million amortization of board-funded capital assets.

The CBE's challenge is its ability to provide 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. With system utilization rates ranging between 43 and 142 per cent and student enrolment expected to increase to more than 121,000 students by 2017, major modernization of aged schools is necessary to effectively deliver today's curriculum. The CBE also continues to plan for and request provincial funding required to meet the significant shortfall of public schools in the new and developing communities of Calgary.

In recent years, the Province has been supportive of these interests and has funded and constructed many schools in Calgary. Robert Thirsk High School construction was completed during the year and welcomed students in September 2013. This resulted in an increase to tangible capital assets in the amount of \$33.1 million.

In May 2013, the Province announced that the CBE would be getting six new schools scheduled to open in September 2016. Elementary schools were announced for Copperfield, Evanston and New Brighton. Middle schools will be built in Saddle Ridge and Royal Oak. A new northeast high school was also part of the announcement.

Meanwhile, the CBE continues to develop appropriate strategies to better utilize some of its school buildings in low enrolment areas, and 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. No school closures are expected in the immediate future.

## Compliance

For the year ended Aug. 31, 2013, 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.



## Outlook for 2013-14

A year ago, the CBE was looking forward to stable, predictable and sustainable funding, as promised by the Alberta government. Unfortunately, the government reverted to one-year funding. This makes it more challenging to plan for the long term. In addition, for 2013-14 revenues remained flat while our student population increased and our expenses continued to rise. We are on track to see per student funding decrease by 3.0 per cent into 2013-14.

Despite these budgetary challenges, in 2013-14 the CBE will continue to focus on the Board of Trustees Results to ensure that “each student, in keeping with his or her individual abilities and gifts, will complete high school with a foundation of learning necessary to thrive in life, work and continued learning.”

We will do this work within the framework of Alberta Education's *Inspiring Education* and its values for students—opportunity, fairness, citizenship, choice, diversity and excellence—and through the CBE's Three-Year Education Plan. The plan focuses attention on personalized learning, building our professional capital, engaging our publics and stewarding our resources.

In doing so, the CBE continues to build on its exceptional academic results. For the past five years, CBE students' academic results have led the province and high school completion rates have steadily increased.

For 2013-14, particular focus will be directed at five strategic imperatives:

- Assessment and reporting. Move forward in creating an assessment and reporting framework to best serve student learning. Focus on one system report card with a linkage to personal learning and collaboration from community, parent and principal engagement.
- Curriculum design and development. Collaborate with Alberta Education and partners in developing curriculum in six areas that is competency focused, digitally based, and built on a foundation of literacy and numeracy. This will build on the innovative work that is being done in line with the vision of *Inspiring Education*.
- High school success. Working with the province in its Moving Forward with High School Redesign initiative. This will support the transformation of high school programming and ensure students' needs are met through flexible learning environments, including providing rich career and technology opportunities.
- Tools for personalization. Acquisition, design and coordination of learning resources suited for today's learners and the digital learning environment. The primary focus is furthering the development of Iris technology as a strategic resource for student and professional learning. Other focuses are the commercialization of Iris and the transition to Iris 2.0 to further support parent and external partner access.
- Leadership learning and development. Focusing on the development of a long-term, sustainable plan for leadership learning and attention on leader competencies in the CBE.

Accomplishing the Trustees Results, adhering to Alberta Education's vision for *Inspiring Education*, and meeting parent and students' increasing expectations for choice in education will be challenging in an environment where long-term, sustainable, predictable funding is uncertain.

The first way the CBE tackles this challenge is by directing as much funding as possible to students in classrooms. In 2013-14, we reduced administrative costs by a government-mandated 10 per cent, which equates to \$4.6 million. We did this by reorganizing and streamlining operations, finding reductions with outside suppliers and services and freezing superintendent salaries effective September 2013. There are no salary increases for the CBE's exempt staff in 2014.

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Despite these cost savings, we still had to cut approximately \$4.0 million including 25 full-time equivalent positions from administrative areas including legal services, communications, facilities and environmental services, the Chief Superintendent's Office, finance and supply chain services, human resources and information technology. With our integrated processes and structures, these reductions were difficult and did have an impact on services that directly support our schools. We have been monitoring these reductions carefully to determine whether they can be sustained over time. At the time this report was written the system is experiencing strains resulting from the cuts. Backlogs are increasing and processing times are lengthening. We are at the point where we may simply have to do less with less, especially given the additional reduction required in these areas for 2013-14.

Notwithstanding the above, the dedication of the administrative service units to being as lean as possible has generated savings beyond what was anticipated in the 2012-13 budget. These efforts have resulted, in part, in the reduced deficit noted for 2012-13.

The CBE also worked diligently to minimize the financial impacts on families by taking actions that avoided substantial fee increases. Although fees are an unfortunate reality, the fees for transportation, noon supervision and instructional supplies and materials generated \$19.9 million (excluded school based fees of \$15.3 million) that would have otherwise been taken out of the classroom. For context, \$19.9 million is the cost of approximately 200 teachers. Charging fees allow those resources to remain in the classroom where they provide the most direct benefit to students. As well, any surpluses generated through fees are retained to help offset future fee increases.

On Sept. 30, 2013, the CBE's total enrolment increased by 3,631 (3.4 per cent) to 110,763 students. The increase in enrolment is an endorsement of the CBE's commitment to achieving improved learning outcomes through the personalization of learning and specifically the Board of Trustees Results statements.

But it's important to point out that unless provincial funding keeps up with enrolment growth and cost increases due to inflation, salary grid movement and negotiated union contract increases, the CBE will face a similar funding deficit in 2014-15.

As stated at the beginning of this report, public education is a shared responsibility. With our students, families, employees, communities and Alberta Education, we work together to build positive learning and working environments. By sharing a common goal of student success, each one of us contributes to make it happen.

**CALGARY BOARD OF EDUCATION  
STATEMENT OF ADMINISTRATION RESPONSIBILITY  
AUG. 31, 2013**

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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 Public Sector Accounting Standards. The financial statements present fairly the financial position of the Calgary Board of Education as at August 31, 2013 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

  
\_\_\_\_\_  
BRAD GRUNDY  
CHIEF FINANCIAL OFFICER,  
AND CORPORATE TREASURER

December 17, 2013



**KPMG LLP**  
**Chartered Accountants**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees

We have audited the accompanying consolidated financial statements of the Calgary Board of Education, which comprise the consolidated statements of financial position as at August 31, 2013, August 31, 2012, and September 1, 2011, and the consolidated statements of operations, remeasurement gains and losses, changes in net debt and cash flows for the years then ended, notes, and accompanying schedules comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Calgary Board of Education as at August 31, 2013, August 31, 2012, and September 1, 2011, and its results of operations, the changes in its net debt, and its cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Accountants

December 17, 2013  
Calgary, Canada

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT**

	August 31		September 1	
	2013	2012(Restated)	2011(Restated)	
	(in thousands)	Note (2) (in thousands)	Note (2) (in thousands)	
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	(Note 4)	\$ 86,111	\$ 88,046	\$ 64,067
Accounts receivable (net after allowances)	(Note 5)	35,201	41,106	46,105
Portfolio investments	(Note 6)	102,501	111,502	110,673
<b>Total financial assets</b>		<b>\$ 223,813</b>	<b>\$ 240,654</b>	<b>\$ 220,845</b>
<b>LIABILITIES</b>				
Deferred revenue	(Note 7, 17)	\$ 755,327	\$ 750,564	\$ 664,602
Accounts payable and accrued liabilities	(Note 8)	70,052	72,138	69,974
Employee future benefits	(Note 9)	27,918	29,141	30,923
Other liabilities - Asset retirement obligations	(Note 10)	327	327	1,644
Debt:				
Supported: Debentures	(Note 11)	10,218	13,465	17,322
Unsupported: Capital leases	(Note 12)	16,135	16,543	41,825
<b>Total liabilities</b>		<b>879,977</b>	<b>882,178</b>	<b>826,290</b>
<b>Net Debt</b>		<b>\$ (656,164)</b>	<b>\$ (641,524)</b>	<b>\$ (605,445)</b>
<b>NON-FINANCIAL ASSETS</b>				
Tangible capital assets	(Note 13)			
Land		\$ 2,711	\$ 2,711	\$ 4,771
Construction in progress		713	2,994	34,078
Buildings	1,177,437			
Less: Accumulated amortization	(410,528)	766,909	756,630	641,647
Equipment	119,916			
Less: Accumulated amortization	(84,639)	35,277	31,462	29,437
Vehicles	8,266			
Less: Accumulated amortization	(4,265)	4,001	3,577	3,513
Computer Equipment	105,844			
Less: Accumulated amortization	(76,066)	29,778	26,684	24,976
<b>Total tangible capital assets</b>		<b>839,389</b>	<b>824,058</b>	<b>738,422</b>
Prepaid expenses		9,183	10,443	7,169
Inventory		93	496	839
<b>Total non-financial assets</b>		<b>848,665</b>	<b>834,997</b>	<b>746,430</b>
<b>ACCUMULATED SURPLUS</b>	(Note 14)	\$ 192,501	\$ 193,473	\$ 140,985
Accumulating surplus is comprised of:				
Accumulated operating surplus		186,325	193,473	140,985
Accumulated remeasurement gains		6,176	-	-
		<b>\$ 192,501</b>	<b>\$ 193,473</b>	<b>\$ 140,985</b>
Measurement uncertainty	(Note 3)			
Contractual obligations and Contingent liabilities	(Note 18)			

The accompanying notes and supplementary schedules are part of these consolidated financial statements.

Approved by:

  
Sheila Taylor, Chair of Board of Trustees

Dec. 17, 2013

Date Signed

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31**

	Budget		Actual	
	2013		2013	2012(Restated)
	Unaudited			Note (2)
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
<b>REVENUES</b>				
Alberta Education	\$ 1,068,350	\$ 1,075,073	\$ 1,049,811	
Other - Government of Alberta	1,786	1,709	3,567	
Federal Government and First Nations	2,191	2,201	2,242	
Other Alberta school authorities	1,500	1,756	6,452	
Fees (Note 16)	30,856	35,217	37,440	
Other sales and services	20,295	21,824	21,010	
Investment income	3,198	4,453	5,671	
Gifts and donations	10,036	6,083	6,738	
Rental of facilities	6,223	5,641	2,677	
Fundraising	8,411	11,267	11,035	
Gains on disposal of tangible capital assets	-	138	41,337	
Other revenue	24	30	231	
<b>Total Revenues</b>	<b>\$ 1,152,870</b>	<b>\$ 1,165,392</b>	<b>\$ 1,188,211</b>	
<b>EXPENSES</b>				
Instruction	922,616	929,031	\$ 896,355	
Plant operations and maintenance	141,308	141,178	137,117	
Transportation	39,012	37,849	37,751	
Administration	37,941	38,448	41,539	
External services	28,073	26,545	23,391	
<b>Total Expenses</b>	<b>1,168,950</b>	<b>1,173,051</b>	<b>\$ 1,136,153</b>	
Annual (deficit) / surplus	<b>\$ (16,080)</b>	<b>\$ (7,659)</b>	<b>\$ 52,058</b>	

The accompanying notes and supplementary schedules are part of these consolidated financial statements.

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

	2013	2012(Restated)
	<u>(in thousands)</u>	<u>Note (2)</u> <u>(in thousands)</u>
<b>CASH FLOWS FROM:</b>		
<b>OPERATING TRANSACTIONS</b>		
Annual (deficit) surplus	\$ (7,659)	\$ 52,058
Add (deduct) items not affecting cash:		
Amortization expense	47,902	42,466
Gains on disposal of capital assets	(138)	(41,337)
Changes in:		
Accounts receivable	5,905	4,999
Prepays	1,260	(3,274)
Inventory	403	343
Accounts payable and accrued liabilities	(2,086)	2,164
Deferred revenue (Note 7,17)	(28,069)	85,962
Employee future benefits	(1,223)	(1,782)
Other: Working capital items and asset retirement obligations	27,967	(1,987)
<b>Cash flows from operating transactions</b>	<b>\$ 44,262</b>	<b>\$ 139,612</b>
<b>CAPITAL TRANSACTIONS</b>		
Purchases of tangible capital assets		
Land		
Buildings	(6,167)	(17,839)
Equipment	(10,552)	(19,322)
Vehicles	(334)	(739)
Computer equipment	(13,369)	(1,580)
Net proceeds from disposal of tangible capital assets	159	46,075
Other: Non cash capital acquisitions	(29,959)	(89,513)
<b>Cash flows from capital transactions</b>	<b>\$ (60,222)</b>	<b>\$ (82,918)</b>
<b>INVESTING TRANSACTIONS</b>		
Changes in portfolio investments	15,177	(829)
Remeasurement gains reclassified to the statement of operations	-	-
Other: Working capital items, endowments and other	1,875	1,137
<b>Cash flows from investing transactions</b>	<b>\$ 17,052</b>	<b>\$ 308</b>
<b>FINANCING TRANSACTIONS</b>		
Repayment of long-term debt	(3,655)	(29,139)
Other: Working capital items	628	(3,884)
<b>Cash flows from financing transactions</b>	<b>\$ (3,027)</b>	<b>\$ (33,023)</b>
(Decrease) increase in cash and cash equivalents	\$ (1,935)	\$ 23,979
Cash and cash equivalents, at beginning of year	88,046	64,067
Cash and cash equivalents, at end of year	<b>\$ 86,111</b>	<b>\$ 88,046</b>

The accompanying notes and supplementary schedules are part of these consolidated financial statements.



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

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
	<b>(in thousands)</b>	<b>(in thousands)</b>
<b>Annual (deficit) / surplus</b>	<b>\$ (7,659)</b>	<b>\$ 52,058</b>
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	<b>(63,556)</b>	(132,840)
Amortization of tangible capital assets	<b>47,902</b>	42,466
Net carrying value of tangible capital assets disposals	<b>323</b>	4,738
<b>Total effect of changes in tangible capital assets</b>	<b>\$ (15,331)</b>	<b>\$ (85,636)</b>
Changes in:		
Prepays	<b>\$ 1,260</b>	\$ (3,274)
Inventory	<b>403</b>	343
Net remeasurement gains	<b>6,176</b>	-
Change in Endowments	<b>511</b>	430
<b>Decrease in net debt</b>	<b>\$ (14,640)</b>	<b>\$ (36,079)</b>
<b>Net debt, at beginning of year</b>	<b>\$ (641,524)</b>	<b>\$ (605,445)</b>
<b>Net debt, at end of year</b>	<b>\$ (656,164)</b>	<b>\$ (641,524)</b>

The accompanying notes and supplementary schedules are part of these consolidated financial statements.

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
FOR THE YEAR ENDED AUGUST 31**

---

	<u>2013</u>
	(in thousands)
<b>Accumulated remeasurement gains at beginning of year</b>	<b>\$ -</b>
Unrealized gains attributable to:	
Portfolio investments	6,176
<b>Accumulated remeasurement gains at end of year</b>	<b>\$ <u>6,176</u></b>

The accompanying notes and supplementary schedules are part of these consolidated financial statements.

**CALGARY BOARD OF EDUCATION  
SCHEDULE 1 - ACCUMULATED SURPLUS**

For the year ended August 31, 2013 (in thousands)								
	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
<b>Balance at August 31, 2012</b>	\$201,937	-	\$201,937	\$119,570	\$2,233	\$2,810	\$25,701	\$51,623
<b>Prior period adjustments:</b>								
Consolidation of EducationMatters	\$1,700	-	\$1,700	-	-	-	\$1,700	-
EFB - recognition of cumulative actuarial gains/losses	(\$11,827)	-	(\$11,827)	-	-	-	(\$11,827)	-
EFB - change in discount rate	\$1,663	-	\$1,663	-	-	-	\$1,663	-
<b>Adjusted Balance, Aug. 31, 2012</b>	\$193,473	-	\$193,473	\$119,570	\$2,233	\$2,810	\$17,237	\$51,623
Operating (deficit) surplus	(\$7,659)		(\$7,659)			(\$7,659)		
Board funded tangible capital asset additions				\$20,149		(\$20,149)	-	-
Disposal of unsupported tangible capital assets	-		-	(\$21)		(\$138)		\$159
Net remeasurement gains (losses) for the year	\$6,176	\$6,176						
Endowment expenses	(\$32)		(\$32)		(\$32)			
Direct credits to accumulated surplus	\$543		\$543	-	\$543	-		
Amortization of tangible capital assets	-		-	(\$47,902)		\$47,902		
Capital revenue recognized	-		-	\$28,912		(\$28,912)		
Debt principal repayments (unsupported)	-		-	\$3,281		(\$3,281)		
Externally imposed endowment restrictions	-				-	-	-	-
Net transfers to operating reserves	-					(\$16,582)	\$16,582	
Net transfers from operating reserves	-					\$3,728	(\$3,728)	
Net transfers to capital reserves	-					(\$4,670)		\$4,670
Net transfers from capital reserves	-					\$26,951		(\$26,951)
Assumption/transfer of other operations' surplus	-		-	-	-	-	-	-
<b>Balance at August 31, 2013</b>	\$192,501	\$6,176	\$186,325	\$123,989	\$2,744	-	\$30,091	\$29,501

**CALGARY BOARD OF EDUCATION  
SCHEDULE 1 - ACCUMULATED SURPLUS**

For the year ended August 31, 2013 (in thousands) Continued										
	INTERNALLY RESTRICTED RESERVES BY PROGRAM									
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services	
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2012</b>	\$8,209	\$31,428	\$7,498	\$453	\$6,225	\$19,542	\$2,816	-	\$953	\$200
<b>Prior period adjustments:</b>										
Consolidation of EducationMatters		-		-		-		-	\$1,700	-
EFB - recognition of cumulative actuarial gains/losses	(\$8,386)	-	(\$2,315)	-	(\$805)	-	-	-	(\$321)	-
EFB - change in discount rate	\$1,179	-	\$326	-	\$113	-	-	-	\$45	-
<b>Adjusted Balance, Aug. 31, 2012</b>	\$1,002	\$31,428	\$5,509	\$453	\$5,533	\$19,542	\$2,816	-	\$2,377	\$200
Operating surplus (deficit)										
Board funded tangible capital asset additions	-	-	-	-	-	-	-	-	-	-
Disposal of unsupported tangible capital assets		-		\$159		-		-		-
Net remeasurement gains (losses) for the year										
Endowment expenses										
Direct credits to accumulated surplus										
Amortization of tangible capital assets										
Capital revenue recognized										
Debt principal repayments (unsupported)										
Externally imposed endowment restrictions	-		-		-		-		-	
Net transfers to operating reserves	\$13,392		\$1,402		\$330		\$865		\$593	
Net transfers from operating reserves	(\$2,852)		(\$826)		(\$21)		-		(\$29)	
Net transfers to capital reserves		\$4,670		-		-		-		-
Net transfers from capital reserves		(\$14,811)		-		(\$12,140)		-		-
Assumption/transfer of other operations' surplus	-	-	-	-	-	-	-	-	-	-
<b>Balance at August 31, 2013</b>	\$11,542	\$21,287	\$6,085	\$612	\$5,842	\$7,402	\$3,681	-	\$2,941	\$200

**CALGARY BOARD OF EDUCATION  
SCHEDULE 1 - ACCUMULATED SURPLUS**

For the year ended August 31, 2012 (in thousands)								
	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
<b>Balance at August 31, 2011</b>	\$149,895	-	\$149,895	\$98,647	-	\$2,184	\$23,098	\$25,966
<b>Prior period adjustments:</b>								
Consolidation of EducationMatters	\$2,917	-	\$2,917	-	\$1,803	-	\$1,114	-
EFB - recognition of cumulative actuarial gains/losses	(\$11,827)	-	(\$11,827)	-	-	-	(\$11,827)	-
<b>Adjusted Balance, Aug. 31, 2011</b>	<b>\$140,985</b>	<b>-</b>	<b>\$140,985</b>	<b>\$98,647</b>	<b>\$1,803</b>	<b>\$2,184</b>	<b>\$12,385</b>	<b>\$25,966</b>
Operating (deficit) surplus	\$52,058		\$52,058			\$52,058		
Board funded tangible capital asset additions				\$41,930		(\$21,683)	-	(\$20,247)
Disposal of unsupported tangible capital assets	-			(\$4,738)		(\$46,075)		\$46,075
Disposal of supported tangible capital assets (board funded portion)	-			-		\$4,738		-
Endowment expenses	(\$47)		(\$47)		(\$47)			
Direct credits to accumulated surplus	\$477		\$477		\$477	-		
Amortization of tangible capital assets	-			(\$42,466)		\$42,466		
Capital revenue recognized	-			\$24,401		(\$24,401)		
Debt principal repayments (unsupported)	-			\$1,796		(\$1,796)		
Net transfers to operating reserves	-					(\$10,365)	\$10,365	
Net transfers from operating reserves	-					\$5,513	(\$5,513)	
Net transfers to capital reserves	-					(\$11,373)		\$11,373
Net transfers from capital reserves	-					\$11,544		(\$11,544)
Assumption/transfer of other operations' surplus	-			-	-	-	-	-
<b>Balance at August 31, 2012</b>	<b>\$193,473</b>	<b>-</b>	<b>\$193,473</b>	<b>\$119,570</b>	<b>\$2,233</b>	<b>\$2,810</b>	<b>\$17,237</b>	<b>\$51,623</b>

**CALGARY BOARD OF EDUCATION  
SCHEDULE 1 - ACCUMULATED SURPLUS**

For the year ended August 31, 2012 (in thousands) Continued										
	INTERNALLY RESTRICTED RESERVES BY PROGRAM									
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services	
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2011</b>	\$9,564	\$21,456	\$7,019	\$345	\$5,725	\$3,965	-	-	\$790	\$200
<b>Prior period adjustments:</b>										
Consolidation of EducationMatters	-	-	-	-	-	-	-	-	\$1,114	-
EFB - recognition of cumulative actuarial gains/losses	(\$8,386)	-	(\$2,315)	-	(\$805)	-	-	-	(\$321)	-
<b>Adjusted Balance, Aug. 31, 2011</b>	<b>\$1,178</b>	<b>\$21,456</b>	<b>\$4,704</b>	<b>\$345</b>	<b>\$4,920</b>	<b>\$3,965</b>	-	-	<b>\$1,583</b>	<b>\$200</b>
Operating surplus (deficit)										
Board funded tangible capital asset additions	-	-	-	-	-	(\$20,247)	-	-	-	-
Disposal of unsupported tangible capital assets		\$10,143		\$108		\$35,824				
Disposal of supported tangible capital assets (board funded portion)		-		-		-				
Endowment expenses										
Direct credits to accumulated surplus										
Amortization of tangible capital assets										
Capital revenue recognized										
Debt principal repayments (unsupported)										
Net transfers to operating reserves	\$4,179		\$1,963		\$613		\$2,816		\$794	
Net transfers from operating reserves	(\$4,355)		(\$1,158)		-		-		-	
Net transfers to capital reserves		\$11,373		-		-			-	
Net transfers from capital reserves		(\$11,544)		-		-			-	
Assumption/transfer of other operations' surplus	-	-	-	-	-	-	-	-	-	-
<b>Balance at August 31, 2012</b>	<b>\$1,002</b>	<b>\$31,428</b>	<b>\$5,509</b>	<b>\$453</b>	<b>\$5,533</b>	<b>\$19,542</b>	<b>\$2,816</b>	<b>-</b>	<b>\$2,377</b>	<b>\$200</b>

**CALGARY BOARD OF EDUCATION  
SCHEDULE 2 – CAPITAL REVENUE**

	Unexpended Deferred Capital Revenue (in thousands)				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
<b>Balance at August 31, 2012</b>	\$11,134	-	\$1,378	-	\$674,472
Prior period adjustments	-	-	-	-	\$13,465
Adjusted balance, August 31, 2012	\$11,134	-	\$1,378	-	\$687,937
Add:					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	\$320				
Unexpended capital revenue receivable from					
Alberta Education school building & modular	-				
Interest earned on capital contributions	-	-	-	-	
Net proceeds on disposal of supported tangible capital assets					
Transferred in tangible capital assets (amortizable, @ net book value)					\$33,134
Expended capital revenue - current year	(\$7,404)	-	-	-	\$7,404
Deduct:					
Net book value of supported capital dispositions, write-offs, or transfers	-	-	-	-	\$302
Capital revenue recognition					\$28,912
<b>Balance at August 31, 2013</b>	\$4,050	-	\$1,378	-	\$699,261
	(A)	(B)	(C)	(D)	
<b>Balance of Deferred Capital Contributions at August 31, 2013 (A) + (B) + (C) + (D)</b>				\$5,428	

**Deferred Capital Contributions**

- (A) - Represents funding received from the Province of Alberta toward new approved projects ONLY.
- (B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures.
- (C) - Represents proceeds on disposal of provincially funded capital assets to be expended on approved capital projects per 10 (2) (a) of Disposition of Property Regulation 181/2010.
- (D) - Represents capital contributions received from entities OTHER THAN the Province of Alberta restricted for the acquisition of capital assets.

**CALGARY BOARD OF EDUCATION  
SCHEDULE 2 – CAPITAL REVENUE**

	Unexpended Deferred Capital Revenue (in thousands)				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
<b>Balance at August 31, 2011</b>	\$6,141	-	-	-	\$587,622
Prior period adjustments		-	-	-	\$17,322
Adjusted balance, August 31, 2011	\$6,141	-	-	-	\$604,944
Add:					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	\$19,055				
Unexpended capital revenue receivable from					
Alberta Education school building & modular	-				
Interest earned on capital contributions	\$59	-	-	-	
Net proceeds on disposal of supported tangible capital assets			\$1,378	-	
Transferred in tangible capital assets (amortizable, @ net book value)					\$93,357
Expended capital revenue - current year	(\$14,121)	-	-	-	\$14,121
Deduct:					
Net book value of supported capital dispositions, write-offs, or transfers	-	-	-	-	\$83
Capital revenue recognition					\$24,401
<b>Balance at August 31, 2012</b>	\$11,134	-	\$1,378	-	\$687,937
	(A)	(B)	(C)	(D)	
<b>Balance of Deferred Capital Contributions at August 31, 2012 (A) + (B) + (C) + (D)</b>				\$12,512	

**Deferred Capital Contributions**

- (A) - Represents funding received from the Province of Alberta toward new approved projects ONLY.
- (B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures.
- (C) - Represents proceeds on disposal of provincially funded capital assets to be expended on approved capital projects per 10 (2) (a) of Disposition of Property Regulation 181/2010.
- (D) - Represents capital contributions received from entities OTHER THAN the Province of Alberta restricted for the acquisition of capital assets.



**CALGARY BOARD OF EDUCATION  
PROGRAM OF OPERATIONS  
AUGUST 31, 2013**

REVENUES	2013 (in thousands)						2012
	Instruction (Grades ECS-12)	Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	(Restated) ( Notes 2) TOTAL (in thousands)
Alberta Education	\$870,275	\$130,408	\$32,486	\$38,448	\$3,456	\$1,075,073	\$1,049,811
Other - Government of Alberta	\$486	\$1,116	-	\$11	\$96	\$1,709	\$3,567
Federal Government and First Nations	\$644	-	-	\$33	\$1,524	\$2,201	\$2,242
Other Alberta school authorities	\$522	\$1,234	-	-	-	\$1,756	\$6,452
Out of province authorities	-	-	-	-	-	-	-
Alberta Municipalities-special tax levies	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-
Fees	\$22,715	-	\$6,223	-	\$6,279	\$35,217	\$37,440
Other sales and services	\$12,895	\$932	\$5	\$1,124	\$6,868	\$21,824	\$21,010
Investment income	\$45	\$250	-	-	\$4,158	\$4,453	\$5,671
Gifts and donations	\$5,931	-	-	-	\$152	\$6,083	\$6,738
Rental of facilities	-	\$3,635	-	\$411	\$1,595	\$5,641	\$2,677
Fundraising	\$11,267	-	-	-	-	\$11,267	\$11,035
Gains on disposal of capital assets	-	\$138	-	-	-	\$138	\$41,337
Other revenue	\$30	-	-	-	-	\$30	\$231
<b>TOTAL REVENUES</b>	<b>\$924,810</b>	<b>\$137,713</b>	<b>\$38,714</b>	<b>\$40,027</b>	<b>\$24,128</b>	<b>\$1,165,392</b>	<b>\$1,188,211</b>
<b>EXPENSES</b>							
Certificated salaries	\$567,435	-	-	\$2,141	\$1,387	\$570,963	\$555,900
Certificated benefits	\$116,277	-	-	\$198	\$356	\$116,831	\$111,724
Non-certificated salaries and wages	\$105,010	\$46,699	\$1,769	\$15,624	\$14,777	\$183,879	\$177,976
Non-certificated benefits	\$25,382	\$11,423	\$444	\$3,350	\$2,939	\$43,538	\$39,937
<b>SUB - TOTAL</b>	<b>\$814,104</b>	<b>\$58,122</b>	<b>\$2,213</b>	<b>\$21,313</b>	<b>\$19,459</b>	<b>\$915,211</b>	<b>\$885,537</b>
Services, contracts and supplies	\$101,937	\$48,813	\$35,407	\$13,693	\$6,390	\$206,240	\$204,278
Amortization of supported tangible capital assets	-	\$28,912	-	-	-	\$28,912	\$24,401
Amortization of unsupported tangible capital assets	\$12,614	\$3,613	-	\$2,742	\$21	\$18,990	\$18,065
Supported interest on capital debt	-	\$1,116	-	-	-	\$1,116	\$1,464
Unsupported interest on capital debt	-	\$602	-	-	-	\$602	\$588
Other interest and finance charges	\$115	-	-	-	\$78	\$193	\$1,190
Losses on disposal of capital assets	-	-	-	-	-	-	-
Other expense	\$261	-	\$229	\$700	\$597	\$1,787	\$630
<b>TOTAL EXPENSES</b>	<b>\$929,031</b>	<b>\$141,178</b>	<b>\$37,849</b>	<b>\$38,448</b>	<b>\$26,545</b>	<b>\$1,173,051</b>	<b>\$1,136,153</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>(\$4,221)</b>	<b>(\$3,465)</b>	<b>\$865</b>	<b>\$1,579</b>	<b>(\$2,417)</b>	<b>(\$7,659)</b>	<b>\$52,058</b>

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**1. NATURE OF OPERATIONS**

The Calgary Board of Education (the "Corporation"), is an independent legal entity with an elected Board of Trustees as stipulated in the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3, and operates as "School Corporation No. 19. 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 to the Province of Alberta, and is principally funded by the Province of Alberta through the Ministry of Education.

**2. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS**

Effective Sept. 1, 2012, the Corporation has adopted Canadian Public Sector Accounting Standards ("PSAS"). These consolidated financial statements are the first financial statements for which the Corporation has applied PSAS.

The accounting policies set out in Note 3 below have been applied in preparing the financial statements for the year ended Aug. 31, 2013, the comparative information presented in these financial statements for the year ended Aug. 31, 2012 and in the preparation of the opening Statement of Financial Position as at the transition date Sept. 1, 2011 with the exception of *PS 2601 – Foreign Currency Transaction* and *PS 3450 – Financial instruments*, as these standards specifically prohibit retroactive application.

The Corporation has elected to use the following exemptions and exceptions upon conversion to Canadian PSA standards:

**Optional Exemptions:**

- Retirement and post-employment benefits:
  - a. The Corporation has elected to recognize all cumulative actuarial gains and losses at Sept. 1, 2011 (the date of transition to PSAS) directly in accumulated surplus per Section PSAS 2125.10; and
  - b. The Corporation has elected to delay the application of Sections PSAS 3250 and 3255 relative to the discount rate used until Aug. 31, 2012 (the date of its full actuarial valuation) per Section PSAS 2125.09.

The following reconciliations and explanatory notes provide a description of the effect of the transition from pre-changeover Canadian GAAP (Generally Accepted Accounting Principles) to PSAS for the Corporation:

Statement of Financial Position as at Sept. 1, 2011 – Transition date

	Pre-changeover		Transitional adjustments			PSAS
	Canadian GAAP	Note (i)	Note (ii)	Note (iii)	Note (iv)	Restated
<b>Total financial assets</b>	\$ 218,308	-	-	2,924	(387)	220,845
<b>Liabilities</b>						
Post-retirement and post-employment benefits plan	\$ 18,570	11,827	-	-	-	30,397
Other liabilities	796,267	-	-	13	(387)	795,893
<b>Total liabilities</b>	\$ 814,837	11,827	-	13	(387)	826,290
<b>Total non financial assets</b>	\$ 746,424	-	-	6	-	746,430
<b>Total accumulated surplus</b>	\$ 149,895	(11,827)	-	2,917	-	140,985

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011**  
**(in thousands)**

**2. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)**

*Consolidated Statement of Financial Position as at Aug. 31, 2012*

	Pre-changeover Canadian GAAP	Transitional adjustments				PSAS Restated
		Note (i)	Note (ii)	Note (iii)	Note (iv)	
<b>Total financial assets</b>	\$ 237,039	-	-	3,938	(323)	240,654
<b>Liabilities</b>						
Post-retirement and post-employments benefits plan	\$ 18,204	11,827	(1,663)	-	-	28,368
Other liabilities	854,126	-	-	7	(323)	853,810
<b>Total liabilities</b>	\$ 872,330	11,827	(1,663)	7	(323)	882,178
<b>Total non financial assets</b>	\$ 834,995	-	-	2	-	834,997
<b>Total accumulated surplus</b>	\$ 199,704	(11,827)	1,663	3,933	-	193,473

*Consolidated Statement of Operations for the year ended Aug. 31, 2012*

	Pre-changeover Canadian GAAP	Transitional adjustments			PSAS Restated
		Note (i)	Note (ii)	Note (iii)	
<b>Total Revenue</b>	\$ 1,187,585	-	-	626	1,188,211
<b>Expenses</b>					
Salaries and benefits	\$ 886,642	-	(1,663)	557	885,536
Other expenses	251,134	-	-	(517)	250,617
<b>Total expenses</b>	\$ 1,137,776	-	(1,663)	40	1,136,153
<b>Annual operating surplus</b>	\$ 49,809	-	1,663	586	52,058

*Consolidated Statement of Cash Flows for the year ended Aug. 31, 2012*

The transition to PSAS for the Corporation had no impact on total cash flow changes during the year. The change in excess of revenues over expenses for the year ended Aug. 31, 2012 has been offset by the adjustments to operating activities other than the additional cash flow from Consolidation of EducationMatters (net impact of \$168). The transition to PSAS resulted in the reclassification of receipts and outflows relating to the acquisitions of tangible capital assets from investing activities to capital activities. The capital section of the statement of cash flows did not exist prior to the transition to PSAS for the Corporation.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**2. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS (continued)**

Explanations for adjustments to PSAS for the CBE as summarized above:

(i) Recognition of actuarial losses relating to employee future benefits

Pre-changeover GAAP allowed the Corporation to only recognize actuarial gains and losses that exceeded certain prescribed amounts ("the corridor approach"). PSAS requires the amortization of actuarial gains and losses on post-employment benefits obligations and compensated absences to be amortized over the estimated average remaining service of the employees. The Corporation has elected to recognize all cumulative actuarial losses relating to post-retirement and post-employment plan of \$11,827 as at Aug. 31, 2012 into accumulated surplus. Actuarial gains and losses subsequent to the date of transition to PSA are accounted for in accordance with *PSA 3250 – Retirement Benefits*.

(ii) Discount rate used to calculate post-employment benefits and compensated absence liabilities

Pre-changeover GAAP required the discount rate to be equal to the yield on high quality corporate bonds. PSAS requires the discount rate to be either the Corporation's rate of borrowing rate or the rate of return on the plan assets. As the Corporation's post-employment benefits plan is unfunded, the Corporation has chosen to discount these liabilities using its borrowing rate. The change in the discount rate resulted in changes to the related liabilities and charges to net income \$1,663 as described in the tables above.

(iii) Consolidation of EducationMatters("the Foundation")

EducationMatters is a charitable trust that funds innovative public enhancement programs. It is governed through a Trust Indenture by an independent Board of Governors, which includes two appointed CBE Trustees. The purpose of EducationMatters is integrated with that of the Corporation so that the two organizations have common or complementary objectives, re: to maximize the benefits to students. The Foundation receives the majority of its annual operating funding from the Corporation.

Pre-changeover GAAP allowed the Corporation to disclose the Foundation as a controlled entity. PSAS requires full consolidation of all controlled entities. The change in accounting policy resulted in changes to the related financial position as described in the table above.

(iv) Trust under Administration

Under PSAS, Trusts under administration are no longer reported on the Statement of Financial Position and are disclosed only in the notes only.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The Alberta Treasury Board requires the Corporation to adopt the Canadian PSAS (Public Sector Accounting Standards) without reference to Sections PSA 4200 to PSA 4270 effective for the year ending Aug. 31, 2013.

These financial statements were prepared by management in accordance with the PSAS for provincial reporting entities established by the Canadian Public Sector Accounting Standards Board. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

**(a) Basis of Consolidation**

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is comprised of all controlled entities.

- Education Matters (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 Foundation is a registered charity and promotes activities that support public education for the benefit of Calgary's students. The Foundation is controlled by the Corporation therefore its assets, liabilities, revenues and expenses have been consolidated with the Corporation's financial statements.
- School generated fund, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level, which are controlled by the Corporation, are reflected in the consolidated financial statements.

Inter-departmental and inter-organizational transactions and balances between these organizations are eliminated upon consolidation.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments.

**(c) Accounts Receivable**

Accounts receivable are shown net of allowance for doubtful accounts.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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

**(d) Portfolio Investments**

The Corporation's portfolio investments include GICs, bonds, equity instruments and mutual funds that have no maturity date or have a maturity of greater than one year. Equity instruments that are quoted in an active market and other portfolio investments that have the characteristics of equity investments are recorded at fair value, and the associated transaction costs are expensed upon initial recognition. The Corporation has designated its bond portfolio that would otherwise be classified into the amortized costs category at fair value as the Corporation manages and reports the performance of it on a fair value basis. Other investments not quoted in an active market are reported at cost or amortized cost.

The unrealized change in the fair value is recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are derecognized. Upon derecognition, the accumulated remeasurement gains or losses associated with the derecognized portfolio investments are reversed and reclassified to the statement of operations.

Impairment of portfolio investments is recognized when the loss in value of a portfolio investment is other than temporary, and is included in the Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

Detailed information regarding portfolio investments is disclosed in Note 6.

**(e) Deferred Revenue**

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per *Public Sector Accounting Standard (PSAS) s3200*. These contributions are recognized by the Corporation once it has met all eligibility criteria to receive the contributions. When stipulations are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

Deferred revenue also includes contributions for capital expenditures, unexpended and expended:

- Unexpended Deferred Capital Revenue (UDCR)  
Unexpended Deferred Capital Revenue represent externally restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure has not been made at year-end. These contributions must also have stipulations that meet the definition of a liability per *PS 3200* when expended.
- Expended Deferred Capital Revenue (EDCR)  
Expended Deferred Capital Revenue 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. Amortization over the useful life of the related capital asset is due to certain stipulations related to the contributions that require that the school jurisdiction to use the asset in a prescribed manner over the life of the associated asset.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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

**(f) Pensions and Employee Future Benefits**

Alberta Teachers' Retirement Fund ("ATRF")

The Corporation's certificated employees are required to contribute to the Alberta Teachers' Retirement Fund (ATRF), a multi-employer defined benefits 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 Government of Alberta" and as "Certificated benefits" expense.

Local Authorities Pension Plan ("LAPP")

The Corporation and its non-certificated employees participate in LAPP, a multi-employer pension plan. The Corporation accounts for this plan on a defined contribution basis in accordance with PSA 3250.110 and does not record a share of the unfunded liabilities. Pension costs of LAPP included in these financial statements comprise the cost of employer contributions for current service of participating employees during the year.

Supplemental Integrated Pension Plan ("SiPP") and Supplementary Executive Retirement Program ("SERP")

The Corporation established supplementary pension plans for certain members of senior administration. The plan provides a supplement to the LAPP or ATRF (as appropriate) and is comprised of both a registered and non-registered portion.

The registered SiPP is a multi-employer plan. The Corporation accounts for this plan on a defined contribution basis in accordance with PSA 3250.110 and does not record a share of the unfunded liabilities.

The non-registered SiPP, or SERP, are administered by the Corporation and provides an annual retirement benefit of 2 per cent of total employee earnings. The cost of SERP 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 Aug. 31.

Supplementary Retirement Plan ("SRP")

The Corporation provides a non-registered 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 per cent of the employee's salary which is above the LAPP or Alberta TRF pensionable earnings cap.

Post-Retirement and Post-Employment Benefits Plans

The Corporation has a number of other defined benefit plans providing post-employment and post-retirement benefits for supplementary health care, dental care, life insurance and retiring allowances (collectively "Post-Retirement and Post-Employment Benefits Plans"). These plans are not funded by separately designated plan assets. For those plans, the future benefits cost is actuarially determined using the projected unit credit method pro-rata on service and using management's best estimate of expected salary escalation, termination and retirement rates and mortality. The discount rate used to measure obligations is based on the internal cost of borrowing.

Effective Jan 1, 2011, all employees pay 100 per cent of the post-retirement benefit premium costs.

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan. The EARSL for employees of the Corporation is 12 years. The most recent valuation of the obligation was performed at Aug. 31, 2012 and projected to Aug. 31, 2014. The next valuation will be performed at Aug. 31, 2014. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of Aug. 31 was adopted.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**3. 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 some asbestos. Although the asbestos is appropriately contained in accordance with environmental regulations, it is the Corporation’s practice to, if necessary, remediate any asbestos upon disposal of a tangible capital building asset. The Corporation recognizes an ARO only when the related 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) Tangible Capital Assets**

- Tangible capital assets acquired or constructed are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.
- Construction-in-progress is a tangible capital asset that is recorded as an acquisition to the applicable asset class at substantial completion.
- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the Corporation to provide services or when the value of future economic benefits associated with the sites and buildings are less than their net book value. For supported assets, the write-downs are accounted for as reductions to Expended Deferred Capital Revenue.
- Buildings that are demolished or destroyed are written-off.
- 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 related to these assets are expensed and the corresponding grant is recognized as revenue.
- The cost, less residual value, of the tangible capital assets, excluding sites, is amortized on a straight-line basis over the estimated useful life of the asset. Estimated useful life is as follows:

Land improvements	20 years
Building	10-40 years
Furniture and equipment	5-10 years
Computer software and hardware	4-5 years
Vehicles	4-5 years

**(i) Capital Leases**

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the Corporation are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g., insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Corporation’s incremental borrowing rate or the interest rate implicit in the lease.



**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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

**(j) Inventory**

Inventories of supplies are recorded at the lower of historical cost and replacement cost.

**(k) Prepaid Expenses**

Prepaid expenses included advanced payments such as health insurance, and are charged to expense over the periods expected to benefit from them.

**(l) Operating and Capital Reserves**

Certain amounts are internally or externally restricted for future operating or capital purposes. Transfers to and from reserves are recorded when approved by the Board of Trustees. Capital reserves are restricted to capital purposes and may only be used for operating purposes with approval by the Minister of Education. Reserves are disclosed in the Schedule of Changes in Accumulated Surplus.

**(m) Trust Fund**

Trust funds and their related operations administered by the Corporation are not included in the consolidated financial statements as they are not controlled by the Corporation. Disclosure for Trust balances are detailed in Note 20.

**(n) Revenue Recognition**

Revenues are recorded on an accrual basis. Instruction and support allocations are recognized in the year to which they relate. Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Contributed services are not recognized in the financial statements.

*Eligibility criteria* are criteria that the Corporation has to meet in order to receive certain contributions. *Stipulations* describe what the Corporation must perform in order to keep the contributions. Contributions without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity. Contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity and all eligibility criteria have been met.

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.

Contributions with stipulations are recognized as revenue in the period the stipulations are met, except when and to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with *Section PS 3200*. Such liabilities are recorded as deferred revenue. The following items fall under this category:

- Non-capital contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year the stipulated related expenses are incurred;
- Unexpended Deferred Capital Revenue; or
- Expended Deferred Capital Revenue.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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

**(o) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Allocation of Costs

- Actual salaries of personnel assigned to two or more programs are allocated based on the time spent in each program.
- Employee benefits and allowances are allocated to the same programs, and in the same proportions, as the individual's salary.
- Supplies and services are allocated based on actual program identification.

**(p) Program Reporting**

The Corporation's operations have been segmented as follows:

- **ECS-Grade 12 Instruction.** The provision of Early Childhood Services education and Grades 1-12 instructional services that fall under the basic public education mandate.
- **Plant Operations and Maintenance.** The operation and maintenance of all school buildings and maintenance shop facilities.
- **Transportation.** The provision of regular and special education bus services (to/from school), whether contracted or board operated, including transportation facilities.
- **Board & System Administration.** The provision of board governance and system-based/central office administration.
- **External Services.** All projects, activities, and services offered outside the public education mandate for ECS children and students in Grades 1-12. Services offered beyond the mandate for public education are to be self-supporting, and Alberta Education funding may not be utilized to support these programs.

The allocation of revenues and expenses are reported by program, source, object and type on the Schedule of Program Operations.

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

**(q) Financial Instruments**

The Corporation classifies its financial instruments as either the fair value or amortized cost. The accounting policy for each category is as follows:

*Fair Value*

This category includes derivatives and portfolio investments in equity instruments quoted in an active market. The Corporation has designated its bond portfolio that otherwise would be classified into the amortized cost category at fair value as the Corporation manages and reports performance of it on a fair value basis. Those are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized into the statement of remeasurement gains and losses until they are realized and de-recognized, when they are transferred to the statement of operations, upon disposal.

Transactions costs related to financial instruments in the fair value category are expensed as incurred.

Where the decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. Upon disposal, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated surplus and recognized in the statement of operations.

*Cost / Amortized Cost*

This category consist of cash and cash equivalents, accounts receivable, guaranteed investment certificates (GICs), accounts payable and accrued liabilities, long-term debt and capital lease obligation. They are initially recorded at cost and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to the net recoverable value with the write-downs being recognized into the statement of operations.

The Corporation has applied Financial Instrument Section PSA 3450 in the 2012-13 fiscal year. As PSA 3450 cannot be applied retroactively, comparative amounts for the year ended Aug. 31, 2012 are not restated and presented.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant credit, liquidity, and market risk, which includes currency, interest rate and other price risks.

**(r) Measurement uncertainty**

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the potential impairment of assets, rates for amortization and estimated employee future benefits.

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

**(s) Budgetary Information**

Budget information is unaudited and is presented on the Statement of Operations and on the related schedules for information purposes only and represents the original budget approved by the Board of Trustees in May 2012 and submitted to Alberta Education in June 2012.

**(t) Future Accounting Standards**

As of Aug. 31, 2013, the following accounting policy from PSAS is in place but not yet effective:

- *PS 3260, Liability for Contaminated Sites, establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. The effective date for Government organizations are for the fiscal year beginning on or after April 1, 2014. The Alberta Treasury Board has requested all Alberta school jurisdictions to provide disclosure of liabilities for contaminated sites effective Aug. 31, 2015 (including comparative figures for Aug. 31, 2014).*

As of Aug. 31, 2013, the following Exposure drafts from PSAS are in place:

- *Related Party Transactions – PSAS has issued an Exposure Draft that proposes a new Handbook Section dealing with related party transactions; The proposed effective date for Government organizations Apr 1, 2016 with earlier adoption permitted*

None of these is expected to have a significant effect on the financial statements of the Corporation.

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**4. CASH AND CASH EQUIVALENTS**

	<u>2013</u>		<u>2012 (Restated)</u>		<u>2011(Restated)</u>	
	Effective Market Yield	Cost/ Amortized cost	Effective Fair Value Yield	Cost/ Amortized cost	Effective Fair Value Yield	Cost/ Amortized cost
Bank balances <sup>(1)</sup>		\$ 28,743		\$ 21,755		\$ 18,424
Outstanding cheques		(2,162)		(2,685)		(4,463)
Cash equivalents	1.04%	59,530	1.11%	68,976	0.93%	50,106
<b>Total cash and equivalents</b>		<b>\$ 86,111</b>		<b>\$ 88,046</b>		<b>\$ 64,067</b>

(1) Include cash balances restricted for EducationMatters \$267 (2012-\$168, 2011-\$178).

General Operating and Other Bank Indebtedness

The Corporation maintains a line of credit with a 3 per cent 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 Aug. 31, 2013, no amount has been drawn against the Corporation's general operating line of credit (2012- \$nil, 2011- \$nil).

Supplementary Cash Flow Information

For the year ended Aug. 31, 2013, cash interest paid on debenture debt amounted to \$1,308 (2012-\$1,693) and cash interest earned (both operating and capital) and dividends received on portfolio investments totalled \$3,785 (2012-\$4,064, 2011-\$4,047).

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**5. ACCOUNTS RECEIVABLE**

	2013			2012 (Restated)			2011 (Restated)
	Gross amount	Allowance for Doubtful Accounts	Net Realizable Value	Gross amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants	\$ 7,302	\$ -	\$ 7,302	\$ 5,520	\$ -	\$ 5,520	\$ 4,925
Alberta Education - Capital	2,910	-	2,910	7,524	-	7,524	10,144
Other Alberta school jurisdictions	905	-	905	3,431	-	3,431	1,472
Treasury Board and Finance <sup>(1)</sup>	10,826	-	10,826	14,264	-	14,264	18,351
Post-secondary institutions	36	-	36	19	-	19	19
Federal Government	1,446	-	1,446	2,300	-	2,300	1,472
Municipalities	754	-	754	659	-	659	-
First Nations	232	-	232	201	-	201	-
Foundations	208	-	208	83	-	83	19
Other	12,327	(1,745)	10,582	7,735	(630)	7,105	9,703
	<u>\$ 36,946</u>	<u>\$ (1,745)</u>	<u>\$ 35,201</u>	<u>\$ 41,736</u>	<u>\$ (630)</u>	<u>\$ 41,106</u>	<u>\$ 46,105</u>

(1) Per Alberta Education guidance, any supported debentures that are to be paid by Alberta Finance and Treasury must be recorded in Accounts Receivable and as Expended Deferred Capital Revenue. This change has been applied retroactively.

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**6. PORTFOLIO INVESTMENTS**

	2013			2012 (Restated)			2011 (Restated)		
	Effective Fair Value Yield	Cost	Fair Value	Effective Fair Value Yield	Cost	Fair Value	Effective Fair Value Yield	Cost	Fair Value
<b>Investments at cost and amortized cost</b>									
Restricted long-term investments - GIC's <sup>(1)</sup>	\$	16,598	\$ 16,598	\$	16,543	\$ 16,543	\$	41,826	\$ 41,826
Non restricted long-term investments - GIC's		22,136	22,136		26,291	26,291		1,173	1,173
	1.21%	38,734	38,734	2.21%	42,834	42,834	1.18%	42,999	42,999
<b>Investments at fair value - Equities</b>									
Canadian equities	2.36%	9,282	13,051	2.79%	6,451	8,370	2.81%	6,811	8,784
U.S. equity funds	2.03%	8,866	11,581	1.97%	6,772	6,952	1.90%	6,697	5,844
Global Small Cap funds	3.13%	4,909	6,415	3.27%	-	-	-	-	-
International equity pooled funds	2.88%	8,283	9,254	3.30%	8,479	7,913	3.30%	8,264	7,405
		31,340	40,301		21,702	23,235		21,772	22,033
<b>Investments designated to fair value category</b>									
Fixed income securities - bonds									
Government of Canada	1.60%	12,695	13,041	(0.61)%	15,290	16,134	1.42%	17,095	17,752
Provincial	2.45%	571	558	2.02%	571	592	2.30%	571	588
Municipal	1.76%	201	211	1.52%	2,037	2,117	1.67%	2,037	2,140
Corporate	2.78%	4,612	4,601	2.28%	21,467	22,179	2.69%	21,157	21,766
		18,079	18,411		39,365	41,022		40,860	42,246
Other restricted investments <sup>(2)</sup>	2.12%	4,000	4,322	4.31%	3,615	3,760	3.22%	2,600	2,746
Supplemental Integrated Pension Plan Assets	3.06%	725	733	1.26%	714	651	2.21%	695	649
		22,804	23,466		43,694	45,433		44,155	45,641
<b>Total portfolio investments</b>	<b>\$</b>	<b>92,878</b>	<b>\$ 102,501</b>	<b>\$</b>	<b>108,230</b>	<b>111,502</b>	<b>\$</b>	<b>108,926</b>	<b>110,673</b>

(1) Restricted long-term investments relate to cash collateral requirements on capital leases entered into between the years ended Aug. 31, 2004 and Aug. 31, 2013 (note 12).

(2) Restricted investments related to EducationMatters

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**6. PORTFOLIO INVESTMENTS (continued)**

It is management's opinion that there has been no impairment to the portfolio investments during the year.

The following are the terms to maturity structure for fixed income securities based on the principal amount:

	<u>2013</u>	<u>2012</u>
1-5 years	79.21%	90.45%
6-10 years	0.00%	0.00%
11-20 years	16.04%	7.37%
Over 20 years	4.75%	2.18%
	<u>100.00%</u>	<u>100.00%</u>

**7. DEFERRED REVENUE**

	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
<b>Unexpended deferred operating revenue</b>			
School Generated Funds (Note 17)	\$ 16,094	\$ 14,716	\$ 13,506
Infrastructure Maintenance Renewal grants	15,910	16,272	22,830
Student fees	11,096	9,258	7,976
Alberta Education operating grants	5,564	6,642	5,001
Other	1,884	1,424	1,852
Other Government of Alberta	90	107	-
Alberta Initiative for School Improvement grants	-	1,696	2,352
Total unexpended deferred operating revenue	<u>50,638</u>	<u>50,115</u>	<u>53,517</u>
Unexpended deferred capital revenue	5,428	12,512	6,141
Expended deferred capital revenue <sup>(1)</sup>	699,261	687,937	604,944
<b>Total deferred revenue</b>	<u><u>\$ 755,327</u></u>	<u><u>\$ 750,564</u></u>	<u><u>\$ 664,602</u></u>

(1) Upon transition to PSAS, expended deferred capital revenue is presented as a liability under deferred revenue as per the requirement from Alberta Education. This change has been applied retroactively. The impacts on the Corporation's cash flow for the year ended Aug. 31, 2013 was \$11,324 (2012-\$82,994). For the year ended Aug. 31, 2013, expended deferred capital revenue recognized into revenue was \$28,912 (2012-\$24,401).

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
Salaries & benefits payable	\$ 40,836	\$ 37,572	\$ 35,156
Other trade payables and accrued liabilities	27,713	32,923	32,913
Alberta Capital Finance Authority (Interest on long-term debt)	608	800	1,029
Federal Government	513	843	876
Alberta Health Services	380	-	-
Post-secondary institutions	2	-	-
<b>Total</b>	<u><u>\$ 70,052</u></u>	<u><u>\$ 72,138</u></u>	<u><u>\$ 69,974</u></u>



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**9. 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 \$57,572 (2012 - \$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 Aug. 31, 2013, the ATRF reported a deficiency of \$825,505 (2012 - \$1,909,314, 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 \$17,520 (2012 - \$15,567, 2011-\$15,297) are included in these financial statements and comprise the Corporation's costs of employer contributions. At Dec 31, 2012, the LAPP reported a deficiency of \$4,977,303 (2011 - \$4,639,390, 2010-\$4,635,250).

**(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 \$37 (2012 - \$54, 2011-56);

The net pension expense for SERP was \$175 (2012 - \$152). The total liability for the SERP at Aug. 31, 2013 was \$645 (2012 - \$547, 2011-\$394).

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

The total liability for the SRP at Aug. 31, 2013 is \$261 (2012 - \$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 Aug. 31:

To date, \$27,012 (2012 restated-\$28,368, 2011 restated-\$30,397) has been accrued in the Corporation's financial statements as an accrued benefit obligation.

	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
Accrued benefit obligation, beginning of year	\$ 28,368	\$ 30,397	\$ 30,263
Current service cost	923	918	848
Interest cost	1,267	1,274	1,365
Benefits payments	(3,804)	(4,221)	(4,152)
Actuarial gains	258	-	2,073
Accrued benefit obligation, end of year	<u>\$ 27,012</u>	<u>\$ 28,368</u>	<u>\$ 30,397</u>

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

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

**Plan Funded Status**

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

	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
Benefit plan combined deficit	\$ 29,839	\$ 31,112	\$ 30,397
Unamortized net actuarial gains	(2,827)	(2,744)	-
Accrued benefit obligation	<u>\$ 27,012</u>	<u>\$ 28,368</u>	<u>\$ 30,397</u>

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

The net period benefits cost for pension plans include the following components for the year ended Aug. 31 are:

	<u>2013</u>	<u>2012 (Restated)</u>
Current period service cost	\$ 923	\$ 918
Amortization of net actuarial gains(losses)	258	-
Benefit expenses	\$ 1,181	\$ 918
Benefit interest expenses	1,267	1,274
Total benefit expenses	<u>\$ 2,448</u>	<u>\$ 2,192</u>

At Sept. 1, 2011, the unamortized transition obligation loss of \$7,873, unamortized actuarial losses of \$3,411 and unamortized past service costs of \$543 have been fully recognized by the Corporation. The net impact of such transition items on Corporation's restated Sept. 1, 2011 PSA balance sheet and PSA comparative for the year ended Aug. 31, 2012 have been summarized per Note 2 – Conversion to Public Sector Accounting Standards.

**Assumptions**

The accrued benefit obligations for employee future benefit plans as at Aug. 31, 2013 are based on actuarial valuations for accounting purposes as at Aug. 31, 2012. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Corporation's best estimates of expected rates of:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Discount rate on accrued benefit obligation	4.95%	4.30%	4.35%
Rate of compensation increase	3.50%	3.50%	2.50%
Supplemental health care (SHC) cost trend rate (decreasing by 0.5% per annum to 5.0%)	7.00%	7.00%	8.00%
Dental cost trend rate	4.50%	4.50%	4.00%
Health spending account trend rate	0.00%	0.00%	0.00%

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**10. ASSET RETIREMENT OBLIGATION**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 327 \$	1,644 \$	1,644
Obligations discharged	-	(1,317)	-
Balance, end of year	<u>\$ 327 \$</u>	<u>327 \$</u>	<u>1,644</u>

An interest rate of 5.35 per cent is applicable to discount expected cash flows for calculation of the initial obligation and a rate of 3.70 per cent 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.

**11. DEBENTURES AND OTHER SUPPORTED DEBT**

Included are debentures for the acquisition of school buildings funded directly by Alberta Education (pre-1995). Those debentures were issued by Alberta Capital Finance Authority (ACFA) 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 per cent - 11.63 per cent, and maturity at various dates to 2020. All debenture principal and interest payments are fully guaranteed by the Province of Alberta. Minimum principal repayments of debentures based on the terms above are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014 \$	2,793	986	3,779
2015	2,515	710	3,225
2016	1,975	463	2,438
2017	1,553	273	1,826
2018	841	128	969
Thereafter	541	76	617
Total \$	<u>10,218</u>	<u>2,636</u>	<u>12,854</u>

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**12. 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). The Corporation has set aside restricted long-term investments of \$16,597 (refer to Note 6) to retire the outstanding lease obligation as of Aug. 31, 2013. As of Aug. 31, 2013, capital lease obligations pertaining to the Corporation are as summarized below:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Finance contracts with a Canadian chartered bank, secured by certain equipment at interest rates ranging from 2.44 per cent - 4.49 per cent, repayable in annual installments of \$325 including interest, maturing September 2014.	\$ 506	\$ 810	\$ 1,105
Finance contracts with a Canadian chartered bank, secured by certain building components at interest rates ranging from 2.72 per cent - 3.75 per cent, repayable in annual installments of \$887 including interest, maturing August 2018 through August 2022.	4,639	5,510	3,137
Finance contracts with a Canadian chartered bank, secured by certain building components at interest rates ranging from 2.69 per cent - 3.18 per cent, repayable in annual installments of \$1,515 including interest, maturing August 2020 through August 2022.	<u>10,990</u>	<u>10,223</u>	<u>37,583</u>
	<u>\$ 16,135</u>	<u>16,543</u>	<u>41,825</u>

Minimum lease payments for future years are as follows:

	<u>Principal</u>	<u>Interest</u>
2014 \$	3,300	493
2015	6,459	385
2016	2,062	184
2017	2,582	122
2018	306	55
Thereafter	<u>1,426</u>	<u>46</u>
Total \$	<u>16,135</u>	<u>1,285</u>

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**13. TANGIBLE CAPITAL ASSETS**

As of August 31, 2013							
	Land	Construction In Progress - Buildings	Buildings	Furniture & Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			25-40 years	5-10 years	5-10 years	3-5 years	
<b>Historical cost</b>							
September 1, 2012	\$ 2,711	2,994	1,139,012	109,364	7,932	92,475	1,354,488
Additions	-	691	39,200	12,122	1,148	13,369	66,530
Transfers in (out)	-	(2,972)	-	-	-	-	(2,972)
Disposals & write-downs	-	-	(775)	(1,570)	(814)	-	(3,159)
August 31, 2013	\$ 2,711	713	1,177,437	119,916	8,266	105,844	1,414,887
<b>Accumulated amortization</b>							
September 1, 2012	\$ -	-	(382,382)	(77,902)	(4,355)	(65,791)	(530,430)
Amortization expense	-	-	(28,618)	(8,305)	(704)	(10,275)	(47,902)
Disposals & write-downs	-	-	472	1,568	794	-	2,834
August 31, 2013	\$ -	-	(410,528)	(84,639)	(4,265)	(76,066)	(575,498)
<b>Net Book Value at August 31, 2013</b>	<b>\$ 2,711</b>	<b>713</b>	<b>766,909</b>	<b>35,277</b>	<b>4,001</b>	<b>29,778</b>	<b>839,389</b>

As of August 31, 2012							
	Land	Construction In Progress - Buildings	Buildings	Furniture & Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			25-40 years	5-10 years	5-10 years	3-5 years	
<b>Historical cost</b>							
September 1, 2011	\$ 4,571	34,078	1,008,222	101,174	7,582	81,545	1,237,172
Additions	-	-	108,684	10,355	739	13,149	132,927
Transfers in (out)	-	(31,084)	33,679	(376)	-	(2,219)	-
Disposals & write-downs	(1,860)	-	(11,573)	(1,789)	(389)	-	(15,611)
August 31, 2012	\$ 2,711	2,994	1,139,012	109,364	7,932	92,475	1,354,488
<b>Accumulated amortization</b>							
September 1, 2011	\$ -	-	(366,575)	(71,737)	(4,069)	(56,576)	(498,957)
Amortization expense	-	-	(24,669)	(7,938)	(641)	(9,218)	(42,466)
Disposals & write-downs	-	-	8,862	1,773	355	3	10,993
August 31, 2012	\$ -	-	(382,382)	(77,902)	(4,355)	(65,791)	(530,430)
<b>Net Book Value at August 31, 2013</b>	<b>\$ 2,711</b>	<b>2,994</b>	<b>756,630</b>	<b>31,462</b>	<b>3,577</b>	<b>26,684</b>	<b>824,058</b>

**Disposals and write downs**

During 2013, tangible capital assets with a net book value of \$21 (2012-\$4,738, 2011-\$4) was disposed of, for net proceeds of \$159; an asset value of \$302 (2012- \$nil, 2011-\$nil) related to the Elbow Park School was written off due to flood damage.

**Assets under capital lease**

The tangible capital assets above include leased building with a combined net book value of \$21,763 (2012-\$20,702, 2011- \$18,370).

At August 31, 2013, Alberta Education has confirmed that a cost of \$33,134 related to the construction of Robert Thirsk High School has been incurred. This amount has been recorded as a capital asset acquisition as the project has been completed and the title has been transferred to the Corporation.

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**14. ACCUMULATED SURPLUS**

The components of the Corporation's accumulated surplus as at Aug. 31, 2013 are described below:

**(a) Accumulated remeasurement gains / losses**

Under PSAS, the change in the fair value of investments is recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the portfolio investments are derecognized. Upon derecognition, the accumulated remeasurement gains or losses associated with the derecognized portfolio investments are reversed and reclassified to the statement of operations. The PSAS requirement is effective Sept. 1, 2012 therefore no prior year comparatives are required. Refer to Note 2 for detailed discussion.

For the year ended Aug. 31, 2013, total accumulated surplus from accumulated remeasurement gains was \$6,176.

**(b) Accumulated surplus / deficit from operations**

The comparative amount for the year ended Aug. 31, 2012 has been restated to reflect the adjustments made upon transition from CICA part V pre-changeover standards. Refer to Note 2 for detailed discussion.

*i. Unrestricted surplus from operations:*

	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
Unrestricted operating surplus	\$ -	\$ 2,810	\$ 2,184

*ii. Restricted surplus from operations:*

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>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
School decentralized budgets	\$ 118	\$ 1,127	\$ 5,482
Instructional and service unit initiatives	780	1,515	2,673
EducationMatters	1,839	1,700	1,114
Total designated operating fund	\$ 2,737	\$ 4,342	\$ 9,269
Operating Lease Reserve <sup>(1)</sup>	14,577	-	-
Unrealized Investment Gains/Losses <sup>(2)</sup>	3,195	3,195	3,032
Continuing Education Fee Stabilization <sup>(3)</sup>	1,593	1,593	1,593
Transportation Stabilization Fee Reserve	3,681	2,816	-
Utility Expense Stabilization	5,007	5,007	3,370
Fiscal Stability	4,017	5,000	2,000
Administrative Systems Renewal	2,248	2,248	2,248
System Transformation	2,000	2,000	1,500
General Instruction	1,000	1,000	1,000
Snow Removal Budget Stabilization	200	200	200
Total operating reserves allocation	37,518	23,059	14,943
<b>Total restricted operating surpluses</b>	<b>\$ 40,255</b>	<b>\$ 27,401</b>	<b>\$ 24,212</b>

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011**  
**(in thousands)**

**14. ACCUMULATED SURPLUS (continued)**

**(b) Accumulated surplus / deficit from operations (continued)**

*ii. Restricted surplus from operations (continued)*

- 1) Restricted for Education Centre operating lease only.
- 2) Restricted operating reserve for unrealized gains/losses, which result from changes in the fair market value of financial instruments. For internal reporting purposes, remeasurment gains/losses are reported in the Unrealized Investment Gains/Losses Reserve.
- 3) 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

*iii. Capital reserves*

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>2013</u>	<u>2012</u>	<u>2011</u>
Building Reserve	\$ 18,393	\$ 33,970	\$ 10,521
Plant, Operations & Maintenance Asset Replacement	768	609	500
Other Capital Reserves	10,340	17,044	14,945
Total Capital Reserves	<u>\$ 29,501</u>	<u>\$ 51,623</u>	<u>\$ 25,966</u>

The reserves and designated funds are to be applied to finance future capital expenditures in accordance with the specific requirements of each Board resolution. At Aug. 31, 2013, all funds are committed or designated for a specified purpose, except for \$18,393 which remains available for new building commitments.

*iv. Investments in capital assets*

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Investment in capital assets	\$ 123,989	\$ 119,570	\$ 98,647

Investments 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.

*v. Endowments*

As of a result of consolidation of EducationMatters, the Corporation has established the Endowment Fund which represents the principal amounts contributed for the benefit of third-parties which must be held in perpetuity by EducationMatters in accordance with stipulations placed by the contributor.

	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>
Endowment fund	\$ 2,744	\$ 2,233	\$ 1,803

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**14. ACCUMULATED SURPLUS (continued)**

**(b) Accumulated surplus / deficit from operations (continued)**

*Adjusted accumulated surplus / deficit*

The Corporation has recorded a provision for employee future benefits. Since this provision reflects estimated future obligations, it is not required to be funded from current operations. Accumulated surplus (deficit) may be adjusted as follows:

	<b>2013</b>	<b>2012 (Restated)</b>	<b>2011 (Restated)</b>
		<b>Note 2</b>	<b>Note 2</b>
<b>Accumulated surplus from operations</b>	\$ 40,255	\$ 30,211	\$ 26,396
Employee future benefits	(10,164)	(10,164)	(11,827)
<b>Adjusted accumulated surplus from operations <sup>(1)</sup></b>	<b>\$ 30,091</b>	<b>\$ 20,047</b>	<b>\$ 14,569</b>
<b>Accumulated surplus</b>	\$ 202,665	\$ 203,637	\$ 152,812
Employee future benefits	(10,164)	(10,164)	(11,827)
<b>Adjusted accumulated surplus</b>	<b>\$ 192,501</b>	<b>\$ 193,473</b>	<b>\$ 140,985</b>

(1) Adjusted accumulated surplus represents unspent funding available to support the school jurisdiction's operations for the 2013-14 year.



**CALGARY BOARD OF EDUCATION  
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(in thousands)**

**15. 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:

August 31, 2013	Assets (at cost or net realizable value)	Liabilities	Revenues	Expenses
<b>Government of Alberta (GOA):</b>				
<b>Education</b>				
Accounts receivable / Accounts payable	\$ 10,212	\$ 5,564	\$ -	\$ 31
Prepaid expenses / Deferred revenue	-	7,538	5,564	-
Unexpended deferred capital revenue	-	5,428	-	-
Expended deferred capital revenue	-	699,261	28,912	-
Other assets & liabilities	-	-	-	-
Grant revenue & expenses	-	-	1,044,792	-
Other revenue & expenses	-	-	1,369	-
<b>Other Alberta school jurisdictions</b>	905	-	1,756	190
<b>Treasury Board and Finance (Principal)</b>	10,218	10,218	-	1,308
<b>Treasury Board and Finance (Accrued Interest)</b>	608	608	1,116	-
<b>Alberta Health Services</b>	-	380	8	2,299
<b>Post-secondary institutions</b>	36	2	123	369
<b>Other Government of Alberta</b>				
Summer Temporary Employment Program	-	-	11	-
Miscellaneous program grants	-	-	573	-
Alberta Pensions Administration Corporation	-	-	-	17,685
<b>Other - EducationMatters</b>	208	-	368	-
<b>August 31, 2013</b>	<b>\$ 22,187</b>	<b>\$ 728,999</b>	<b>\$ 1,084,592</b>	<b>\$ 21,882</b>
<b>August 31, 2012</b>	<b>\$ 30,674</b>	<b>\$ 739,647</b>	<b>\$ 1,059,657</b>	<b>\$ 22,143</b>

**(b) 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.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**16. FEES**

For the year ended August 31, 2013, the following fees were charged:

	<b>Gross Receipts 2013</b>	<b>Gross Receipts 2012</b>
Transportation fees	\$ 6,223	\$ 8,928
Fees charged for instruction material and supplies	7,687	7,628
Noon supervision	5,987	6,145
Other (School Generated Funds)	15,320	14,739
Total gross receipts	<u>\$ 35,217</u>	<u>\$ 37,440</u>

**17. SCHOOL GENERATED FUNDS**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Deferred school generated revenue, beginning of year	\$ 14,715	\$ 13,506	\$ 11,045
Gross receipts:			
Fees	16,497	15,776	18,306
Fundraising	11,267	11,035	11,446
Gifts and donations	5,058	5,131	5,439
Grants to schools	485	554	679
Other sales and services	50	134	29
Total gross receipts	<u>\$ 48,072</u>	<u>\$ 46,136</u>	<u>\$ 46,944</u>
Total related expenses and uses of funds	24,995	24,302	26,936
Total direct costs including costs of goods sold to raise funds	6,983	7,118	6,502
Deferred school generated revenue, end of year	<u>\$ 16,094</u>	<u>\$ 14,716</u>	<u>\$ 13,506</u>
Balance included in Deferred Revenue	\$ 16,094	\$ 14,716	\$ 13,506
Balance included in Accumulated Surplus	\$ -	\$ -	-

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

**18. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES**

**CONTRACTUAL OBLIGATIONS**

	<u>2013</u>	<u>2012</u>
Capital Projects <sup>(1)</sup>	\$ 1,762	\$ 491
Office Lease <sup>(2)</sup>	248,000	202,021
Service Providers <sup>(3)</sup>	203,208	223,584
Total	<u>\$ 452,970</u>	<u>\$ 426,096</u>

(1) Capital Projects:

The Corporation has contractual commitments to complete major capital projects relating to school buildings and administrative sites. The full amount of the outstanding contractual obligations as at the reporting date is to be funded by capital contributions from Alberta Education.

(2) Office Lease:

The Corporation entered into various operating lease agreements for office spaces that expire up to February 2031, from which the annual rental of \$825 is recovered annually.

(3) Service Providers:

As at Aug. 31, 2013, the Corporation has the following commitments relating to service and grant contracts:

- The Corporation has revised its service agreement related to certain payroll and human resources administration processes expiring Oct. 14, 2015.
- Effective Sept. 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 10 years (expiring Aug. 31, 2016) and the Corporation may renew the agreement for two additional periods of 5 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.
- The Corporation had a one year contract with Direct Energy for the supply of natural gas at a variable index rate.
- The Corporation entered into an electricity supply agreement with Enmax to the end of December 2017.
- The Corporation entered into a contract with TELUS Corporation for all voice services for the 2013-2014 school year.
- The Corporation entered into a contract with Bell Canada for mobile services for the 2013-2014 school year.

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<u>Capital Projects</u>	<u>Office Lease</u>	<u>Service Providers</u>	<u>Total</u>
2013-14	\$ 1,762	\$ 12,323	\$ 61,870	\$ 75,955
2014-15	-	12,596	63,812	76,408
2015-16	-	12,499	54,472	66,971
2016-17	-	12,644	15,388	28,032
2017-18	-	13,041	7,666	20,707
Thereafter	-	184,897	-	184,897
Total	<u>\$ 1,762</u>	<u>\$ 248,000</u>	<u>\$ 203,208</u>	<u>\$ 452,970</u>

**CONTINGENT LIABILITIES**

- 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.

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

**19. REMUNERATION (not rounded and in actual dollars)**

Board Members:	FTE	Remuneration <sup>1</sup>	Benefits <sup>2</sup>	Negotiated Allowances <sup>3</sup>	Performance Bonuses <sup>4</sup>	ERIP's / Other <sup>5</sup>	Expenses <sup>6</sup>
<b>Chair</b>							
Pat Cochrane	1.0	57,094	6,986	4,100			3,490
<b>Other members</b>							
Lynn Ferguson	1.0	51,856	6,986	4,100			4,927
Carol Bazinet	1.0	46,618	6,985	4,100			2,969
Pamela King	1.0	46,618	6,981	4,100			4,425
George Lane	1.0	46,618	4,662	4,100			4,460
Sheila Taylor	1.0	46,618	6,986	4,100			3,718
Joy Bowen-Eyre	1.0	46,618	6,986	4,100			2,366
<b>Subtotal</b>	<b>7.0</b>	<b>342,040</b>	<b>46,572</b>	<b>28,700</b>			<b>26,354</b>
<b>Chief Superintendent</b>							
Naomi Johnson	1.0	288,134	75,942	15,000	-	-	29,410
<b>Corporate Treasurer</b>							
Deborah Meyers	0.8	233,015	48,694	5,923	-	125,000	7,058
Brad Grundy	0.2	27,497	3,249	-	-	-	140
<b>Corporate Secretary</b>							
Janice Barkway	1.0	159,030	13,356	-	-	-	6,518
Certificated teachers	5,861.9	570,674,977	116,700,224	39,269	-	-	
Non-certificated - other	3,208.5	182,992,183	39,932,724	1,486,485	-	1,972,910	
<b>TOTALS</b>		<b>754,716,876</b>	<b>156,820,761</b>	<b>1,575,377</b>	<b>-</b>	<b>2,097,910</b>	

<sup>1</sup> **Remuneration** includes regular base salaries, administrative allowances, overtime, lump-sum payments, honoraria, deferred salary leave, accruals, and any other direct cash remuneration. This excludes negotiated allowances, performance bonuses, ERIP's/Other as described below.

<sup>2</sup> **Benefits** include the employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement, pensions, senior management registered pension plans, Canada Pension Plan, employment insurance, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short term disability plans. Government ATRF contributions of individual jurisdictions are included in the audit confirmation that is accessible on Extranet. Individual employee contributions, such as to the Superintendent, can be estimated by using the following formula:

$E = E * ER \text{ rate (subject to ATRF Maximum contributions) where}$

$D = \text{Salary updated to plan member's files}$

ER rate (2013) - 10.64% (this contribution rate is also available at [http://atrf.com/contribution\\_rates/jursdictions\\_charter\\_schools.aspx](http://atrf.com/contribution_rates/jursdictions_charter_schools.aspx))

Benefits for the superintendent include Alberta Education contributions to the Alberta Teachers Retirement Fund as well as any supplementary pension plan contributions, if applicable. Benefits for the Secretary-Treasurer include the Local Authorities Pension Plan contributions as well as any supplementary pension plan contributions, if applicable.

<sup>3</sup> **Negotiated allowances** include monies paid to an employee including car or travel allowances, isolation allowances, relocation expense, sabbaticals, special leave with pay, financial and retirement planning services, and club memberships. Excluded from this category is certificated school-based employee allowances outlined in collective agreements (these are included in Remuneration).

<sup>4</sup> **Performance bonuses** include those monies paid to employees that are tied to the achievement of some specified goals or objectives.

<sup>5</sup> **Early Retirement Incentive Plans (ERIPs) / Other** includes termination benefits such as severance pay, retiring allowances (ERIP's), sick leave and other settlement costs due to loss of employment

<sup>6</sup> **Expenses** will include the reimbursement of travel, subsistence, moving costs, conference fees, etc., to the employee or on his/her behalf in performing the responsibilities of employment. Expenses are NOT INCLUDED on the Schedule of Program Operations as salaries or benefits.

**CALGARY BOARD OF EDUCATION  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
 (in thousands)**

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**20. TRUST FUNDS UNDER ADMINISTRATION**

	<u>2013</u>		<u>2012</u>		<u>2011</u>
Scholarship Trust Funds	\$ 205	\$	204	\$	249
School Staff Funds	122		119		138
	<u>\$ 327</u>	\$	<u>323</u>	\$	<u>387</u>

**21. THE URBAN SCHOOLS INSURANCE CONSORTIUM (“USIC” or “the CONSORTIUM”)**

The Corporation is a member of USIC, a licensed reciprocal insurance exchange under Alberta’s Insurance Act, which facilitates the placement of property and liability insurance coverage for 14 school jurisdictions throughout the Province of Alberta. Under the agreement created at the time USIC was established, decisions related to the financial and operating activities of the Consortium are shared. No partner is in a position to exercise unilateral control. 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 has elected not to proportionately consolidate pro-rata share of assets, liabilities, revenues and expenses of the consortium, as the accumulated consortium funds are payable only upon membership termination or dissolution of the consortium.

The Corporation’s share of the accumulated and unencumbered consortium funds as at Aug. 31, 2013 was \$1,182 (2012-\$1,349, 2011-\$1,522).

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2013 AND 2012 AND SEPTEMBER 1, 2011  
(in thousands)**

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**22. SEGMENT INFORMATION**

Segmented information has been identified based upon lines of service provided and activities performed by the Corporation. Alberta Education requires that school jurisdictions disclose expense based on the type of activity or services provided, regardless of whether they are incurred at schools or centrally. The services that have been separately disclosed in the segmented information, along with a description of those services, are as follows:

(i) Instruction

Instruction is comprised of both the delivery of instruction in schools as well as school administration and support provided for instruction centrally.

(ii) Plant, operations and maintenance

Activities related to the construction, operation, maintenance, safety and security of school buildings and support provided to administer these activities are included as plant, operations and maintenance.

(iii) Transportation

The Corporation is responsible for transporting students to and from school sites. All activities related to transporting students and the support to run the program is included in Transportation.

(iv) Administration

Administration includes system-wide activities for the purpose of general regulation and direction of the affairs of the school jurisdiction.

(v) External services

External services includes services offered outside the Corporations regular educational programs for kindergarten to Grade 12 students such as continuing adult education.

Certain allocation methodologies are employed in the preparation of segmented financial information. Amortization expense is allocated to segments based upon the purpose of the capital asset that is being amortized.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 3. See Schedule 3 – Program of Operations for details.

**23. RECLASSIFICATIONS**

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

# Calgary Board of Education

## Statistical Information

(Unaudited)

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Year Ended  
August 31, 2013



**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>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	5.9%	\$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>	\$0	0.0%	\$134,833	100.0%	-	-	\$134,833
<b>2013</b>	\$1,076,782	92.4%	\$88,610	7.6%	-	-	\$1,165,392

Notes:

- (1) School generated funds revenues have been reclassified to conform with Alberta Education presentation requirements commencing in 2011.
- (2) All revenues and expenses are presented at their gross amounts.
- (3) Other Revenue included revenue from EducationMatters. The Calgary Board of Education is required to consolidate the financial results of all controlled entities upon transition to PSAS (Public Sector Accounting Standards). 2012 revenue has been restated to reflect the change in accounting policy.



**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 & Other	Amortization	School funded activities	Total expenses
<b>2004</b>	\$556,750 <b>79.6%</b>	\$75,674 <b>10.8%</b>	\$32,767 <b>4.7%</b>	\$7,501 <b>1.1%</b>	\$20,192 <b>2.9%</b>	\$6,723 <b>1.0%</b>	\$699,607 <b>100.1%</b>
<b>2005</b>	\$592,365 <b>79.0%</b>	\$81,723 <b>10.9%</b>	\$38,499 <b>5.1%</b>	\$6,589 <b>0.9%</b>	\$21,218 <b>2.8%</b>	\$9,104 <b>1.2%</b>	\$749,498 <b>99.9%</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>5.8%</b>	\$4,821 <b>0.6%</b>	\$25,395 <b>3.0%</b>	\$7,444 <b>0.9%</b>	\$846,692 <b>100.1%</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>	\$885,537 <b>77.9%</b>	\$130,649 <b>11.5%</b>	\$73,628 <b>6.5%</b>	\$3,873 <b>0.3%</b>	\$42,466 <b>3.7%</b>		\$1,136,153 <b>100.0%</b>
<b>2013</b>	\$915,211 <b>78.0%</b>	\$130,100 <b>11.1%</b>	\$76,140 <b>6.5%</b>	\$3,698 <b>0.3%</b>	\$47,902 <b>4.1%</b>		\$1,173,051 <b>100.0%</b>

Notes:

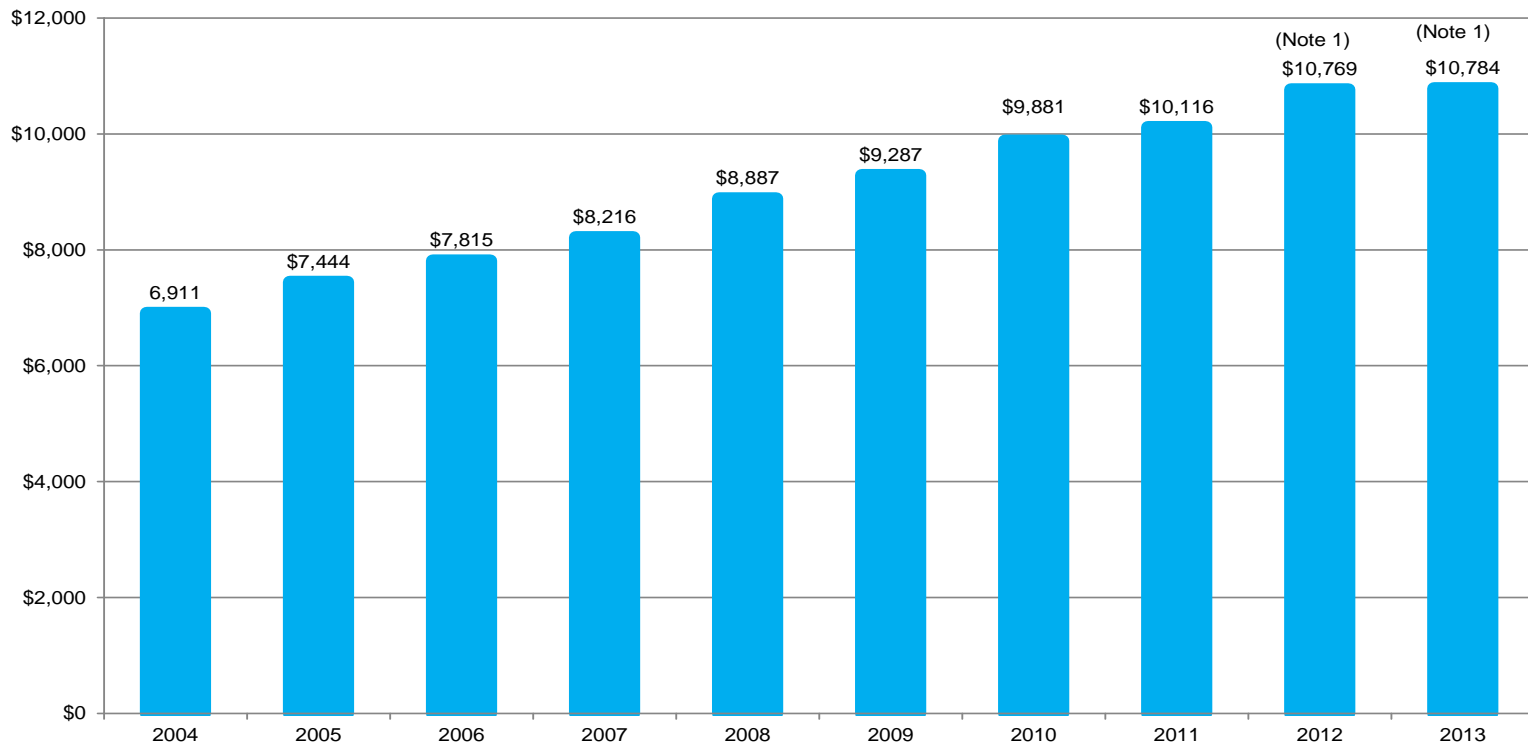
- (1) School generated funds expenses have been reclassified to conform with Alberta Education presentation requirements commencing in 2011.
- (2) All revenues and expenses should be recognized and presented at their gross amounts.
- (3) All expenses included the results from EducationMatters. The Calgary Board of Education is required to consolidate the financial results of all controlled entities upon transition to PSAS (Public Sector Accounting Standards). 2012 revenue has been restated to reflect the change in accounting policy.

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

Fiscal Year	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>KINDERGARTEN</b>	<b>8,338</b>	<b>7,781</b>	<b>7,504</b>	<b>7,201</b>	<b>7,060</b>	<b>6,574</b>	<b>6,487</b>	<b>6,223</b>	<b>6,140</b>	<b>6,361</b>
<b>ELEMENTARY</b>										
Grade 1	8527	7,154	6,746	7,019	6,734	6,297	6,571	6,427	6,158	6,217
Grade 2	8197	6,785	6,513	6,579	6,404	6,358	6,314	6,468	5,886	5,989
Grade 3	7853	6,645	6,192	6,100	6,341	6,141	6,348	6,080	5,733	6,015
Grade 4	7498	6,104	5,859	5,918	5,799	6,003	5,813	5,725	5,535	5,755
Grade 5	7149	5,937	6,006	5,636	5,908	5,813	5,708	5,742	5,524	5,636
Grade 6	6941	6,161	5,955	5,735	5,709	5,731	5,797	5,686	5,417	5,860
Special Education (Gr 1 - 6)		5,449	5,833	5,676	5,274	5,352	5,789	5,342	6,656	5,700
<b>Total Elementary</b>	<b>46,165</b>	<b>44,235</b>	<b>43,104</b>	<b>42,663</b>	<b>42,169</b>	<b>41,695</b>	<b>42,340</b>	<b>41,470</b>	<b>40,909</b>	<b>41,172</b>
<b>JUNIOR HIGH</b>										
Grade 7	7294	5,583	5,680	5,748	5,942	5,982	5,893	5,894	5,940	6,056
Grade 8	7146	5,798	5,713	5,778	6,241	5,953	5,973	6,119	6,113	6,349
Grade 9	7506	5,932	5,857	6,146	6,228	6,065	6,178	6,321	6,353	6,528
Special Education (Gr 7 - 9)		4,435	4,668	4,624	3,966	4,403	4,542	4,100	4,402	4,275
<b>Total Junior High</b>	<b>21,946</b>	<b>21,748</b>	<b>21,918</b>	<b>22,296</b>	<b>22,377</b>	<b>22,403</b>	<b>22,586</b>	<b>22,434</b>	<b>22,808</b>	<b>23,208</b>
<b>SENIOR HIGH</b>										
Grade 10	8494	6,792	6,997	6,742	7,050	7,420	7,601	7,926	7,410	7,342
Grade 11	8749	7,190	7,224	7,140	7,394	7,647	8,171	7,891	7,747	8,059
Grade 12	13440	10,697	10,739	10,354	10,197	10,982	10,474	10,808	9,651	10,325
Special Education (Gr 10 - 12)		5,739	5,431	5,616	5,018	3,783	3,814	3,147	4,256	3,030
<b>Total Senior High</b>	<b>30,683</b>	<b>30,418</b>	<b>30,391</b>	<b>29,852</b>	<b>29,659</b>	<b>29,832</b>	<b>30,060</b>	<b>29,772</b>	<b>29,064</b>	<b>28,756</b>
<b>TOTAL ENROLMENT</b>	<b>107,132</b>	<b>104,182</b>	<b>102,917</b>	<b>102,012</b>	<b>101,265</b>	<b>100,504</b>	<b>101,473</b>	<b>99,899</b>	<b>98,921</b>	<b>99,497</b>

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)**



Note 1: Includes Alberta Teachers Retirement Fund expense of \$55,572 in 2013(2012- \$54,600)

**CALGARY BOARD OF EDUCATION  
 DEMOGRAPHIC AND MISCELLANEOUS INFORMATION  
 AUGUST 31, 2013  
 (UNAUDITED)**

<b>GEOGRAPHIC AREA - City of Calgary</b>	<b>848 Square Kilometres</b>
<b>POPULATION - April 2013 Census (1)</b>	<b>1,149,552</b>
<b>NUMBER OF SCHOOLS*</b>	
Elementary	132
Elementary/Junior High/Middle	32
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>225</b>
*The term school is defined as an instructional setting assigned a unique school code by Alberta Education.	
<b>NUMBER OF BUDGETED FULL-TIME EQUIVALENTS (FTEs)</b>	
Certificated K	236
Certificated 1 - 6	2286
Certificated 7 - 9	1475
Certificated 10 - 12	1547
Other Certificated (not including secondments and professional improvement leaves)	319
Caretaking	583
Other School Uncertificated	1854
Other Uncertificated	774
<b>TOTAL FULL TIME EQUIVALENTS (3)</b>	<b>9,074</b>

Sources: (1) City of Calgary 2013 Civic Census  
 (2) CBE Quick Facts  
 (3) As at September 30, 2012

## CALGARY BOARD OF EDUCATION SELECTED DEFINITIONS OF FINANCIAL TERMINOLOGY AUGUST 31, 2013

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

**Accumulated Surplus** represents 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 Accumulated Surplus** is comprised of the following:

**Accumulated remeasurement gains (losses)** represents the change in the fair value that is recognized in the statement of remeasurement gains and losses until the portfolio investments are derecognized. Upon derecognition, the accumulated remeasurement gains or losses associated with the derecognized portfolio investments are reversed and reclassified to the statement of operations.

**Endowment fund** represents the principal amounts contributed for the benefit of third parties which must be held in perpetuity in accordance with stipulations placed by the contributor.

**Accumulated operating surplus** represents the aggregate of the Corporation's balances from operations and includes the following items:

- **Unrestricted operating surplus** represents the aggregate 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.
- **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.

**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.

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

**Deferred 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). It includes both operating and capital deferred revenue.

**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.

**CALGARY BOARD OF EDUCATION  
SELECTED DEFINITIONS OF FINANCIAL TERMINOLOGY  
AUGUST 31, 2013**

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**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** 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 recorded in the corresponding expense object.

**Tangible 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.

Prepared by

Corporate Planning & Reporting  
Corporate Finance



**Calgary Board  
of Education**

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