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Calgary Board of Education

Financial Statements and Statistical Information

Year Ended
August 31, 2011

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



**Calgary Board
of Education**

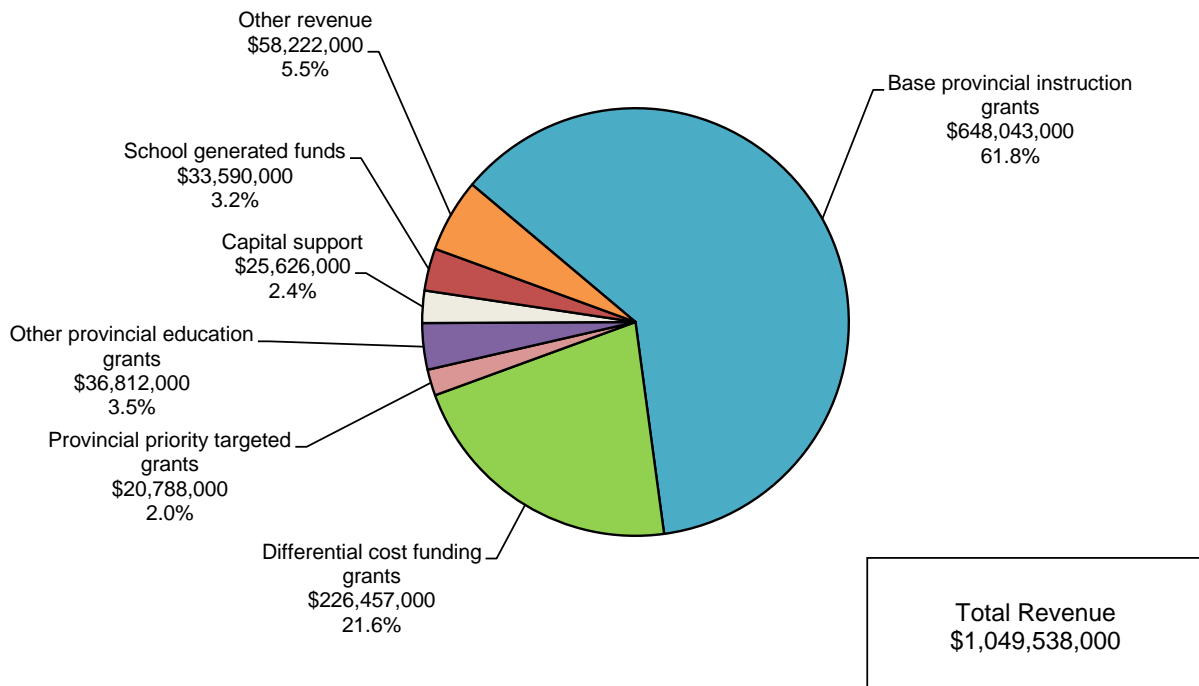
**CALGARY BOARD OF EDUCATION
2010/11 FINANCIAL OPERATING RESULTS SUMMARY
(Unaudited)**

The following is a brief summary of the Calgary Board of Education's financial results for the 2010/11 fiscal year. More detailed financial information can be obtained from the Calgary Board of Education's Financial Statements and Statistical Information for the Year Ended August 31, 2011, available on the CBE's website at www.cbe.ab.ca/trustees/budget.asp

Summarized Statement of Revenue, Expense and Accumulated Operating Surplus for the Year Ended August 31

	<u>2011</u>	<u>2010</u>
	(000's)	(000's)
Revenue (Exhibit I)	\$ 1,049,538	\$ 1,030,075
Expense (Exhibits II and III)	1,054,998	1,021,438
(Deficiency)/excess of revenue over expense for the year	<u>(5,460)</u>	<u>8,637</u>
Transfers from/(to) operating reserves	8,011	(2,025)
Transfers to designated funds	(600)	(911)
Capital items paid by operating funds	(3,218)	(8,263)
Transfer (to)/from capital reserve	<u>(49)</u>	<u>3,100</u>
Unrestricted operating (deficit)/surplus for the year	(1,316)	538
Unrestricted operating surplus beginning of the year	<u>3,500</u>	<u>2,962</u>
Accumulated unrestricted operating surplus	<u>\$ 2,184</u>	<u>\$ 3,500</u>

EXHIBIT I - Revenue by Source for the Year Ended August 31, 2011



**CALGARY BOARD OF EDUCATION
2010/11 FINANCIAL OPERATING RESULTS SUMMARY
(Unaudited)**

EXHIBITS (Continued)

EXHIBIT II - Expense by Type for the Year Ended August 31, 2011

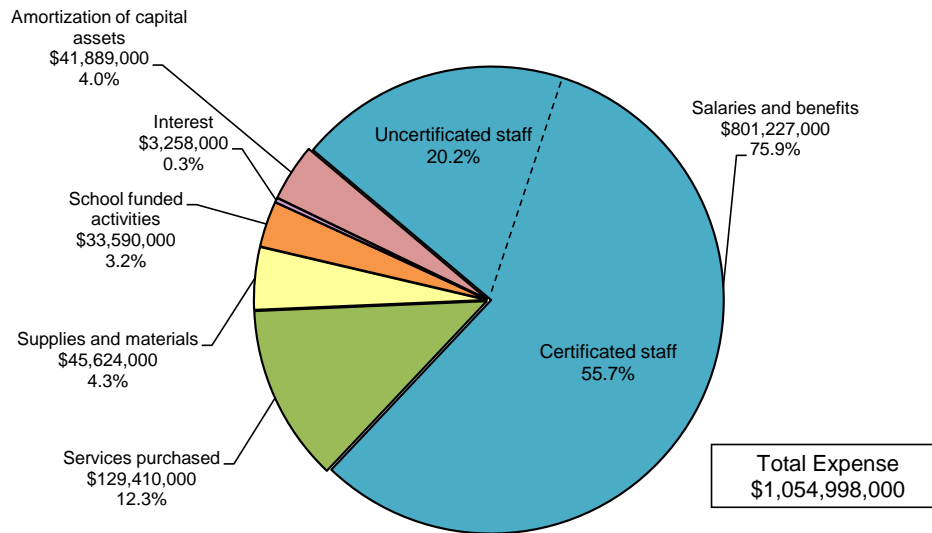
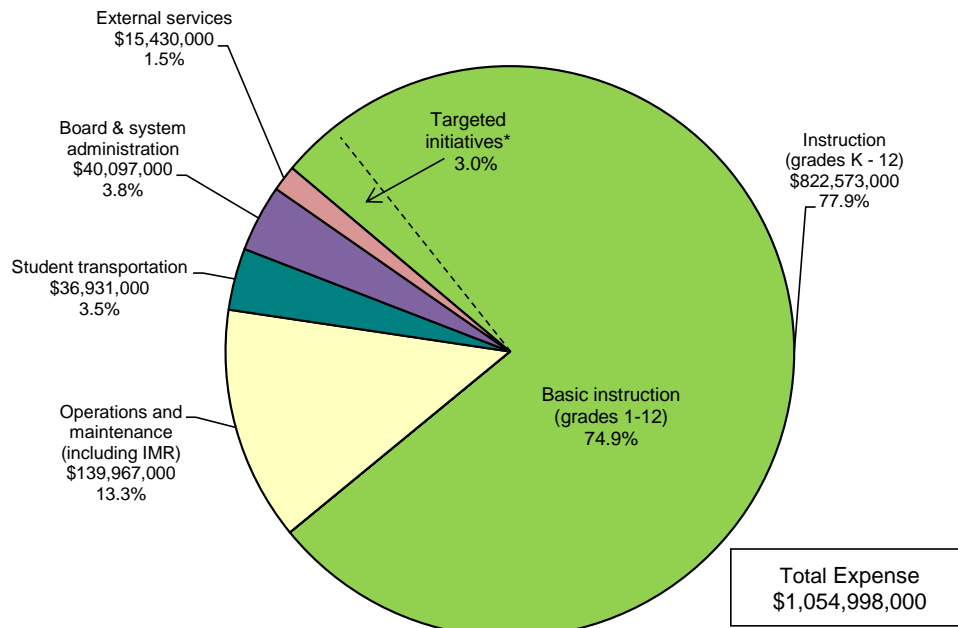


EXHIBIT III - Expense by Program for the Year Ended August 31, 2011



* Targeted initiatives include Alberta Initiative for School Improvement, Student Health Initiative, High Speed Networking (Supernet), Institutional Programs and the Southern Alberta Regional Assessment program (REACH). External services includes the adult learning program at Chinook Learning Service.

CALGARY BOARD OF EDUCATION
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**CALGARY BOARD OF EDUCATION
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS
AUGUST 31, 2011**

The Calgary Board of Education (the "Corporation") is the largest public school system in Alberta and Western Canada and the fourth largest public school system in Canada. The Corporation is committed to being a caring and responsive school system with an overarching mission of 'Educating Tomorrow's Citizens Today'. With 223 school settings, the Corporation provides a broad range of differentiated educational services and programs for students enrolled from Kindergarten through Grade 12. In addition, the Corporation supports life-long learning by connecting adult learners to an array of continuing education programs offered by Chinook Learning Services.

Learning as unique as every student

The personalization of learning is the primary strategy adopted by the Calgary Board of Education to advance student academic success and to develop students who exhibit strong standards of Citizenship, Personal Development and Character. Through the personalization of learning and a focus on the instructional core, the Calgary Board of Education continues to address the needs of all learners. As a snapshot of student achievement, results on the Provincial Achievement Tests and Diploma Exams provide valuable data to inform our strategies and actions of working towards the continuous improvement of teaching and learning at all levels, as articulated by our Draft Three Year Education Plan 2011-2014. The most recent (2010-2011) Provincial Achievement Test and Diploma Exam results continue to show strong overall achievement by Calgary Board of Education students. Although these tests are only one measure of student achievement, these results help to confirm the direction taken by Calgary Board of Education staff as we work towards achieving the Ends Statements as envisioned by the Board of Trustees (the "Board").

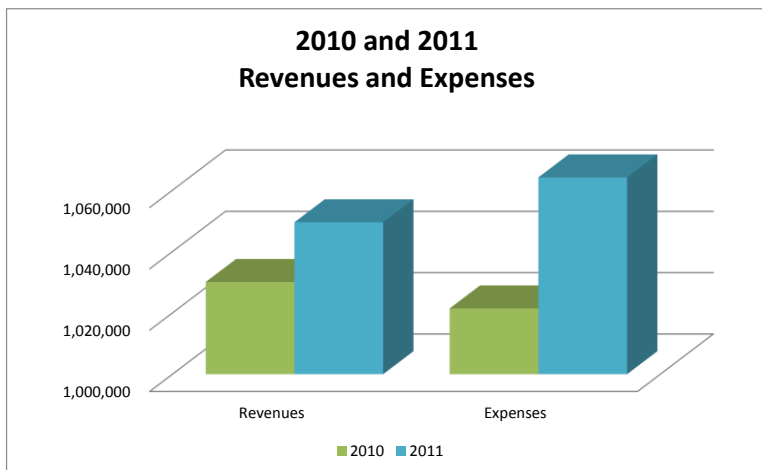
Financial Overview (in \$ millions)				Budget to 2010/11 Actual Variance		Actual to Actual Variance	
	Budget (1) 2010/11	Actual 2010/11	Actual 2009/10	As % of		Increase / (Decrease)	%
				Favorable / (Unfavorable)	Expense Budget		
Revenue							
Provincial revenue	960.3	959.6	939.6	(0.7)		20.0	
Other revenue	50.2	56.3	52.8	6.1		3.5	
School Generated Funds	35.4	33.6	37.7	(1.8)		(4.1)	
	<u>1,045.9</u>	<u>1,049.5</u>	<u>1,030.1</u>	<u>3.6</u>	<u>0.3%</u>	<u>19.4</u>	<u>1.9%</u>
Expense							
Salaries and benefits	809.4	801.2	781.7	8.2		19.5	
Supplies and services	168.4	175.0	164.8	(6.6)		10.2	
Other (Interest/Amortization)	49.1	45.2	37.2	3.9		8.0	
School Generated Funds	35.4	33.6	37.7	1.8		(4.1)	
	<u>1,062.3</u>	<u>1,055.0</u>	<u>1,021.4</u>	<u>7.3</u>	<u>0.7%</u>	<u>33.6</u>	<u>3.3%</u>
(Deficiency)/excess of							
revenue over expense	(16.4)	(5.5)	8.7	10.9	1.0%	(14.2)	
Net applications of operating funds	11.9	4.2	(8.2)	(7.7)		12.4	
Capital reserves (net)	2.0	-	-	(2.0)		-	
Net operating (deficit)/surplus	(2.5)	(1.3)	0.5	1.2	0.1%	(1.8)	
Draw from/(add to) unrestricted net assets	2.5	1.3	(0.5)	(1.2)		1.8	
Net annual operating surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	

(1) Represents the original, unaudited budget approved by the Board of Trustees as amended during the fiscal year for changes to programs and operations

**CALGARY BOARD OF EDUCATION
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS
AUGUST 31, 2011**

The Corporation's administration is responsible for preparing the management discussion and analysis section of the financial statements respecting operations of the Calgary Board of Education. This should be read in conjunction with the financial statements and accompanying notes and statistical information schedules.

Analysis of Financial Operating Results



The Corporation's total revenues increased by \$19.5 million, or 1.9%, to \$1,049.5 million in 2010/11 from \$1,030.1 million in the previous year due to grant rate increases, enrolment growth and capital grants recognized. The Corporation's total expense increase year-over-year was \$33.6 million or 3.3%, resulting in total expenses of \$1,055.0 million, up from \$1,021.4 million in 2010 which is tied to compensation rate increases, partially offset by staff reductions, an increase in Infrastructure Maintenance Renewal spending and the implementation of the Education Centre operating lease.

The net result of the Corporation's financial operations is a small annual operating deficit of \$1.3 million (0.1% of total revenue), after Board-approved transfers into or withdrawals from reserves and the application of operating funds for the acquisition of Board-funded capital assets. This deficit was covered by an approved draw on unrestricted net assets.

The Corporation received 91.4% of its revenue in funding from the Provincial Government and is required to expend its resources in accordance with provincial policies and regulations. The 2010/11 school year reflects continued implementation of the three pillars of Alberta Education's Renewed Funding Framework – Flexibility, Accountability, and Funding with a primary focus on improved accountability for results achieved in 2008/09. Under the Framework there are prescribed restrictions on expenditures within specified funding blocks for instruction, support (Infrastructure Maintenance Renewal, certain technology initiatives, targeted initiative funding, and a restriction on Board governance and system administration expenses) and capital. For the year ended August 31, 2011, the **Corporation was in full compliance with all these requirements.** In addition, all transfers of funds impacting the Corporation's operating and capital reserves were made in accordance with provincial regulations and the Board of Trustees' direction and approval.

Enrolment

Based on the September 30, 2010 enrolment count, the Corporation experienced an overall increase of 211 students or 0.2% from the previous year (excluding CBe-learn and Chinook Learning Services students) with increases of:

Program	Increase / (Decrease) in Enrolment from Sept 30, 2009	
Kindergarten	282	3.9%
Grades 1 – 6	373	0.9%
Junior High	(418)	(1.9)%
Senior High	(54)	(0.2)%
Unique/Outreach	28	1.6%
Total	211	0.2%

At September 30, 2010, total students served, including CBe-learn and Chinook Learning Services, was 102,917 students, which includes learners who were 20 years of age and older.

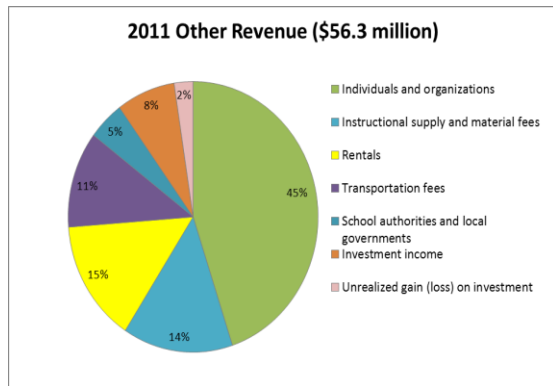
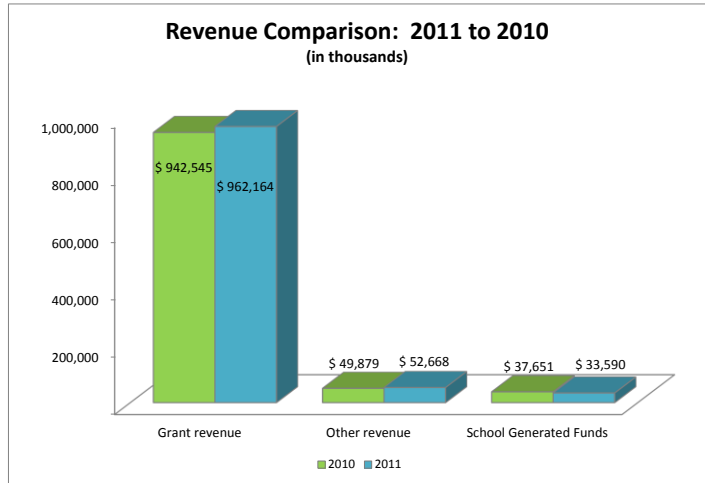
(1) For more information regarding outcomes under the accountability pillar, please read the "Annual Education Results Report" found on our website at <http://www.cbe.ab.ca/aboutus/>

**CALGARY BOARD OF EDUCATION
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS
AUGUST 31, 2011**

Revenue

While Provincial and Other Revenue both increased marginally from 2010, School Generated Funds decreased by 10.8% from the prior year due to lower school activities. School Generated Funds are monies collected at the local school level to enhance the education of students and include such items as field trips, extracurricular activities and equipment to enhance program delivery.

With the exception of targeted grant funding and expenditure conditions (such as the 4% expenditure cap on Board Governance and System Administration expenditures), the Corporation has the flexibility under the provincial funding framework to internally allocate and use its resources to address student educational needs. The government and education stakeholders are committed to working collaboratively to implement all targeted initiatives to the greatest benefit of all students.



The Corporation receives the greatest proportion of its revenue from the Province, with 91.4% of the revenue budget coming from Alberta Education grants. Other revenue includes amounts from various sources (see accompanying chart).

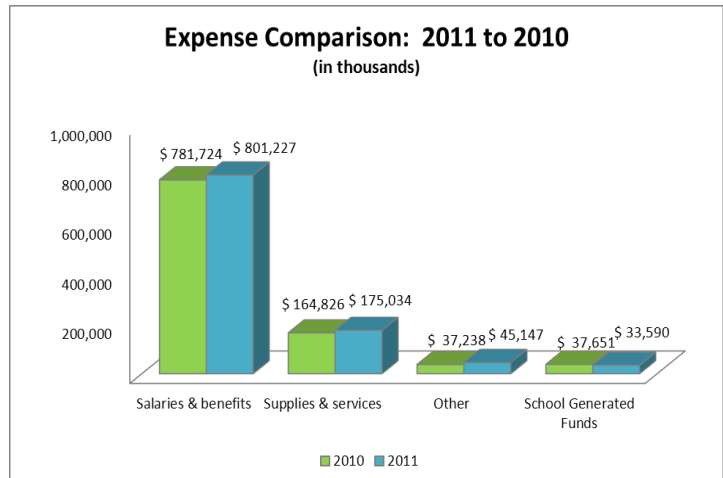
The Corporation has continued to manage its financial resources and specifically its cash balances in this low-interest rate environment to maximize investment returns within conservative risk parameters and to make available surplus school space for lease or rental to the various public organizations.

Expense

All major expense categories have increased from 2010 with the exception of School Generated Funds which declined with the corresponding revenue decrease.

Salaries and benefits account for the majority (76%) of the Corporation's total expenses. The 2.5% increase from 2010 primarily reflects negotiated salary increases within the various employee groups, prescribed benefit contribution changes and step grade increments, net of reductions in the number of staff positions.

Other expenses increased by the highest margin of expense categories, or 21.2%. This is due to increases in both amortization of capital assets and interest expense.



**CALGARY BOARD OF EDUCATION
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS
AUGUST 31, 2011**

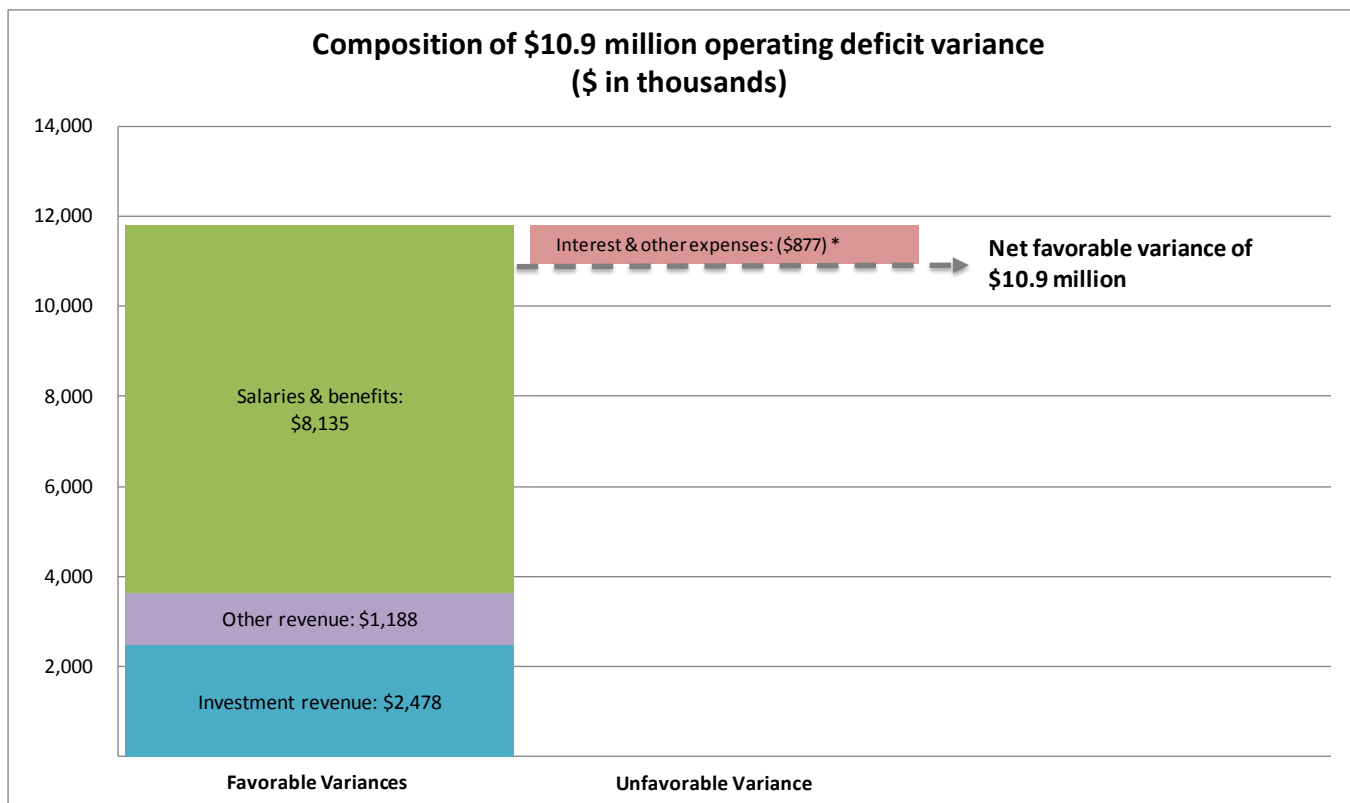
With the current provincial Funding Framework and funding to support facility operations and building renewal, the Corporation believes that there is an urgent need for the Province to immediately undertake a review of the school directed funding formula to ensure predictable, stable and sustainable funding. This is required to ensure that the Corporation has a good financial foundation to support the educational needs of all its learners. The Corporation continues to be vigilant, through being aware of changes in the external environment impacting the Corporation, by embarking on initiatives and strategic opportunities in order to position the Corporation for responding to building and program renewals, providing safe schools and work environments, and maintaining basic educational supports to schools.

Analysis of Financial Operating Results to Operating Budget

The Corporation's balanced 2010/11 Budget was approved in June 2010 by the Board of Trustees with an operating deficit of \$19.1 million which was to be totally funded by approved reserve draws. Additional funding from the Province was announced early in the year, and the 2010/11 First Quarter (Q1) Modified Budget was adjusted to accommodate these additional resources. The revised anticipated operating deficit was \$16.3 million with a corresponding \$2.7 million reduction in the planned use of reserve transfers.

Revenues and Expenses

The Corporation's actual operating deficit (before operating or capital item transfers) is \$10.9 million less than anticipated, due to a combination of both higher than expected revenues and lower than expected expenses:



* Includes offsetting variances from Supplies and services and other expense categories.

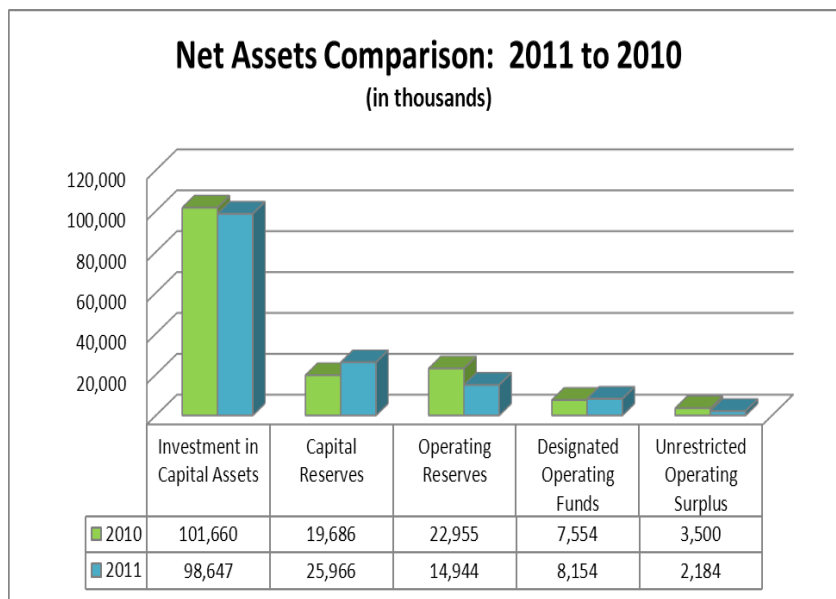
**CALGARY BOARD OF EDUCATION
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS
AUGUST 31, 2011**

Reserves and Capital Items

As a result of favorable revenue and expense variances, the Corporation's reliance on funding from reserves was not as much as initially anticipated. This is a positive outcome, as the Corporation begins another year with further funding reliance required from reserves.

Board funded capital assets to be acquired were planned at a cost of \$25.9 million for 2010/11. However, due to project scope changes/delays, the actual capital assets acquired during the year was \$14.9 million, \$11.0 million less than planned. As a result, the Corporation has set aside \$11.5 million in Capital Reserves (designated funds) to complete these multi-year Board funded projects during the 2011/12 year versus the planned 2010/11 year. Overall, funds spent on Board funded capital projects will not vary significantly over the two year period.

Financial Position



As at August 31, 2011, the Corporation has a net asset balance of \$149.9 million reflecting total assets of \$946.8 million and total liabilities of \$796.9 million. The financial position declined by \$5.5 million from 2010 primarily due to the use of a net \$8.7 million of operating reserves and unrestricted net assets to fund the operating deficit, partially offset by a net increase to Capital reserves and Investment in Capital Assets of \$3.3 million to support capital projects.

Over the past several years when provincial funding was sufficient to meet the Corporation's operational needs, the Corporation pursued a

strategy to establish specific operating and capital reserves to minimize any adverse impacts of future uncontrollable and significant increases in certain costs and to mitigate any adverse impacts to parents and students through service reductions and fee increases. Due to provincial funding reductions in 2010/11, the Corporation was required to draw on previously established reserves to fund current year operations. Further draws on reserves are planned for the 2011/12 fiscal year to fund the anticipated deficit of \$19.3 million while working on a strategy to meet student and instructional needs while operating within the limitations of provincial grant funding.

Analysis of Capital Expenditures



LEED-accredited Ernest Manning High School, September 2011

Total Board funded capital assets acquired for 2010/11 were \$12.3 million, primarily reflecting investments in the new CBE Dr. Carl Safran Centre, technology investments, vehicles, and equipment. As at August 31, 2011, \$11.5 million of funds budgeted for specified Board funded capital projects started in 2010/11 will be carried forward for completion in 2011/12.

One of the Corporation's challenges is its ability to provide for new schools for Calgary's growing population in areas where they are required, and to provide resources for maintenance and renewal work necessary for established school facilities. As detailed in the Corporation's School Capital Plan 2012-2015, the Corporation continues to plan for and request provincial funding required to meet the significant shortfall of public schools in the new and developing communities of the City of Calgary.

In recent years, the Province has been supportive of these interests and has funded and constructed many schools in Calgary. Under the Alberta Schools Alternative Procurement (ASAP) project for construction of schools, current construction is ongoing on four middle schools which are planned for completion in 2011/12 and will welcome students in September 2012. The new Northwest High School in Arbour Lake is also under construction and the planned opening is for 2013.

In July 2011, the Corporation opened the new Ernest Manning High School located in the community of Springbank Hill which was constructed under a three-way agreement between the Corporation, the Province of Alberta and the City of Calgary. The City acquired the old Ernest Manning site from the Corporation for use in the West LRT expansion project.

The Corporation continues to develop appropriate strategies to better manage the underutilization of some of its school buildings, and the associated costs of operating and maintaining any excess space. In the past years, strategies for leasing unused space, program consolidation, expanded programs of choice and as a last resort, school closure, have been employed to mitigate underutilization of school building assets.

Outlook

A substantial amount of all funding received by the Corporation in 2010/11 was provided by provincial grants, with the majority coming from Alberta Education tied to the demographics and characteristics of the CBE student population. This relative percentage is expected to continue for the foreseeable future.

Subsequent to the preparation and approval of the 2011/12 Operating Budget, the Province announced a one-time restoration of education funding in the amount of \$107 million for the Province as a whole. The Calgary Board of Education's portion of this one-time funding is \$19.2 million which has been distributed directly to schools through the resource allocation method (RAM). However, the Corporation is continuing to rely on available one-time operating reserves to backstop the structure deficit identified in the 2011/12 approved operating budget (\$19.3 million).

Despite the receipt of this one-time funding, the Corporation continues to experience uncertainty moving forward regarding future grant funding increases which are to be received from the Province in 2012/13. In the absence of predictable and sustainable funding for all grant categories to fully offset increased costs, virtually all areas of the organization will experience additional cost pressures going forward. However, the Corporation is committed to reallocating resources and enhancing other revenue streams where possible to ensure the delivery of personalized learning to students and will address any financial challenges in the 2012/13 operating and capital budgets as required. The Corporation is committed to monitoring funding and the expenditures of the organization and will continue to be a unified voice in advocating for strong financial supports for students.

The Corporation, like many Calgary employers, will continue to be proactive, innovative and strategic in order to attract, retain and develop the human capital necessary to achieve the Board of Trustees Ends Statements. Under the guidance of the Superintendent of Human Resources, the Corporation continues to focus on strategic leadership training and development as well as succession planning for senior positions. Human resource strategies will focus on enhanced employee relations, and continue to build on new employee orientation programs for all employees to assist them in their roles of supporting student achievement.

On September 30, 2011, the Corporation's enrolment count was 100,632 kindergarten to grade 12 students (an increase of 1,141 students from September 30, 2010) and 3,550 students at CBe-learn and Chinook Learning Services (increase of 124 students) for a total enrolment of 104,182 students. The total enrolment also includes learners 20 years of age and older. The Corporation believes these increases in enrolment are an endorsement of our commitment to achieving improved learning outcomes through the personalization of learning and specifically the Board of Trustees Ends statements.

The Corporation continues to be strategic in its relentless pursuit of teaching excellence with its primary focus of supporting the personalization of student learning. Further supports and enhancements are being implemented for all our learners. With the Province initiating Inspiring Education and Action on Inclusion and a review of the School Act, these reviews may affect the associated funding to support these learners who constitute approximately 17% of the overall student population. Finally, the Corporation will continue its implementation of the Draft Three-Year Education Plan 2011-2014 which identifies key outcomes, strategies and actions to improve educational opportunities offered to our students to meet their own individual needs.

The Corporation recognizes the importance of the Alberta Initiative for School Improvement (AIS I) targeted funding currently being received from the Province (\$11.1 million) and continues to encourage the Province to sustain this initiative going forward.

STATEMENT OF ADMINISTRATION RESPONSIBILITY

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

In the context of the responsibilities of the Board, the Calgary Board of Education's Administration is responsible for the preparation, presentation and integrity of the financial statements and has prepared them in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The financial statements present fairly the financial position of the Calgary Board of Education as at August 31, 2011 and the results of its operations and cash flows for the year then ended.

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

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



NAOMI E. JOHNSON
CHIEF SUPERINTENDENT OF SCHOOLS



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

December 6, 2011

**CALGARY BOARD OF EDUCATION
AUDITORS' REPORT
AUGUST 31, 2011**



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INDEPENDENT AUDITORS' REPORT

To Board of Trustees

We have audited the accompanying financial statements of the Calgary Board of Education (the "Corporation"), which comprise the balance sheet as at August 31, 2011, the statements of revenue and expense, changes in net assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

December 6, 2011
Calgary, Canada

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

	<u>2011</u> (in thousands)	<u>2010</u> (in thousands)
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 1,904	\$ 1,727
Cash held by schools (Note 4)	13,496	11,688
Short-term investments (Note 3)	49,171	80,582
Accounts receivable and prepaid expenses (Note 5)	35,305	17,203
Inventories	839	931
	<u>100,715</u>	<u>112,131</u>
Long-term investments (Note 3)	107,633	104,339
Capital assets (Note 6)	735,291	702,398
Assets held for sale (Note 6)	3,125	-
	<u>946,764</u>	<u>918,868</u>
Total assets	\$ 946,764	\$ 918,868
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 75,606	\$ 84,845
Deferred revenue (Note 8)	40,258	44,172
Cash held by schools (Note 4)	13,496	11,688
Current portion of capital lease obligations (Note 11)	9,920	2,682
Current portion of long-term debt (Note 12)	3,857	4,480
	<u>143,137</u>	<u>147,867</u>
Employee future benefits (Note 9 (b), (c) and (d))	19,096	20,123
Deferred capital grants (Note 10)	587,622	553,159
Long-term capital lease obligations (Note 11)	31,905	23,398
Long-term debt (Note 12)	13,465	17,322
Asset retirement obligations (Note 13)	1,644	1,644
	<u>796,869</u>	<u>763,513</u>
Total liabilities	\$ 796,869	\$ 763,513
Contingencies and commitments (Note 14)		
NET ASSETS (Note 15)		
Unrestricted net assets	\$ 2,184	\$ 3,500
Designated operating funds	8,154	7,554
Operating reserves	14,944	22,955
Accumulated operating surplus (AOS)	25,282	34,009
Capital reserves and designated capital funds	25,966	19,686
Investment in capital assets	98,647	101,660
	<u>149,895</u>	<u>155,355</u>
Total net assets	149,895	155,355
Total liabilities and net assets	\$ 946,764	\$ 918,868

The notes are an integral part of these financial statements

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

	Budget (unaudited)		Actual	
	2011		2011	
	(in thousands)		(in thousands)	
REVENUE (Schedule I)				
Alberta Education grants:				
Base provincial instruction	\$ 649,267	\$ 648,043	\$ 588,839	
Differential cost funding	228,628	226,457	224,959	
Provincial priority targeted grants	20,141	20,788	66,615	
Other provincial education grants	34,258	36,812	37,070	
Capital support	25,538	25,626	20,908	
Total Alberta Education grants	<u>\$ 957,832</u>	<u>\$ 957,726</u>	<u>\$ 938,391</u>	
Other provincial revenue	2,431	1,852	1,216	
Federal grants and education agreements	2,973	3,702	2,938	
School generated funds	35,375	33,590	37,651	
Other revenue	47,261	52,668	49,879	
Total revenue	<u>\$ 1,045,872</u>	<u>\$ 1,049,538</u>	<u>\$ 1,030,075</u>	
EXPENSE (Schedule II)				
Salaries and benefits	809,362	801,227	781,724	
Services purchased	119,153	129,410	115,892	
Supplies and materials	49,284	45,624	48,933	
School funded activities	35,375	33,590	37,651	
Interest	6,093	3,258	2,942	
Amortization of capital assets	42,988	41,889	34,296	
Total expense	<u>\$ 1,062,255</u>	<u>\$ 1,054,998</u>	<u>\$ 1,021,438</u>	
(Deficiency)/excess of revenue over expense for the year, before the undernoted	(16,383)	(5,460)	8,637	
Transfer from/(to) operating reserves/designated funds				
Transfer from/(to) operating reserves	10,375	8,011	(2,025)	
Transfer from/(to) designated funds	1,500	(600)	(911)	
	<u>11,875</u>	<u>7,411</u>	<u>(2,936)</u>	
Add/(deduct) capital items paid by operating funds				
Capital assets acquired	(24,770)	(13,396)	(25,383)	
Capital asset amortization	19,325	17,938	15,208	
Capital debt repayments	(2,682)	(2,661)	(685)	
Transfer from school purchased assets	1,593	1,132	837	
Transfer from capital carry forwards	5,314	5,314	7,074	
Transfer to capital carry forwards	-	(11,545)	(5,314)	
	<u>(1,220)</u>	<u>(3,218)</u>	<u>(8,263)</u>	
Transfer from/(to) capital reserves				
Building and equipment reserves	3,228	(49)	3,100	
Net operating (deficit)/surplus	<u>(2,500)</u>	<u>(1,316)</u>	<u>538</u>	
Add to/(draw) from unrestricted net assets	2,500	1,316	(538)	
Net operating (deficit)/surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

The notes are an integral part of these financial statements

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

	Investment in Capital Assets	Capital Reserves	Operating Reserves	Designated Operating Funds	Unrestricted Net assets	Total Net Assets (Note 15)
	(in thousands)					
Balance, August 31, 2009	\$ 91,637	\$ 24,546	\$ 20,930	\$ 6,643	\$ 2,962	\$ 146,718
Excess/(deficiency) of revenue over expense	(15,208)	-	-	-	23,845	8,637
Transfers during the year	(15)	(4,860)	2,025	911	1,939	-
Capital assets acquired with operating funds	24,561	-	-	-	(24,561)	-
Capital debt repayments from operating funds	685	-	-	-	(685)	-
Net increase/(decrease) for year	10,023	(4,860)	2,025	911	538	8,637
Balance, August 31, 2010	\$ 101,660	\$ 19,686	\$ 22,955	\$ 7,554	\$ 3,500	\$ 155,355
(Deficiency)/excess of revenue over expense	(18,138)	-	-	-	12,678	(5,460)
Transfers during the year	196	6,280	(8,011)	600	935	-
Capital assets acquired with operating funds	12,268	-	-	-	(12,268)	-
Capital debt repayments from operating funds	2,661	-	-	-	(2,661)	-
Net (decrease)/increase for year	(3,013)	6,280	(8,011)	600	(1,316)	(5,460)
Balance, August 31, 2011	\$ 98,647	\$ 25,966	\$ 14,944	\$ 8,154	\$ 2,184	\$ 149,895

The notes are an integral part of these financial statements

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

	<u>2011</u> (in thousands)	<u>2010</u> (in thousands)
Operating activities		
Excess/(deficiency) of revenue over expense for the year	\$ (5,460)	\$ 8,637
Add (less) items not requiring cash:		
Capital support revenue	(23,751)	(18,540)
Amortization of capital assets	41,889	34,296
Employee future benefits	(1,027)	(1,119)
Gain on disposal of assets	(49)	(173)
Unrealized gain on long-term investments	(467)	(4,495)
Changes in non-cash working capital:		
Short-term investments	31,411	72,390
Accounts receivable and prepaid expenses	(8,911)	186
Inventories	92	(245)
Accounts payable and accrued liabilities	7,875	(11,140)
Deferred revenue	(3,914)	1,043
Cash from operating activities	<u>\$ 37,688</u>	<u>\$ 80,840</u>
Financing activities		
Capital grants received	26,749	26,864
Repayment of long-term debt	(4,480)	(5,250)
Repayment of capital lease obligations	(2,661)	(683)
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	(9,192)	4,241
Accounts payable and accrued liabilities	(17,196)	(8,630)
Cash (used in)/from financing activities	<u>\$ (6,780)</u>	<u>\$ 16,542</u>
Investing activities		
Purchase of investments, net of disposals	(2,827)	(49,488)
Capital assets acquired	(28,040)	(45,675)
Proceeds from disposal of capital assets	53	136
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	-	(500)
Accounts payable and accrued liabilities	83	(1,725)
Cash used in investing activities	<u>\$ (30,731)</u>	<u>\$ (97,252)</u>
Net increase in cash and cash equivalents	177	130
Cash and cash equivalents, beginning of year	<u>1,727</u>	<u>1,597</u>
Cash and cash equivalents, end of year (Note 3)	<u>\$ 1,904</u>	<u>\$ 1,727</u>

Supplementary cash flow information (Note 3)

The notes are an integral part of these financial statements

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

1. ORGANIZATION

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

The Corporation provides a full range of educational services for all instructional programs ranging from Kindergarten through Grade 12.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

The financial operations of EducationMatters (formerly The Calgary Board of Education Foundation) is a not-for-profit foundation which promotes and supports public education in Calgary (see Note 16 (b)) and is a controlled entity whose financial results are not consolidated in these financial statements, as permitted under Canadian Institute of Chartered Accountants (CICA) Handbook Accounting Part V 4450.14.

Budget information is unaudited and is presented on the Statement of Revenue and Expense and on the related schedules for information purposes only and represents the original budget submitted to Alberta Education in June, 2010, as amended during the fiscal year to reflect identified changes in circumstances relating to operating and program changes. The Board of Trustees approves the original budget and monitors all subsequent changes through quarterly reports of revisions and amendments.

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 assets. Maintenance expenses paid for directly by the Province of Alberta on behalf of the Corporation relating to these assets are expensed and corresponding grant revenue is recognized.

(b) Cash and cash equivalents

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

(c) Inventories

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

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments

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

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

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

(e) Capital Assets and Capital Revenue

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

Land improvements	20 years
Buildings	10 - 40 years
Furniture and equipment	4 - 10 years

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

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

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

(f) Leases

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

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Asset Retirement Obligation

The Corporation recognizes the fair value of an Asset Retirement Obligation ("ARO") in the period in which it incurs a legal obligation associated with the retirement of capital assets. Certain building assets contain 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 capital asset. The Corporation recognizes an ARO only when those assets have been approved by the Board of Trustees for disposition and when the fair value of the liability can be reasonably determined.

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

(h) Revenue Recognition

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

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

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

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

(i) Proceeds on Disposal of Capital Assets

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

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) School Generated Funds

These financial statements include amounts arising from certain school and student activities which are controlled and administered locally by each school but for which the Corporation is accountable. School generated funds revenues are primarily generated through fundraising activities, non-instructional fees and donations and grants to schools in support of extra-curricular activities, field trips and equipment.

(k) Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, cash held by schools, short-term investments, accounts receivable, long-term investments, accounts payable and accrued liabilities, and long-term liabilities which include long-term debt and capital leases. Unless otherwise stated in Notes 3, 11 and 12, which are determined by market comparisons, the fair values of these financial instruments approximate their carrying values.

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

Transaction costs and related cash flow impacts are included in the fair value assessment of each financial asset. Transaction costs that are directly attributable to the acquisition of other financial liabilities are not considered significant and are expensed when incurred.

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

The Corporation has elected to apply the scope provisions of paragraph 3855.07A such that the Corporation will not apply the requirements of Section 3855 to contracts for the purchase or sale of non-financial items and any embedded derivatives within these types of contracts or those embedded derivatives that may exist within lease or insurance contracts. In addition, the Corporation has elected to not adopt "Financial Instruments – Disclosures" and "Financial Instruments – Presentation." The Corporation does not invest in or use derivative financial instruments. Derivatives may be embedded in other financial instruments (the "host instrument") or other contracts (the "host contract"). The Corporation has not identified embedded derivatives in the host contracts.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Pensions and Employee Future Benefits Plans

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

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

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

The Corporation established a Supplemental Integrated Pension Plan ("SiPP") for certain members of senior administration comprised of both a registered and non-registered portion. The plan provides a supplement to the LAPP or Alberta Teachers' Retirement Fund (as appropriate) to provide an annual retirement benefit of 2% of total earnings. The cost of this SiPP is sponsored by the Corporation and is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Actuarial valuations of this plan occur annually as at August 31.

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

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 these plans, the Corporation accrues its obligations, and expenses the related costs, in accordance with the terms of the various collective agreements and other contracts of employment. The cost of employee future benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees, and expected provincial and supplementary health care costs and dental care costs. The actuarially determined benefit obligation from the initial application of this policy is being amortized over the average remaining service period of employees active at September 1, 2000, the beginning of the fiscal year in which this policy was implemented. The balance of any unrecognized net plan experience, including changes in actuarial basis, in excess of 10% of the greater of the actuarial benefit obligation and the market value of plan assets is amortized over the average remaining service lifetime of the active members as of the applicable date. When changes to employee future benefit plans are negotiated, the related financial impacts are recognized when an agreement has been reached by the Corporation and the applicable group of employees. Effective January 1, 2011, all employees pay 100% of the post-retirement benefit premium costs. The most recent actuarial valuation of post-retirement and post-employment benefit plans was as of August 31, 2009. The next required valuation will be as of August 31, 2012.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Future Accounting Standards

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

The Corporation is currently assessing the impacts of the conversion, including identifying the key differences, developing PSA accounting policies and new financial statement disclosures. The Corporation will continue to monitor the development of standards.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

3. CASH AND CASH EQUIVALENTS, INVESTMENTS AND BANK INDEBTEDNESS

	2011					
	Cash and cash equivalents	Investments at Fair Value			Total	Cost
		Short-term	Long-term			
<u>Cash and Fixed Income Investments</u>						
Bank balances	\$ 6,367	-	-	\$ 6,367	\$ 6,367	
Outstanding cheques	(4,463)	-	-	(4,463)	(4,463)	
Money market investments	-	48,522	356	48,878	48,876	
Supplemental Integrated Pension Plan Assets	-	649	-	649	695	
<u>Fixed Income</u>						
Government of Canada	-	-	17,752	17,752	17,095	
Provincial	-	-	588	588	571	
Municipal	-	-	2,140	2,140	2,037	
Corporate	-	-	21,766	21,766	21,157	
Restricted long-term investment (1)	-	-	42,999	42,999	42,999	
<u>Equity Investments</u>						
Canadian equities	-	-	8,783	8,783	6,810	
U.S. equity funds	-	-	5,844	5,844	6,697	
International equity funds	-	-	7,405	7,405	8,264	
Total at Fair Value	\$ 1,904	49,171	107,633	\$ 158,708		
Total at Cost	\$ 1,904	49,217	105,984		\$ 157,105	

	2010					
	Cash and cash equivalents	Investments at Fair Value			Total	Cost
		Short-term	Long-term			
<u>Cash and Fixed Income Investments</u>						
Bank balances	\$ 2,679	-	-	\$ 2,679	\$ 2,679	
Outstanding cheques	(952)	-	-	(952)	(952)	
Money market investments	-	79,966	563	80,529	80,529	
Supplemental Integrated Pension Plan Assets	-	616	-	616	691	
<u>Fixed Income</u>						
Government of Canada	-	-	21,538	21,538	20,824	
Provincial	-	-	588	588	571	
Municipal	-	-	2,132	2,132	2,037	
Corporate	-	-	32,455	32,455	31,765	
Restricted long-term investment (1)	-	-	26,882	26,882	26,882	
<u>Equity Investments</u>						
Canadian equities	-	-	7,858	7,858	6,616	
U.S. equity funds	-	-	5,402	5,402	6,619	
International equity funds	-	-	6,921	6,921	8,067	
Total at Fair Value	\$ 1,727	80,582	104,339	\$ 186,648		
Total at Cost	\$ 1,727	80,657	103,944		\$ 186,328	

(1) Restricted long-term investment relates to cash collateral requirements as a result of capital leases entered into between the years ended August 31, 2004 and August 31, 2011 (see Note 11).

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

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

General Operating and Other Bank Indebtedness

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

Yields on current short-term and long-term investments reflect the cash value of all dividends, interest or other payments received or receivable on active investment instruments. These yields do not include any realized or unrealized capital gains of the underlying market values of the instrument. At August 31, 2011 the yields on these investments were as follows:

	2011		2010	
	Effective or Fair Value Yield	Fair Value	Effective or Fair Value Yield	Fair Value
<u>Short-Term Investments</u>				
Money Market Investments	0.99%	\$ 48,522	0.72%	\$ 79,966
Non-Registered Mutual Funds (SIPP)	2.21%	649	2.51%	615
<u>Long-Term Investments</u>				
Money Market Investments	0.93%	356	0.61%	563
Bond type				
Govt of Canada	1.42%	17,752	1.61%	21,538
Provincial	2.30%	588	2.65%	588
Municipal	1.67%	2,140	2.16%	2,132
Corporate	2.69%	21,766	2.67%	32,455
Canadian equities	2.81%	8,783	3.01%	7,858
U.S. equity pooled funds	1.90%	5,844	1.86%	5,402
International equity pooled funds	3.30%	7,405	3.34%	6,921

Supplementary Cash Flow Information

During the year ended August 31, 2011, cash interest paid on school building debenture debt and other debt amounted to \$2,146 (2010 - \$2,686) and cash interest earned (operating and capital) and dividends received on investments totaled \$4,047 (2010 - \$1,936).

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

4. CASH HELD BY SCHOOLS

Changes in cash held by schools are as follows:

	<u>2011</u>	<u>2010</u>
Sources of school generated funds:		
Fundraising activities	\$ 11,446	\$ 10,896
Non-instructional fees and charges	17,806	17,000
Donations and grants to schools	6,118	6,780
Other income	28	28
Total additions to school generated funds	<u>\$ 35,398</u>	<u>\$ 34,704</u>
Application of school generated funds:		
Fundraising activities	(14,235)	(17,356)
Fees/charges (non-instructional) – related expenses	(12,098)	(12,241)
Donations and grants to schools – related expenses	(670)	(1,042)
Other – related expenses: bank charges	(84)	(82)
Extra-curricular activities	(4,204)	(4,278)
Field trips	(1,166)	(1,299)
Equipment	(1,133)	(1,353)
Total application of school generated funds	<u>\$ (33,590)</u>	<u>\$ (37,651)</u>
Net increase/(decrease) of school generated funds for the year	\$ 1,808	\$ (2,947)
Cash balance, beginning of year	<u>11,688</u>	<u>14,635</u>
Cash balance, end of year	<u>\$ 13,496</u>	<u>\$ 11,688</u>

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	<u>2011</u>	<u>2010</u>
Alberta Education operating grants	\$ 4,636	\$ 301
Government of Alberta capital grants	10,144	952
Debenture interest grants	1,029	1,300
School jurisdictions and other governments	2,997	1,963
Other accounts receivable	9,330	8,073
Prepaid expenses	7,169	4,614
	<u>\$ 35,305</u>	<u>\$ 17,203</u>

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

6. CAPITAL ASSETS

	2011		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 4,571	\$ -	\$ 4,571
Land improvements	18,162	9,040	9,122
Buildings	943,328	348,779	594,549
Buildings under capital lease	36,849	1,797	35,052
Furniture and equipment	181,248	130,583	50,665
Furniture and equipment under capital lease	9,053	1,798	7,255
	<u>\$ 1,193,211</u>	<u>\$ 491,998</u>	<u>\$ 701,213</u>
Construction in progress	34,078	-	34,078
	<u>\$ 1,227,289</u>	<u>\$ 491,998</u>	<u>\$ 735,291</u>
	2010		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 4,809	\$ -	\$ 4,809
Land improvements	18,194	8,525	9,669
Buildings	901,489	338,183	563,306
Buildings under capital lease	24,656	627	24,029
Furniture and equipment	169,705	114,151	55,554
Furniture and equipment under capital lease	2,815	1,501	1,314
	<u>\$ 1,121,668</u>	<u>\$ 462,987</u>	<u>\$ 658,681</u>
Construction in progress	43,717	-	43,717
	<u>\$ 1,165,385</u>	<u>\$ 462,987</u>	<u>\$ 702,398</u>

As of August 31, 2011, the Corporation had recorded an asset retirement obligation of \$1,644 (2010 - \$1,644) for the estimated costs of removing and disposing of asbestos in those schools and other buildings approved by the Board for disposition.

As of August 31, 2011, costs of \$31,465 (2010 - \$162,293) incurred by Alberta Education on behalf of the Corporation was recognized as capital assets as the projects were complete and the titles of the assets were transferred to the Corporation.

As of August 31, 2011, Alberta Education has confirmed that costs of \$68,965 related to the ASAP II P3 project have been incurred. Consistent with prior years, this amount will not be recorded as a capital asset acquisition until the project is substantially complete and title has transferred to the Corporation.

As of August 31, 2011, Land and Buildings with a net book value of \$3,125 (2010 - \$3,540) was approved by the Board of Trustees for disposition, which is deemed as held-for-sale.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2011</u>	<u>2010</u>
Salaries and benefits	\$ 35,156	\$ 30,091
Debenture interest	1,029	1,300
Federal government	871	731
Contractor payables	14,216	6,562
Deferred capital allocations	6,141	23,066
Other accounts payable	9,615	15,349
Other accrued liabilities	8,577	7,746
	<u>\$ 75,605</u>	<u>\$ 84,845</u>

8. DEFERRED REVENUE

	<u>2011</u>	<u>2010</u>
Alberta Education operating grants	\$ 5,001	\$ 4,889
Alberta Initiative for School Improvement grants	2,352	3,644
Infrastructure Maintenance Renewal grants	20,569	24,464
Student fees	7,976	6,670
Scholarship funds	248	264
Other	4,112	4,241
	<u>\$ 40,258</u>	<u>\$ 44,172</u>

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

9. PENSIONS/EMPLOYEE FUTURE BENEFITS

(a) Local Authorities Pension Plan (LAPP)

The Corporation's net pension expense of LAPP for the year amounts to \$15,297 (2010 - \$13,917).

(b) Supplemental Integrated Pension Plan (SiPP)

The Corporation's net pension expense for the registered portion of SiPP for the year was \$56 (2010 - \$37). The net pension expense for the non-registered portion was \$219 (2010 - \$150). The total liability for the SiPP at August 31, 2011 is \$394 (2010 - \$175).

(c) Supplementary Retirement Plan (SRP)

The total liability for the SRP at August 31, 2011 is \$132 (2010 - \$197).

(d) Post-Retirement and Post-Employment Benefits Plans

Changes in Projected Benefits Obligation

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

	<u>2011</u>	<u>2010</u>
Benefit obligation, beginning of year	\$ 30,263	\$ 32,418
Service cost	848	845
Interest cost	1,365	1,574
Benefits payments	(4,152)	(4,756)
Actuarial losses	2,073	182
Benefit obligation, end of year	<u>\$ 30,397</u>	<u>\$ 30,263</u>

To date, \$18,570 (2010 - \$19,751) has been accrued in the Corporation's financial statements as an accrued benefit obligation.

Plan Funded Status

The following table provides the plans' funded status as of August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Benefit obligation, end of year	<u>\$ 30,397</u>	<u>\$ 30,263</u>

The Corporation does not fund its post-retirement plans (see accounting policy Note 2(l)). Accordingly, the plans held no assets at August 31, 2011 and 2010.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

9. PENSIONS/EMPLOYEE FUTURE BENEFITS (continued)

(d) Post-Retirement and Post-Employment Benefits Plans (continued)

Components of Net Periodic Post-Retirement Benefit Cost

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

	<u>2011</u>	<u>2010</u>
Current period service cost	\$ 848	\$ 845
Interest cost	1,365	1,574
Actuarial losses	2,073	182
Amortization of transitional obligation	687	687
Difference between actual and recognized past service	(672)	(824)
Difference between actual and recognized gains in year	<u>(1,288)</u>	<u>757</u>
Net Period Benefits Cost	<u>\$ 3,013</u>	<u>\$ 3,221</u>

The initial transitional obligation of \$35,664 at September 1, 2000 is being amortized over the expected average remaining service period of the employee group, which was estimated to be 12 years, of which 1 year remains. The unamortized transitional obligation of \$1,371 on September 1, 2010 has been reduced further by \$687 during 2011 to \$684 to reflect the change in the accrued benefit obligation to employee groups, and the annual amortization of the remaining initial transitional obligation.

Assumptions

The significant actuarial assumptions adopted in measuring the Corporation's employee future benefit obligation (based on a weighted average assumption of the various plans as of August 31, 2011) and comparative prior year are as follows:

	<u>2011</u>	<u>2010</u>
Amortization method	Straight-line	Straight-line
Discount rate	4.35%	4.70%
Supplementary health care cost escalation	8.0% for 1 year in 2011/2012 grading by 0.50% per year thereafter to an ultimate rate of 5.0%	8.0% for 2 years in 2010/2011 and 2011/2012 grading by 0.50% per year thereafter an ultimate rate of 5.0%
Dental care cost escalation	4.0% per year	4.0% per year
Provincial health care cost escalation	Not applicable	Not applicable

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

10. DEFERRED CAPITAL GRANTS

Changes in deferred capital grants are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 553,159	\$ 382,542
Debenture principal repaid by Alberta Finance	4,480	5,249
Capital assets funded by Alberta Infrastructure and Alberta Education	53,734	183,908
Capital allocations amortized to revenue	(23,751)	(18,540)
Balance, end of year	<u>\$ 587,622</u>	<u>\$ 553,159</u>

11. CAPITAL LEASES

Capital leases are approved by the Minister of Education for internally financed projects. All capital leases are secured by identified assets of the Corporation (restricted cash). As of August 31, 2011, capital lease obligations pertaining to the Corporation are as summarized below:

	<u>2011</u>	<u>2010</u>
Finance contracts, secured by certain equipment at interest rates ranging from 2.44% - 4.49%, repayable in annual installments of \$325 including interest, maturing September 2014.	\$ 1,105	\$ 1,396
components at interest rates ranging from 3.75% - 4.24%, repayable in annual installments of \$547 including interest, maturing September 2014 through August 2015	3,138	3,542
Finance contracts, secured by certain building components at interest rates ranging from 2.70% - 3.19%, repayable in annual installments of \$4,905 including interest, maturing August 2016.	<u>37,583</u>	<u>21,142</u>
	41,826	26,080
Less: Current portion	<u>(9,920)</u>	<u>(2,682)</u>
	<u>\$ 31,906</u>	<u>\$ 23,398</u>

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

11. CAPITAL LEASES (continued)

Minimum lease payments for future years are as follows:

	Minimum lease payments
2012	\$ 10,747
2013	4,952
2014	4,952
2015	4,920
2016	4,724
Thereafter	16,543
Total payments	<u>46,838</u>
Amount pertaining to interest	<u>(5,012)</u>
Balance of obligation	<u>\$ 41,826</u>

12. LONG-TERM DEBT

Long-term debt includes debentures for the acquisition of school buildings funded directly by Alberta Education (pre-1995). Those debentures were issued for periods of 15, 20 or 25 years in those years prior to 1995 when the Corporation had local taxing authority, at interest rates ranging from 7.38% -11.75%, and maturity at various dates to 2020. Fair value of this debt is \$21,930 (2010 - \$25,315) which is calculated using a discount rate of 4.35%, which reflects the average yield on high quality long-term corporate bonds at August 31, 2011. All debenture principal and interest payments are fully guaranteed by the Province of Alberta.

	<u>2011</u>	<u>2010</u>
Debentures outstanding	\$ 17,322	\$ 21,802
Less: Current portion	<u>(3,857)</u>	<u>(4,480)</u>
	<u>\$ 13,465</u>	<u>\$ 17,322</u>

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

	Principal Payment
2012	\$ 3,857
2013	3,246
2014	2,793
2015	2,515
2016	1,975
Thereafter	<u>2,936</u>
Total	<u>17,322</u>

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

13. ASSET RETIREMENT OBLIGATION

The estimated asset retirement obligation of \$1,644 as at August 31, 2011 remained the same from August 31, 2010 as there were no changes in the estimated building assets approved for disposition by the Corporation between 2010 and 2011. An interest rate of 5.35% is applicable to discount expected cash flows for calculation of the initial obligation and a rate of 4.35% would be applicable for accretion of the obligation.

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

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 1,644	\$ 1,726
Obligations discharged	-	(82)
Balance, end of year	<u>\$ 1,644</u>	<u>\$ 1,644</u>

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.

14. CONTINGENCIES AND COMMITMENTS

- (a) From year to year, legal actions are brought against the Corporation in the normal course of operations. Management believes that the ultimate resolution of claims presently outstanding are not expected to be significant to the overall financial position of the Corporation.
- (b) The Corporation has contractual commitments to complete major capital projects relating to school buildings and Administrative sites. As at August 31, 2011, these outstanding contractual obligations amount to \$11,190 (2010 - \$26,762), with \$10,527 to be funded by Alberta Infrastructure and Alberta Education and \$663 by the Corporation.
- (c) To the extent the Corporation terminates certain contractual commitments for convenience under certain service and development management agreement, the Corporation would incur costs, depending on the date of termination, of between \$3,500 and \$9,900.
- (d) The Corporation has entered into various operating lease agreements for office spaces that expire up to February, 2031. Future annual lease payments and operating payments (including parking) under these leases are as follows:

	Minimum Lease payment	Estimated Operating Costs	Total
2012 \$	9,675 \$	2,420 \$	12,095
2013	9,823	2,452	12,275
2014	9,797	2,484	12,281
2015	10,053	2,516	12,569
2016	9,849	2,549	12,398
Thereafter	<u>171,435</u>	<u>40,899</u>	<u>212,334</u>
Total \$	<u>220,632 \$</u>	<u>53,320 \$</u>	<u>273,952</u>

Lease expense during the year amounted to \$4,990 (2010 - \$343).

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

14. CONTINGENCIES AND COMMITMENTS (continued)

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

		Minimum payments
2012	\$	8,863
2013		9,061
2014		9,234
2015		9,410
2016		1,179
	\$	<u>37,747</u>

- (f) Effective September 1, 2006, the Corporation entered into a Master Transportation Agreement with Southland Transportation Ltd. and First Student Canada for the provision of student school bus transportation services. The initial term of the agreement is ten years (expiring August 31, 2016) and the Corporation may renew the agreement for two additional periods of five years each. Each year during the term, the Corporation enters into a yearly service agreement with each carrier, outlining the services to be provided, the applicable daily base rate and all other anticipated fees and charges under the agreement.
- (g) Effective January 1, 2010, the Corporation entered into a one year fixed price natural gas supply agreement of a certain price for a majority of its total annual natural gas consumption, and this agreement was to expire on December 31, 2010, but was previously renewed for one additional year and will expire on December 31, 2011. During 2011, the Corporation further extended the agreement for one additional year which will now expire December 31, 2012.
- (h) Effective July 31, 2007, the Corporation entered into a fixed electricity supply agreement of a certain price for all of its electricity consumption from January 1, 2009 to December 31, 2012. This agreement has been extended by two additional years and will expire December 31, 2014.
- (i) Effective July 1, 2007, the Corporation entered into a Committed Retainer Legal Services Agreement of a certain price, with a one year evaluation stage and the provision for up to a four year extension period, upon mutual agreement of both parties, to June 30, 2012.
- (j) Effective June, 2011, the Corporation entered into a 5 year contract with Telus Corporation for all phone services.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

15. NET ASSETS

The components of the Corporation's net assets of \$149,895 as at August 31, 2011 are described below:

(a) Accumulated Operating Surplus

As at August 31, 2011, the Corporation has an accumulated operating surplus of \$25,282 (2010 - \$34,009) comprised of the following:

(i) Unrestricted Net Assets

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

For the year ended August 31, 2011, the Corporation's operating deficit was \$1,316 (2010 - surplus of \$538), and the Corporation has an unrestricted accumulated operating surplus of \$2,184 (2010 - \$3,500).

(ii) Designated Operating Funds and Operating Reserves

Where certain instructional initiatives are planned or in progress, and consistent with prior years, the Corporation has designated or restricted operating funds for specific purposes. 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>2011</u>	<u>2010</u>
School decentralized budgets	\$ 5,482	\$ 5,054
Instructional and service unit initiatives	2,672	2,500
	<u>\$ 8,154</u>	<u>\$ 7,554</u>

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

	<u>2011</u>	<u>2010</u>
Continuing Education Fee Stabilization (1)	\$ 1,593	\$ 1,313
Unrealized Investment Gains/Losses (2)	3,032	1,750
Utility Expense Stabilization	3,370	4,870
Snow Removal Budget Stabilization	200	200
Administrative Systems Renewal	2,249	5,322
General Instruction	1,000	3,000
Fiscal Stability	2,000	5,000
System Transformation	1,500	1,500
	<u>\$ 14,944</u>	<u>\$ 22,955</u>

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

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

15. NET ASSETS (continued)

(a) Accumulated Operating Surplus (continued)

As at August 31, 2011, the Board of Trustees approved the use of \$3,352 of the Utility Expense Stabilization Fee Reserve, \$200 of the Snow Removal Reserve, \$1,000 of the General Instruction Reserve, \$2,000 of the Fiscal Stability Reserve, \$2,248 of the Administrative Systems Renewal Reserve, and \$1,500 of the System Transformation Reserve to support the 2011/12 Operating Budget. The Board has also approved the use of \$2,500 of School decentralized budgets, \$2,500 of Service Unit Designated Funds, and \$1,000 of Unrestricted Net Assets in support of the 2011/12 Operating Budget. Subsequent to the Board of Trustees' approval of the budget, the Province of Alberta committed additional funds to the CBE. It is expected that these various reserves may not be drawn down in 2011/12 to the same amounts depending on final budget adjustment decisions.

(b) Capital Reserves and Designated Capital Funds

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

	<u>2011</u>	<u>2010</u>
Land, Buildings and Equipment	\$ 8,751	\$ 8,701
School Program Modernization	2,271	2,271
Leased School Buildings	2,000	2,000
Chinook Learning Services Relocation	1,400	1,400
Funds designated for approved capital projects	11,544	5,314
	<u>\$ 25,966</u>	<u>\$ 19,686</u>

These reserves and designated funds are to be applied to finance future capital expenditures in accordance with the specific requirements of each Board resolution. Funds may be committed from these reserves or designated amounts by the Board of Trustees from time to time to permit the completion of approved capital projects. As at August 31, 2011, the Board of Trustees has approved the use of \$11,544 of these funds for certain capital projects leaving \$14,422 uncommitted for future capital projects.

(c) Investment in Capital Assets

Investment in capital assets represents the Corporation's net investment of operating funds that have been used from time to time to purchase building improvements, capital equipment and technology infrastructure to support the general operating activities of the Corporation. As of August 31, 2011, the Corporation has \$98,647 invested in capital assets (2010 - \$101,660).

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

16. RELATED PARTIES

(a) Province of Alberta and economic dependence

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

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

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

2011	Assets (at cost or net realizable value)	Liabilities	Revenues	Expenses
Government of Alberta:				
Education	\$ 16,231	46,332	932,497	2,224
Finance	-	-	1,875	-
Human Resources/ Employment	-	-	338	-
Other Gov't of AB Departments	384	-	-	-
Other:				
Health Authorities	-	47	-	-
Other Alberta school jurisdictions	-	-	7,851	142
Other related parties	-	723	-	15,297
TOTAL 2011	\$ 16,615	47,102	942,561	17,663
TOTAL 2010	\$ 3,054	56,926	928,095	18,285

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

16. RELATED PARTIES (continued)

(b) EducationMatters

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

The Foundation is not consolidated into these financial statements. The resources held by the Foundation are not necessarily limited for use by the Corporation. Selected financial information for the Foundation for the year ended August 31, 2011 is as follows:

	<u>2011</u>	<u>2010</u>
	(unaudited)	(unaudited)
Total assets	\$ 2,930	\$ 2,481
Total liabilities	(13)	(18)
Net assets	<u>\$ 2,917</u>	<u>\$ 2,463</u>
Fund balances held by the Foundation:		
Flow through funds	\$ 598	\$ 342
Endowment funds	1,809	1,495
Operating funds	510	626
	<u>\$ 2,917</u>	<u>\$ 2,463</u>
Revenues (1)	2,032	1,616
Expenses (2)	(1,578)	(1,682)
Excess (deficiency) of revenues over expenses	<u>\$ 454</u>	<u>\$ (66)</u>

(1) Revenues include financial support from the Corporation of \$750 (2010 - \$750).

(2) Expenses paid to the Corporation amount to \$19 (2010 - \$18); approved Grant disbursements to CBE Schools and Programs amount to \$574 (2010 - \$610).

(c) The Urban Schools Insurance Consortium

The Corporation is a member of The Urban Schools Insurance Consortium (USIC), which facilitates the placement of property and liability insurance coverage for thirteen school jurisdictions throughout the Province of Alberta. Amounts are paid by each of the members to the consortium to pay for insurance premiums on policy renewals and to self-insure a portion of each member's risk exposure. The Corporation's share of the accumulated and unencumbered consortium funds as at August 31, 2011 was \$2,442 (2010 - \$2,272). This amount has not been recognized in the Corporation's financial statements, as accumulated consortium funds are payable only upon membership termination or dissolution of the consortium.

(d) Other fundraising groups and associations

Various parent groups, including societies and other associations, solicit donations and undertake fundraising activities to provide operating and capital donations to further the objectives of the Corporation. The financial information of these groups is not consolidated in these financial statements as the Corporation has no control, significant influence or economic interests in any of those entities.

**CALGARY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

(All amounts expressed in thousands of dollars)

17. MANAGEMENT OF CAPITAL

Effective September 1, 2008, the Corporation implemented new capital disclosure requirements per Section 1535 of the CICA Handbook.

In the short term, the Corporation's objectives for managing capital are to safeguard the Corporation's financial ability to continue to deliver education; and in the long-term, the Corporation aims to plan and build financial and sufficient physical capacity to meet future needs for the Corporation's education programs and services.

The Corporation defines its capital as the amounts included in net assets. The Corporation's objective when managing its capital is to safeguard the ability to continue as a going concern so that it can continue to provide an array of educational services to its complex and diverse student population.

In order to facilitate the management of its capital requirements, the Corporation prepares annual capital and operating budgets that are updated as necessary, depending on various factors, including the market valuation of the investments and general industry conditions. The annual budgets are approved by the Board of Trustees.

The majority of the Corporation's operating funds are received from Alberta Education which are generally paid every month. As a result, significantly less working capital is required. The Corporation monitors its working capital and cash flows against its forecasts.

A portion of the capital funding is restricted in that the Corporation is required to receive approval from the Minister of Education for draws against any amount in which the Provincial Department of Education has an interest. In addition, the Corporation has restricted a portion of its short-term cash for specific capital projects and specific lease payment obligations. The Corporation has internal control processes primarily through its Administrative Regulations, to ensure that the restrictions are met prior to the utilization of these resources. The Corporation has been in compliance with these restrictions throughout the year.

The Corporation has leveraged its excess short-term cash balances in support of energy retrofit projects in schools and in support of the Dr. Carl Safran Modernization project through capital leasing arrangements in order to minimize incremental borrowing costs. In addition, in 2009/10 the Corporation, in collaboration with its external investment advisor, invested \$30 million of short-term cash in high quality bonds of varying duration to enhance its investment income stream. However, during 2010/11, the Corporation disposed of \$14.5 million of those securities in support of cash flow requirements for the year.

The Corporation sets the amount of internally restricted funds in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

18. COMPARATIVE FIGURES

Certain 2010 amounts have been reclassified where necessary to conform to the current year's presentation.

**CALGARY BOARD OF EDUCATION
DETAILED SCHEDULE OF REVENUE
FOR THE YEAR ENDED AUGUST 31, 2011**

Schedule I

	Budget (unaudited)		Actual	
	2011		2011	2010
	(in thousands)		(in thousands)	
Alberta Education grants				
Base provincial instruction grants				
Kindergarten	\$ 28,322		\$ 28,182	\$ 21,704
Instruction - Elementary	302,710		302,534	256,854
Instruction - Junior High	135,163		134,862	133,906
Instruction - Senior High	183,072		182,465	177,497
Alberta Education clawback	-		-	(1,122)
Total Base provincial instruction grants	\$ 649,267		\$ 648,043	\$ 588,839
Differential cost funding				
Operations and maintenance - Regular	79,698		79,698	79,276
Special education programs (Gr 1 - 12)	51,501		51,531	51,531
English as a second language	29,923		29,265	28,715
Transportation - Regular	28,135		28,193	29,315
Socioeconomic status	9,677		9,759	9,753
Kindergarten - Special Education (PUF and M&M)	8,191		8,220	6,371
Relative cost of purchasing goods and services adj (RCPA)	8,405		7,931	7,779
First Nations, Metis and Inuit education	3,660		3,760	3,425
Operations and maintenance - RCPA	3,288		3,288	3,270
Other differential cost funding	3,231		2,153	2,733
Small Schools by Necessity	2,192		1,930	2,050
Transportation - RCPA	727		729	741
Total Differential cost funding grants	\$ 228,628		\$ 226,457	\$ 224,959
Provincial priority targeted grants	\$ 20,141		\$ 20,788	\$ 66,615
Other provincial education grants				
Infrastructure Maintenance Renewal (IMR)	18,248		23,059	15,506
Other programs	16,010		13,753	21,564
Total Other provincial education grants	\$ 34,258		\$ 36,812	\$ 37,070
Capital support				
Supported school building amortization	23,663		23,751	18,540
Debenture interest for school projects	1,875		1,875	2,368
Total Capital support	\$ 25,538		\$ 25,626	\$ 20,908
Total Alberta Education grants	\$ 957,832		\$ 957,726	\$ 938,391
Other provincial revenue	\$ 2,431		\$ 1,852	\$ 1,216
Federal grants and education agreements	\$ 2,973		\$ 3,702	\$ 2,938
School generated funds	\$ 35,375		\$ 33,590	\$ 37,651
Other revenue				
Individuals and organizations	20,998		23,626	22,549
Rentals	7,629		7,710	8,035
Instructional supply and material fees	7,159		7,493	7,201
Transportation fees	6,319		6,062	5,562
Investment income	2,800		3,996	2,249
School authorities and local governments	2,356		2,449	2,359
Unrealized gain on investment	-		1,283	1,750
Gain on disposal of assets	-		49	174
Total Other revenue	\$ 47,261		\$ 52,668	\$ 49,879
Total revenue	\$ 1,045,872		\$ 1,049,538	\$ 1,030,075

**CALGARY BOARD OF EDUCATION
DETAILED SCHEDULE OF EXPENSE
FOR THE YEAR ENDED AUGUST 31, 2011**

Schedule II

	Budget	Actual	
	(unaudited)		
	2011	2011	2010
	(in thousands)	(in thousands)	
Salaries and benefits			
Certificated regular	\$ 569,503	\$ 564,844	\$ 559,785
Certificated temporary	20,749	23,344	22,054
Non-certificated regular	211,081	200,366	187,217
Non-certificated temporary	8,029	12,673	12,668
Total salaries and benefits	\$ 809,362	\$ 801,227	\$ 781,724
Services purchased			
Transportation	34,373	35,529	36,201
Professional and technical	23,529	28,752	26,057
Maintenance and repair	23,648	26,361	19,183
Utilities	24,637	22,636	23,309
Equipment and facility rentals	3,368	8,060	3,335
Insurance premiums and losses	2,858	2,919	2,571
Dues and fees	1,939	1,564	1,621
Travel and subsistence	1,546	1,439	1,461
Transfer payments to other jurisdictions	1,201	1,379	1,337
Other	2,054	771	817
Total Services purchased	\$ 119,153	\$ 129,410	\$ 115,892
Supplies and materials			
Supplies	28,941	27,769	28,911
Minor equipment	16,952	14,829	16,615
Textbooks and media materials	3,391	3,026	3,407
Total Supplies and materials	\$ 49,284	\$ 45,624	\$ 48,933
School funded activities	\$ 35,375	\$ 33,590	\$ 37,651
Interest			
Interest on long-term liabilities	1,875	1,875	2,368
Bank and other interest	4,218	1,383	574
Total Interest	\$ 6,093	\$ 3,258	\$ 2,942
Amortization of capital assets	42,988	41,889	34,296
Total expense	\$ 1,062,255	\$ 1,054,998	\$ 1,021,438

Calgary Board of Education

Statistical Information

(Unaudited)

Year Ended
August 31, 2011



Calgary Board
of Education

**CALGARY BOARD OF EDUCATION
REVENUE BY SOURCE
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Provincial revenue		Other revenue		School generated funds		Total revenue
		%		%		%	
2002	\$609,497	92.3%	\$43,007	6.5%	\$7,862	1.2%	\$660,366
2003	\$654,685	92.8%	\$43,844	6.2%	\$6,952	1.0%	\$705,481
2004	\$668,121	92.7%	\$46,240	6.4%	\$6,723	0.9%	\$721,084
2005	\$713,016	93.0%	\$44,909	5.8%	\$9,104	1.2%	\$767,029
2006	\$754,293	93.0%	\$49,676	6.1%	\$6,933	0.9%	\$810,902
2007	\$796,996	91.9%	\$62,685	7.2%	\$7,444	0.9%	\$867,125
2008	\$861,772	91.9%	\$68,428	7.3%	\$7,528	0.8%	\$937,728
2009	\$890,363	90.9%	\$53,198	5.4%	\$36,306	3.7%	\$979,867
2010	\$939,607	91.2%	\$52,817	5.1%	\$37,651	3.7%	\$1,030,075
2011	\$959,578	91.4%	\$56,370	5.4%	\$33,590	3.2%	\$1,049,538

Notes:

- (1) The provincial revenue column reflects all provincial revenues including property tax revenues which are collected and distributed by the Province.
- (2) Certain school generated funds expenses of prior years have been reclassified to conform with the presentation applied in 2000 and subsequent years.
- (3) In 2009, the Calgary Board of Education adopted Canadian Institution of Chartered Accountants (CICA) Handbook Section 4400 "Financial Statement presentation by not-for profit organizations" such that revenues and expenses should be recognized and presented at their gross amounts when an organization is acting as a principal in transactions.

**CALGARY BOARD OF EDUCATION
EXPENSE BY OBJECT
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Salaries and benefits	Services purchased	Supplies and materials	Interest	Amortization	School funded activities	Total expenses
2002	\$514,838 79.5%	\$63,943 9.9%	\$32,500 5.0%	\$9,779 1.5%	\$18,847 2.9%	\$7,862 1.2%	\$647,769 100.0%
2003	\$546,791 79.3%	\$73,240 10.6%	\$33,690 4.9%	\$8,512 1.3%	\$20,178 2.9%	\$6,952 1.0%	\$689,363 100.0%
2004	\$556,750 79.6%	\$75,674 10.8%	\$32,767 4.7%	\$7,501 1.0%	\$20,192 2.9%	\$6,723 1.0%	\$699,607 100.0%
2005	\$592,365 79.0%	\$81,723 10.9%	\$38,499 5.2%	\$6,589 0.9%	\$21,218 2.8%	\$9,104 1.2%	\$749,498 100.0%
2006	\$621,591 78.3%	\$96,697 12.2%	\$40,583 5.1%	\$5,672 0.7%	\$22,178 2.8%	\$6,933 0.9%	\$793,654 100.0%
2007	\$650,262 76.8%	\$109,999 13.0%	\$48,771 5.7%	\$4,821 0.6%	\$25,395 3.0%	\$7,444 0.9%	\$846,692 100.0%
2008	\$699,537 77.2%	\$121,355 13.4%	\$47,207 5.2%	\$3,930 0.4%	\$26,886 3.0%	\$7,528 0.8%	\$906,443 100.0%
2009	\$740,295 75.4%	\$119,891 12.2%	\$49,898 5.1%	\$3,254 0.3%	\$32,288 3.3%	\$36,306 3.7%	\$981,932 100.0%
2010	\$781,724 76.5%	\$115,892 11.3%	\$48,933 4.8%	\$2,942 0.3%	\$34,296 3.4%	\$37,651 3.7%	\$1,021,438 100.0%
2011	\$801,227 75.9%	\$129,410 12.3%	\$45,624 4.3%	\$3,258 0.3%	\$41,889 4.0%	\$33,590 3.2%	\$1,054,998 100.0%

Notes:

- (1) Certain school generated funds expenses of prior years have been reclassified to conform with the presentation applied in 2000 and
- (2) In 2009, the Calgary Board of Education adopted Canadian Institution of Chartered Accountants (CICA) Handbook Section 4400 "Financial Statement presentation by not-for profit organizations" such that revenues and expenses should be recognized and presented at their gross amounts when an organization is acting as a principal in transactions.

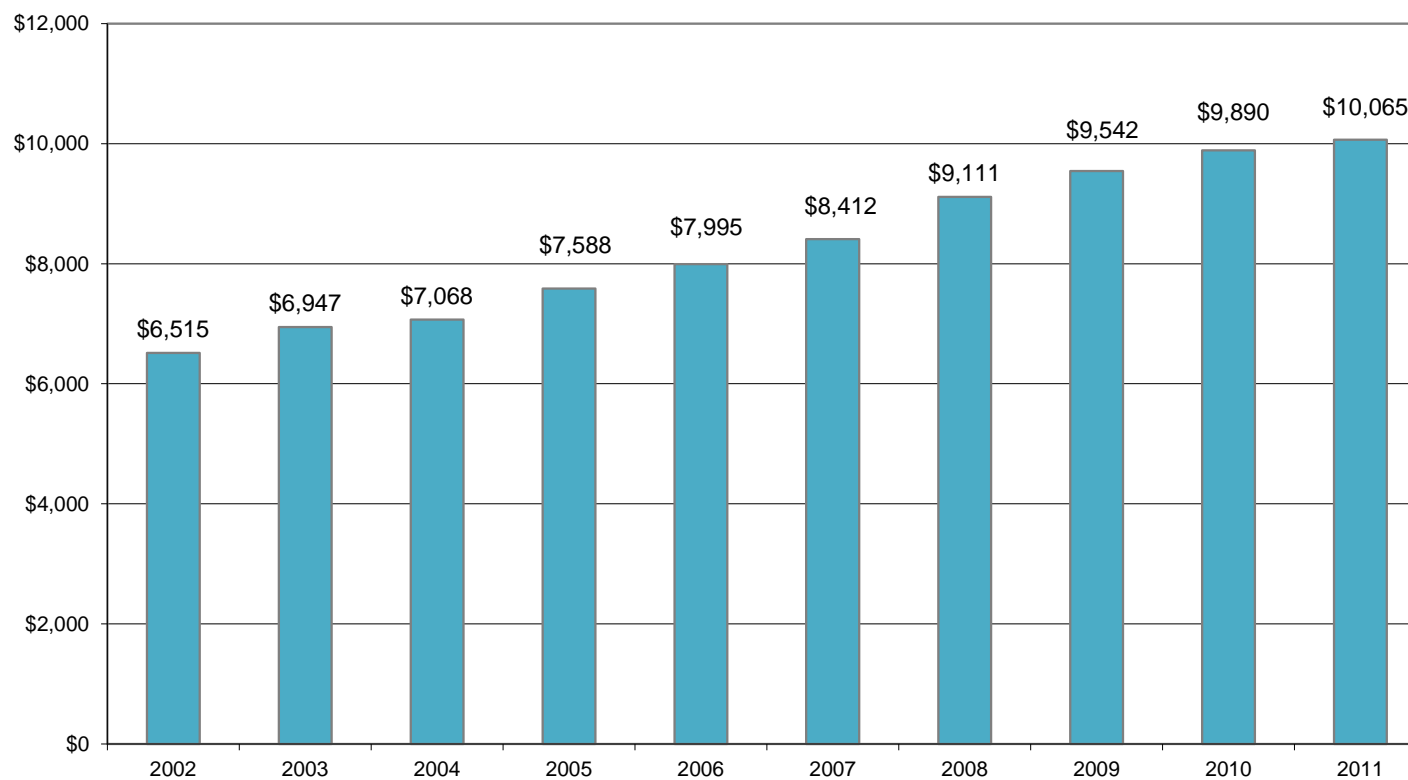
**CALGARY BOARD OF EDUCATION
SUMMARY OF ENROLMENTS
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
KINDERGARTEN	6,196	6,241	6,361	6,140	6,223	6,487	6,574	7,060	7,201	7,490
ELEMENTARY										
Grade 1	6,441	6,217	6,049	6,394	6,347	6,650	6,311	6,661	6,989	7,155
Grade 2	6,286	6,212	5,827	6,112	6,388	6,389	6,372	6,334	6,551	6,943
Grade 3	5,900	6,009	5,853	5,953	6,005	6,424	6,154	6,272	6,074	6,415
Grade 4	5,881	5,595	5,600	5,747	5,654	5,882	6,016	5,736	5,893	5,847
Grade 5	5,964	5,841	5,484	5,736	5,671	5,776	5,825	5,843	5,612	5,892
Grade 6	6,160	5,926	5,702	5,625	5,616	5,867	5,743	5,647	5,711	5,726
Special Education (Gr 1 - 6)	5,782	5,700	6,657	5,342	5,789	5,352	5,274	5,676	5,833	5,054
Total Elementary	42,414	41,500	41,172	40,909	41,470	42,340	41,695	42,169	42,663	43,032
JUNIOR HIGH										
Grade 7	6,300	6,255	6,015	6,037	5,752	5,938	6,127	5,730	5,733	5,974
Grade 8	6,442	6,342	6,306	6,213	5,971	6,019	6,098	6,018	5,763	5,931
Grade 9	6,379	6,422	6,485	6,458	6,169	6,226	6,212	6,005	6,131	6,123
Special Education (Gr 7 - 9)	3,889	4,275	4,402	4,100	4,542	4,403	3,966	4,624	4,669	3,819
Total Junior High	23,010	23,294	23,208	22,808	22,434	22,586	22,403	22,377	22,296	21,847
SENIOR HIGH										
Grade 10	7,175	7,137	6,992	7,741	7,727	7,610	7,068	6,879	6,793	7,120
Grade 11	7,670	8,051	7,675	8,094	7,693	8,181	7,284	7,215	7,194	7,361
Grade 12	10,082	10,320	9,833	10,082	10,538	10,486	10,462	9,949	10,434	11,761
Special Education (Gr 10 - 12)	2,840	3,030	4,256	3,147	3,814	3,783	5,018	5,616	5,431	5,058
Total Senior High	27,767	28,538	28,756	29,064	29,772	30,060	29,832	29,659	29,852	31,300
TOTAL ENROLMENT	99,387	99,573	99,497	98,921	99,899	101,473	100,504	101,265	102,012	103,669

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

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

**CALGARY BOARD OF EDUCATION
PER PUPIL COST STATISTICS
LAST TEN YEARS
(UNAUDITED)**



Note: In order to provide comparable information, the calculation of per pupil costs excludes expenses from both school funded activities, given the discretionary nature of these activities, and costs relating to adult students. Kindergarten children are counted as 0.5 FTE in the calculation.

**CALGARY BOARD OF EDUCATION
 DEMOGRAPHIC AND MISCELLANEOUS INFORMATION
 AUGUST 31, 2011
 (UNAUDITED)**

GEOGRAPHIC AREA - City of Calgary:	848 Square Kilometres
POPULATION - April 2011 Census:	1,090,936
NUMBER OF SCHOOLS:*	
Elementary	133
Elementary/Junior High/Middle	27
Junior High	23
Junior/Senior High	7
Elementary/Junior High/Senior High (Home Education)	1
Senior High	17
Unique Settings and Unique Special Education Settings	11
Outreach Programs	4
TOTAL SCHOOLS	223
*The term school is defined as an instructional setting assigned a unique school code by Alberta Education.	
NUMBER OF BUDGETED EMPLOYEES:	
Certificated K Staff	245
Certificated 1 - 6 Staff	2,396
Certificated 7 - 9 Staff	1,479
Certificated 10 - 12 Staff	1,601
Other Certificated Staff (including secondments and professional improvement leaves)	213
Caretaking Staff	535
Other School Uncertificated Staff	1,810
Other Uncertificated Staff	825
TOTAL STAFF (in full-time equivalents)	9,104

Sources: (1) City of Calgary 2011 Civic Census
 (2) Community Engagement and Operational Planning, September 2011
 (3) Approved 2010/11 Operating Budget.

**CALGARY BOARD OF EDUCATION
SELECTED DEFINITIONS OF FINANCIAL TERMINOLOGY
AUGUST 31, 2011**

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

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 netted against the amount of recorded school generated funds revenue.

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.

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.

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.

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

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

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

Total net assets 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 net assets is comprised of the following:

Unrestricted operating surplus represents the aggregation of successive years' annual unrestricted excesses and deficiencies of revenue over expense.

**CALGARY BOARD OF EDUCATION
SELECTED DEFINITIONS OF FINANCIAL TERMINOLOGY
AUGUST 31, 2011**

Designated funds are internally restricted operating funds which have been designated by the Board of Trustees for specific purposes. These funds generally fall within two categories:

1. School decentralized budgets carried forward represent the unspent balances of schools' decentralized budget allocations. This practice is followed in recognition of schools' needs to provide from these allocations, for many non-consumable resources (such as textbooks, photocopiers, technology and other instructional materials) which are not incurred in equal annual amounts.
2. Specific Board of Trustee designation for projects which occur over more than one school year or budget allotments which relate to a future school year.

Operating reserves are established by Provincial regulation or authorization of the Board of Trustees and may represent funds available for future operating expenses.

Accumulated operating surplus represents the aggregate of the Corporation's balances of unrestricted operating surplus, designated funds, and operating reserves.

Capital reserves are established by authorization of the Board of Trustees and are intended to be applied to finance future capital projects.

Investment in capital assets represents the Corporation's net investment of operating funds which have been used from time to time to purchase building improvements, capital equipment and technologies to support the general operating activities of the Corporation.

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

Prepared by

Corporate Planning & Reporting
Corporate Finance



**Calgary Board
of Education**

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