

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2015**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Foothills School Division No. 38**

Legal Name of School Jurisdiction

**P.O. Box 5700 High River AB T1V 1M7**

Mailing Address

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Telephone & Fax Numbers, and Email Address

**SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Foothills School Division No. 38 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with Canadian Public Sector Accounting Standards and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

**Board of Trustees Responsibility**

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

**External Auditors**

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

**Declaration of Management and Board Chair**

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position, results of operations and cash flows for the year in accordance with Canadian Public Sector Accounting Standards.

**BOARD CHAIR**

Christine Pretty

Name

  
Signature

**SUPERINTENDENT**

John Bailey

Name

  
Signature

**SECRETARY-TREASURER OR TREASURER**

Andrew F. Chipman

Name

  
Signature

December 2, 2015

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch  
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# Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Foothills School Division No. 38

We have audited the accompanying financial statements of Foothills School Division No. 38, which comprise the statement of financial position as at August 31, 2015, the statements of operations, change in net debt, remeasurement gains and losses, and cash flows for the year then ended, and 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 the auditor's 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, the auditor considers 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 in our audit 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 Foothills School Division No. 38 as at August 31, 2015, and the results of its operations, changes in its net debt, remeasurement gains and losses, and its cash flows for the year ended August 31, 2015 in accordance with Canadian public sector accounting standards.

*Young Parkyn McNab LLP*

Lethbridge, Alberta  
December 2, 2015

Chartered Accountants

**STATEMENT OF FINANCIAL POSITION**  
As at August 31, 2015 (In dollars)

		2015	2014
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	(Note 3)	\$ 18,431,285	\$ 8,045,426
Accounts receivable (net after allowances)	(Note 4)	\$ 4,463,772	\$ 5,000,461
Portfolio investments	(Note 5)	\$ 8,255,848	\$ 10,254,731
Other financial assets		\$ -	\$ -
<b>Total financial assets</b>		\$ 31,150,905	\$ 23,300,618
<b>LIABILITIES</b>			
Bank indebtedness		\$ -	\$ -
Accounts payable and accrued liabilities	(Note 6)	\$ 1,455,851	\$ 1,522,812
Deferred revenue	(Note 7)	\$ 71,645,707	\$ 66,151,625
Employee future benefit liabilities	(Note 8)	\$ 176,200	\$ 168,300
Liability for contaminated sites		\$ -	\$ -
Other liabilities		\$ -	\$ -
Debt	(Note 9)		
Supported: Debentures and other supported debt		\$ 616,840	\$ 801,640
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases	(Note 9)	\$ 122,206	\$ 188,941
<b>Total liabilities</b>		\$ 74,016,804	\$ 68,833,318
<b>Net financial assets (debt)</b>		\$ (42,865,899)	\$ (45,532,700)
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets	(Note 10)		
Land		\$ 1,643,103	\$ 1,643,103
Construction in progress		\$ 1,456,910	\$ 248,715
Buildings		\$ 129,675,577	
Less: Accumulated amortization		\$ (68,645,991)	\$ 61,029,586
Equipment		\$ 1,339,505	
Less: Accumulated amortization		\$ (920,774)	\$ 418,731
Vehicles		\$ 7,627,528	
Less: Accumulated amortization		\$ (5,476,175)	\$ 2,151,353
Computer Equipment		\$ 2,018,416	
Less: Accumulated amortization		\$ (1,333,411)	\$ 685,005
<b>Total tangible capital assets</b>		\$ 67,384,688	\$ 70,285,360
Prepaid expenses		\$ 366,612	\$ 351,994
Other non-financial assets		\$ -	\$ -
<b>Total non-financial assets</b>		\$ 67,751,300	\$ 70,637,354
<b>Accumulated surplus</b>	(Note 11)	\$ 24,885,400	\$ 25,104,653
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 24,885,400	\$ 25,104,653
Accumulated remeasurement gains (losses)		\$ -	\$ -
		\$ 24,885,400	\$ 25,104,653
<b>Contractual obligations</b>	(Note 12)		
<b>Contingent liabilities</b>			

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

**STATEMENT OF OPERATIONS**  
For the Year Ended August 31, 2015 (In dollars)

	Budget 2015 (Restated)	Actual 2015	Actual 2014 (Restated)
<b>REVENUES</b>			
Alberta Education	\$ 82,274,876	\$ 82,829,172	\$ 81,893,879
Other - Government of Alberta	\$ -	\$ 463,403	\$ 1,284,187
Federal Government and First Nations	\$ 230,000	\$ 469,238	\$ 336,008
Other Alberta school authorities	\$ -	\$ -	\$ -
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees	\$ 2,916,528	\$ 3,065,372	\$ 2,998,771
Other sales and services	\$ 107,970	\$ 133,039	\$ 143,446
Investment income	\$ 170,000	\$ 313,314	\$ 281,996
Gifts and donations	\$ 349,800	\$ 266,118	\$ 348,510
Rental of facilities	\$ 53,000	\$ 67,720	\$ 143,126
Fundraising	\$ 866,250	\$ 703,921	\$ 827,533
Gains on disposal of capital assets	\$ -	\$ 4,724	\$ 8,105
Other revenue (Note 14)	\$ -	\$ 7,217,474	\$ 9,392,017
<b>Total revenues</b>	\$ <b>86,968,424</b>	\$ <b>95,533,495</b>	\$ <b>97,657,578</b>
<b>EXPENSES</b>			
Instruction - ECS	\$ 2,800,000	\$ 2,792,641	\$ 3,028,290
Instruction - Grades 1 - 12	\$ 66,717,404	\$ 69,844,254	\$ 68,626,179
Plant operations and maintenance	\$ 11,528,779	\$ 14,869,881	\$ 15,406,494
Transportation	\$ 4,063,731	\$ 4,040,364	\$ 4,203,778
Board & system administration	\$ 2,820,545	\$ 4,205,608	\$ 4,866,989
External services	\$ -	\$ -	\$ -
<b>Total expenses</b>	\$ <b>87,930,459</b>	\$ <b>95,752,748</b>	\$ <b>96,131,710</b>
<b>Operating surplus (deficit)</b>	\$ <b>(962,035)</b>	\$ <b>(219,253)</b>	\$ <b>1,525,868</b>

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

**STATEMENT OF CASH FLOWS**  
For the Year Ended August 31, 2015 (in dollars)

	2015	2014 (Restated)
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATING TRANSACTIONS</b>		
Operating surplus (deficit)	\$ (219,253)	\$ 1,525,888
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 4,235,227	\$ 4,315,012
Gains on disposal of tangible capital assets	\$ (4,724)	\$ (8,105)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (3,174,415)	\$ (3,177,705)
Deferred capital revenue write-off	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 536,689	\$ (1,974,839)
Prepays	\$ (14,618)	\$ (103,433)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ -	\$ -
Accounts payable, accrued and other liabilities	\$ (66,961)	\$ 84,653
Deferred revenue (excluding EDCR)	\$ 8,668,497	\$ 545,275
Employee future benefit liabilities	\$ 7,900	\$ (121,100)
Other (describe) Capital contributions	\$ (5,068,330)	\$ (1,064,257)
<b>Total cash flows from operating transactions</b>	<b>\$ 4,900,012</b>	<b>\$ 21,369</b>
<b>B. CAPITAL TRANSACTIONS</b>		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (1,208,195)	\$ (1,062,331)
Equipment	\$ -	\$ (181,625)
Vehicles	\$ -	\$ (599,246)
Computer equipment	\$ (126,360)	\$ -
Net proceeds from disposal of unsupported capital assets	\$ 4,724	\$ 8,105
Other (describe)	\$ -	\$ -
<b>Total cash flows from capital transactions</b>	<b>\$ (1,329,831)</b>	<b>\$ (1,835,097)</b>
<b>C. INVESTING TRANSACTIONS</b>		
Purchases of portfolio investments	\$ (1,117)	\$ (2,438,507)
Dispositions of portfolio investments	\$ 2,000,000	\$ -
Remeasurement gains (losses) reclassified to the statement of operations	\$ -	\$ -
Change in endowments	\$ -	\$ -
Other (describe)	\$ -	\$ -
<b>Total cash flows from investing transactions</b>	<b>\$ 1,998,883</b>	<b>\$ (2,438,507)</b>
<b>D. FINANCING TRANSACTIONS</b>		
Issue of debt	\$ -	\$ -
Repayment of debt	\$ (184,800)	\$ (184,800)
Other factors affecting debt (describe)	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -
Repayment of capital leases	\$ (66,735)	\$ (72,453)
Other factors affecting capital leases (describe)	\$ -	\$ -
Other (describe) capital contributions	\$ 5,068,330	\$ 1,064,257
<b>Total cash flows from financing transactions</b>	<b>\$ 4,816,795</b>	<b>\$ 807,004</b>
Increase (decrease) in cash and cash equivalents	\$ 10,385,859	\$ (3,445,231)
Cash and cash equivalents, at beginning of year	\$ 8,045,426	\$ 11,490,657
Cash and cash equivalents, at end of year	\$ 18,431,285	\$ 8,045,426

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

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)**  
 For the Year Ended August 31, 2015 (in dollars)

	2015	2014
<u>Operating surplus (deficit)</u>	\$ (219,253)	\$ 1,525,868
<u>Effect of changes in tangible capital assets</u>		
<u>Acquisition of tangible capital assets</u>	\$ (1,334,555)	\$ (1,843,202)
<u>Amortization of tangible capital assets</u>	\$ 4,235,227	\$ 4,315,012
<u>Net carrying value of tangible capital assets disposed of</u>	\$ -	\$ -
<u>Write-down carrying value of tangible capital assets</u>	\$ -	\$ -
<u>Other changes</u>	\$ -	\$ -
<u>Total effect of changes in tangible capital assets</u>	\$ 2,900,672	\$ 2,471,810
<u>Changes in:</u>		
<u>Prepaid expenses</u>	\$ (14,618)	\$ (103,433)
<u>Other non-financial assets</u>	\$ -	\$ -
<u>Net remeasurement gains and (losses)</u>	\$ -	\$ -
<u>Endowments</u>	\$ -	\$ -
<u>Increase (decrease) in net financial assets (net debt)</u>	\$ 2,666,801	\$ 3,894,245
<u>Net financial assets (net debt) at beginning of year</u>	\$ (45,532,700)	\$ (49,426,945)
<u>Net financial assets (net debt) at end of year</u>	\$ (42,865,899)	\$ (45,532,700)

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

**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**For the Year Ended August 31, 2015 (In dollars)**

	2015	2014
<b>Accumulated remeasurement gains (losses) at beginning of year</b>	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio Investments	\$ -	\$ -
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio Investments	\$ -	\$ -
Other	\$ -	\$ -
<b>Net remeasurement gains (losses) for the year</b>	\$ -	\$ -
<b>Accumulated remeasurement gains (losses) at end of year</b>	\$ -	\$ -

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



**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2015 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2014	\$ 25,104,653	\$ -	\$ 25,104,653	\$ 6,753,072	\$ 213,371	\$ -	\$ 11,778,720	\$ 6,359,490
Prior period adjustments:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2014	\$ 25,104,653	\$ -	\$ 25,104,653	\$ 6,753,072	\$ 213,371	\$ -	\$ 11,778,720	\$ 6,359,490
Operating surplus (deficit)	\$ (219,253)		\$ (219,253)			\$ (219,253)		
Board funded tangible capital asset additions				\$ 126,360		\$ -	\$ -	\$ (126,360)
Disposal of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ -		\$ -		\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported	\$ -		\$ -	\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -
Endowment expenses & disbursements	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Endowment contributions	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Investment income & realized capital gains on endowments	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Direct credits to accumulated surplus	\$ -		\$ -	\$ -	\$ -	\$ -		\$ -
Amortization of tangible capital assets	\$ -		\$ -	\$ (4,235,227)		\$ 4,235,227		\$ -
Capital revenue recognized	\$ -		\$ -	\$ 3,174,415		\$ (3,174,415)		\$ -
Debt principal repayments (unsupported)	\$ -		\$ -	\$ 66,735		\$ (66,735)		\$ -
Additional capital debt or capital leases	\$ -		\$ -	\$ -		\$ -		\$ -
Net transfers to operating reserves	\$ -		\$ -	\$ -		\$ (149,824)	\$ 149,824	\$ -
Net transfers from operating reserves	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -
Net transfers to capital reserves	\$ -		\$ -	\$ -		\$ (625,000)		\$ 625,000
Net transfers from capital reserves	\$ -		\$ -	\$ -		\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Other Changes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2015	\$ 24,885,400	\$ -	\$ 24,885,400	\$ 5,865,355	\$ 213,371	\$ -	\$ 11,928,544	\$ 6,858,130

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2015 (in dollars)

	INTERNALLY RESTRICTED RESERVES BY PROGRAM											
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services			
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2014</b>	\$ 8,288,633	\$ 3,498,703	\$ 515,632	\$ 1,638,290	\$ 2,290,211	\$ 882,970	\$ 684,244	\$ 338,527	\$ -	\$ -	\$ -	\$ -
<b>Prior period adjustments:</b>												
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Adjusted Balance, August 31, 2014</b>	\$ 8,288,633	\$ 3,498,703	\$ 515,632	\$ 1,638,290	\$ 2,290,211	\$ 882,970	\$ 684,244	\$ 338,527	\$ -	\$ -	\$ -	\$ -
Operating surplus (deficit)												
Board funded tangible capital asset additions	\$ -	\$ (126,360)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets or board funded portion of supported		\$ -		\$ -		\$ -		\$ -			\$ -	\$ -
Write-down of unsupported tangible capital assets or board funded portion of supported		\$ -		\$ -		\$ -		\$ -			\$ -	\$ -
Net remeasurement gains (losses) for the year												
Endowment expenses & disbursements												
Endowment contributions												
Investment income & realized capital gains on endowments												
Direct credits to accumulated surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets												
Capital revenue recognized												
Debt principal repayments (unsupported)												
Additional capital debt or capital leases												
Net transfers to operating reserves	\$ -	\$ -	\$ -	\$ -	\$ 149,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers from operating reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net transfers to capital reserves		\$ -		\$ 225,000		\$ -		\$ 400,000				\$ -
Net transfers from capital reserves		\$ -		\$ -		\$ -		\$ -				\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Other Changes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance at August 31, 2015</b>	\$ 8,288,633	\$ 3,372,343	\$ 515,632	\$ 1,864,290	\$ 2,440,035	\$ 882,970	\$ 684,244	\$ 738,527	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF CAPITAL REVENUE  
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)  
for the Year Ended August 31, 2015 (In dollars)**

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
Balance at August 31, 2014	\$ -	\$ -	\$ -	\$ -	\$ 63,343,348
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted balance, August 31, 2014	\$ -	\$ -	\$ -	\$ -	\$ 63,343,348
<b>Add:</b>					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ 4,743,620				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources: (Describe)	\$ -			\$ -	
Other sources (Describe):	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ -				
Other sources: (Describe)	\$ -			\$ -	
Other sources: (Describe)	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ 43,670	\$ -	\$ -	\$ -	
Other unexpended capital revenue: (Describe)				\$ -	
Net proceeds on disposal of supported tangible capital assets			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets (Explain):					\$ -
Alberta Schools Alternative Program (ASAP), Building Alberta School Construction Program, (BASCP) and other Alberta Infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (1,208,194)	\$ -	\$ -	\$ -	\$ 1,208,194
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments (Explain):	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Deduct:</b>					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments (Explain):		\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 3,174,415
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2015	\$ 3,579,096	\$ -	\$ -	\$ -	\$ 61,377,127
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2015 (A) + (B) + (C) + (D)				\$ 3,579,096	

**Unexpended Deferred Capital Revenue**

(A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only.

(B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.

(C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.

(D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

SCHEDULE OF PROGRAM OPERATIONS  
for the Year Ended August 31, 2015 (in dollars)

	2015						2014	
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
(1) Alberta Education	\$ 3,863,505	\$ 61,486,514	\$ 11,084,449	\$ 3,811,894	\$ 2,582,810	\$ -	\$ 82,829,172	\$ 81,893,879
(2) Other - Government of Alberta	\$ -	\$ 378,276	\$ 70,920	\$ -	\$ 14,207	\$ -	\$ 463,403	\$ 1,284,187
(3) Federal Government and First Nations	\$ -	\$ 452,562	\$ -	\$ -	\$ 16,676	\$ -	\$ 469,238	\$ 336,008
(4) Other Alberta school authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ -	\$ 3,029,381	\$ -	\$ 35,991	\$ -	\$ -	\$ 3,065,372	\$ 2,998,771
(9) Other sales and services	\$ -	\$ 117,563	\$ -	\$ -	\$ 15,476	\$ -	\$ 133,039	\$ 143,446
(10) Investment income	\$ -	\$ 63,314	\$ 200,000	\$ 25,000	\$ 25,000	\$ -	\$ 313,314	\$ 281,996
(11) Gifts and donations	\$ -	\$ 263,296	\$ -	\$ -	\$ 2,822	\$ -	\$ 266,118	\$ 348,510
(12) Rental of facilities	\$ -	\$ 43,292	\$ 24,428	\$ -	\$ -	\$ -	\$ 67,720	\$ 143,126
(13) Fundraising	\$ -	\$ 703,921	\$ -	\$ -	\$ -	\$ -	\$ 703,921	\$ 827,533
(14) Gains on disposal of tangible capital assets	\$ -	\$ 4,535	\$ -	\$ -	\$ 189	\$ -	\$ 4,724	\$ 8,105
(15) Other revenue	\$ 248,229	\$ 2,817,109	\$ 2,131,618	\$ 307,467	\$ 1,713,051	\$ -	\$ 7,217,474	\$ 9,392,017
(16) TOTAL REVENUES	\$ 4,111,734	\$ 69,359,763	\$ 13,511,415	\$ 4,180,352	\$ 4,370,231	\$ -	\$ 95,533,495	\$ 97,657,578
<b>EXPENSES</b>								
(17) Certificated salaries	\$ 1,217,919	\$ 40,408,189	\$ -	\$ -	\$ 67,175	\$ -	\$ 42,297,283	\$ 40,770,541
(18) Certificated benefits	\$ 141,152	\$ 9,512,842	\$ -	\$ -	\$ 51,397	\$ -	\$ 9,705,391	\$ 9,248,776
(19) Non-certificated salaries and wages	\$ 777,577	\$ 6,362,998	\$ 880,590	\$ 2,033,541	\$ 1,012,977	\$ -	\$ 11,067,683	\$ 10,925,955
(20) Non-certificated benefits	\$ 148,264	\$ 2,278,362	\$ 206,473	\$ 551,991	\$ 395,894	\$ -	\$ 3,490,984	\$ 3,230,781
(21) SUB - TOTAL	\$ 2,284,912	\$ 58,562,391	\$ 1,087,063	\$ 2,585,532	\$ 2,041,443	\$ -	\$ 66,561,341	\$ 64,176,053
(22) Services, contracts and supplies	\$ 507,729	\$ 10,767,296	\$ 10,366,388	\$ 1,064,574	\$ 2,132,863	\$ -	\$ 24,858,850	\$ 27,526,674
(23) Amortization of supported tangible capital assets	\$ -	\$ -	\$ 3,174,415	\$ -	\$ -	\$ -	\$ 3,174,415	\$ 3,177,705
(24) Amortization of unsupported tangible capital assets	\$ -	\$ 488,157	\$ 151,095	\$ 390,256	\$ 31,302	\$ -	\$ 1,060,812	\$ 1,137,307
(25) Supported interest on capital debt	\$ -	\$ -	\$ 70,920	\$ -	\$ -	\$ -	\$ 70,920	\$ 87,239
(26) Unsupported interest on capital debt	\$ -	\$ 4,568	\$ -	\$ -	\$ -	\$ -	\$ 4,568	\$ 7,881
(27) Other interest and finance charges	\$ -	\$ 21,842	\$ -	\$ -	\$ -	\$ -	\$ 21,842	\$ 18,851
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) TOTAL EXPENSES	\$ 2,792,641	\$ 69,844,254	\$ 14,869,861	\$ 4,040,364	\$ 4,205,608	\$ -	\$ 95,752,748	\$ 96,131,710
(31) OPERATING SURPLUS (DEFICIT)	\$ 1,319,093	\$ (484,491)	\$ (1,358,466)	\$ 139,988	\$ 164,623	\$ -	\$ (219,253)	\$ 1,525,868

**SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES**  
for the Year Ended August 31, 2015 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	2015 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ -	\$ 601,318	\$ -	\$ 33,885	\$ 245,387		\$ 880,590		\$ 880,590
Uncertificated benefits	\$ -	\$ 140,784	\$ -	\$ 2,338	\$ 63,351		\$ 206,473		\$ 206,473
Sub-total Remuneration	\$ -	\$ 742,102	\$ -	\$ 36,223	\$ 308,738		\$ 1,087,063		\$ 1,087,063
Supplies and services	\$ 2,799,416	\$ 3,321,438	\$ 131,746	\$ 2,487,720	\$ 7,500		\$ 8,747,820		\$ 8,747,820
Electricity			\$ 735,326				\$ 735,326		\$ 735,326
Natural gas/heating fuel			\$ 400,577				\$ 400,577		\$ 400,577
Sewer and water			\$ 194,226				\$ 194,226		\$ 194,226
Telecommunications			\$ 13,977				\$ 13,977		\$ 13,977
Insurance					\$ 294,462		\$ 294,462		\$ 294,462
ASAP maintenance & renewal payments									\$ -
Amortization of tangible capital assets									\$ -
Supported									\$ -
Unsupported									\$ -
Total Amortization						\$ 151,095	\$ 151,095	\$ 3,174,415	\$ 3,174,415
Interest on capital debt						\$ 151,095	\$ 151,095	\$ 3,174,415	\$ 3,325,510
Supported									\$ -
Unsupported									\$ -
Lease payments for facilities									\$ -
Other interest charges									\$ -
Losses on disposal of capital assets									\$ -
<b>TOTAL EXPENSES</b>	\$ 2,799,416	\$ 4,063,540	\$ 1,476,862	\$ 2,523,943	\$ 610,700	\$ 151,095	\$ 11,824,546	\$ 3,245,335	\$ 14,859,881

SQUARE METRES	School buildings	Non school buildings
	89,612.3	3,550.2

**Note:**

Custodial: All expenses related to activities undertaken to keep the school environment and maintenance shops clean and safe.  
 Maintenance: All expenses associated with the repair, replacement, enhancement and minor construction of buildings, grounds and equipment components. This includes regular and preventative maintenance undertaken to ensure components reach or exceed their life cycle and the repair of broken components. Maintenance expenses exclude operational costs related to expensed IMR & Modular Unit relocations, as they are reported on separately.  
 Utilities & Telecommunications: All expenses related to electricity, natural gas and other heating fuels, sewer and water and all forms of telecommunications.  
 Expensed IMR & Modular Unit Relocation & Lease Pmnts: All operational expenses associated with non-capitalized infrastructure Maintenance Renewal projects, modular unit (portable) relocation, and payments on leased facilities.  
 Facility Planning & Operations Administration: All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration, administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.  
 Supported Capital & Debt Services: All expenses related to supported capital assets amortization and interest on supported capital debt.

**UNAUDITED SCHEDULE OF FEE REVENUE**  
for the Year Ending August 31, 2015 (in dollars)

	<b>Actual 2014/2015</b>	<b>Actual 2013/2014</b>
<b>FEES</b>		
Transportation fees	\$35,991	\$40,065
Basic instruction supplies (text books, including lost or replacement fees, course materials)	\$717,238	\$697,838
Technology user fees	\$105,801	\$101,479
Alternative program fees	\$0	\$0
Fees for optional courses (band, art, etc.)	\$439,573	\$461,173
Fees for students from other boards	\$0	\$0
Tuition fees (international & out of province)	\$39,940	\$30,093
Kindergarten & preschool	\$0	\$0
Extracurricular fees (sports teams and clubs)	\$457,408	\$424,986
Field trips (related to curriculum)	\$546,925	\$548,682
Lunch supervision fees	\$0	\$0
Locker rental; locks; student ID; uniforms; library, student union, and fitness fees	\$156,844	\$126,581
Other (describe)* Special events, graduation, tickets	\$248,388	\$268,729
Other (describe)* Student travel (international, recognition trips, non-curricular)	\$104,137	\$116,750
Other (describe)* Sales or rentals of other supplies/services	\$213,127	\$182,395
<b>TOTAL FEES</b>	<b>\$3,065,372</b>	<b>\$2,998,771</b>

\*PLEASE DO NOT USE "SCHOOL GENERATED FUNDS" AS A CATEGORY

Please disclose amounts paid by parents of students that are recorded as "Other sales and services" or "Other revenue" (rather than fee revenue):	<b>Actual 2014/2015</b>	<b>Actual 2013/2014</b>
Cafeteria sales, hot lunch, milk programs	\$19,855	\$15,702
Special events, graduation, tickets	\$0	\$0
Student travel (international, recognition trips, non-curricular)	\$0	\$0
Sales or rentals of other supplies/services (clothing, agendas, yearbooks)	\$37,260	\$29,158
Adult education revenue	\$0	\$0
Child care & before and after school care	\$0	\$0
Other (describe) Optional courses	\$51,258	\$64,601
Other (describe) Bank interest	\$9,190	\$21,728
Other (describe)	\$0	\$0
<b>TOTAL</b>	<b>\$117,563</b>	<b>\$131,189</b>

**UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING**  
for the Year Ended August 31, 2015 (In dollars)

	PROGRAM AREA				
	First Nations, Metis & Inuit (FNMI)	ECS Program Unit Funding (PUF)	English as a Second Language (ESL)	Inclusive Education	Small Schools by Necessity (Revenue only)
<b>Funded Students in Program</b>					
<b>REVENUES</b>					
Alberia Education allocated funding	\$ 228,551	\$ 1,347,893	\$ 290,991	\$ 4,213,334	\$ 678,420
Other funding allocated by the board to the program	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ 228,551	\$ 1,347,893	\$ 290,991	\$ 4,213,334	\$ 678,420
<b>EXPENSES (Not allocated from BASE, Transportation, or other funding)</b>					
Instructional certificated salaries & benefits	\$ 56,256	\$ 166,470	\$ 634,015	\$ 2,156,673	
Instructional non-certificated salaries & benefits	\$ 180,150	\$ 715,201	\$ -	\$ 4,896,309	
<b>SUB TOTAL</b>	\$ 236,406	\$ 881,671	\$ 634,015	\$ 7,052,982	
Supplies, contracts and services	\$ 8,544	\$ 478,551	\$ -	\$ 191,281	
Program planning, monitoring & evaluation	\$ 707	\$ -	\$ -	\$ -	
Facilities (required specifically for program area)	\$ -	\$ -	\$ -	\$ -	
Administration (administrative salaries & services)	\$ -	\$ -	\$ -	\$ -	
Other (please describe)	\$ 3,539	\$ -	\$ -	\$ -	
Other (please describe)	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL EXPENSES</b>	\$ 249,196	\$ 1,360,222	\$ 634,015	\$ 7,244,263	
<b>NET FUNDING SURPLUS (SHORTFALL)</b>	\$ (20,645)	\$ (12,329)	\$ (343,024)	\$ (3,030,929)	

**UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES**  
for the Year Ended August 31, 2015 (in dollars)

EXPENSES	Allocated to Board & System Administration				Allocated to Other Programs			
	Salaries & Benefits	Supplies & Services	Other	TOTAL	Salaries & Benefits	Supplies & Services	Other	TOTAL
1 Office of the superintendent	\$ 265,850	\$ 10,093	\$ -	\$ 275,943	\$ -	\$ -	\$ -	\$ 275,943
2 Educational administration (excluding superintendent)	\$ 574,399	\$ -	\$ -	\$ 574,399	\$ -	\$ -	\$ -	\$ 574,399
3 Business administration	\$ 568,568	\$ 1,833,331	\$ -	\$ 2,401,899	\$ -	\$ -	\$ -	\$ 2,401,899
4 Board governance (Board of Trustees)	\$ 128,540	\$ 105,012	\$ -	\$ 233,552	\$ -	\$ -	\$ -	\$ 233,552
5 Information technology	\$ -	\$ 75,200	\$ -	\$ 75,200	\$ -	\$ -	\$ -	\$ 75,200
6 Human resources	\$ 167,293	\$ -	\$ -	\$ 167,293	\$ -	\$ -	\$ -	\$ 167,293
7 Central purchasing, communications, marketing	\$ 219,038	\$ 96,245	\$ -	\$ 315,283	\$ -	\$ -	\$ -	\$ 315,283
8 Payroll	\$ 117,755	\$ -	\$ -	\$ 117,755	\$ -	\$ -	\$ -	\$ 117,755
9 Administration - insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 Administration - amortization	\$ 31,302	\$ -	\$ 31,302	\$ 31,302	\$ -	\$ -	\$ -	\$ 31,302
11 Administration - other (admin building, interest)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 Other (describe)	\$ -	\$ 12,982	\$ -	\$ 12,982	\$ -	\$ -	\$ -	\$ 12,982
13 Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Other (describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENSES</b>	<b>\$ 2,041,443</b>	<b>\$ 2,132,863</b>	<b>\$ 31,302</b>	<b>\$ 4,205,608</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,205,608</b>



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**1. AUTHORITY AND PURPOSE**

The School Jurisdiction delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3.

The jurisdiction receives funding for instruction and support under Education Grants Regulation (AR 120/2008). The regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and administration expenses.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the CPA Canada public sector accounting standards (PSAS). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Cash and Cash Equivalents

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

b) Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts.

c) Portfolio Investments

The Division has investments in GIC's that have a maturity of greater than 3 months. GIC's are not quoted in an active market and are reported at cost.

Detailed information regarding portfolio investments is disclosed in Note 5.

d) Tangible capital assets

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost, including amounts directly related to the acquisition, design, construction, development, or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Buildings include land, site and leasehold improvements as well as assets under capital lease.
- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the Division to provide services or when the value of future economic benefits associated with the sites and buildings is less than their net book value. For supported assets, the write-downs are accounted for as reductions to Expended Deferred Capital Revenue.
- Buildings that are demolished or destroyed are written-off.
- Tangible capital assets with costs in excess of \$5,000 are capitalized.
- Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the Board are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the Division's rate for incremental borrowing

**FOOTHILLS SCHOOL DIVISION NO. 38**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2015**

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or the interest rate implicit in the lease. A schedule of repayments and amount of interest on the leases is provided in Note 9.

- Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Buildings	2.5% to 4%
Vehicles & Buses	10% to 20%
Computer Hardware & Software	20% to 25%
Other Equipment & Furnishings	10% to 20%

e) Deferred Revenue

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per *Public Sector Accounting Standard (PSAS) PS 3200*. These contributions are recognized by the Division once it has met all eligibility criteria to receive the contributions. When stipulations are met, deferred revenue is recognized as revenue in the fiscal year in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability.

Deferred revenue also includes contributions for capital expenditures, unexpended and expended. Unexpended Deferred Capital Revenue represent externally restricted supported capital funds provided for a specific capital purpose received or receivable by the jurisdiction, but the related expenditure has not been made at year-end. These contributions must also have stipulations that meet the definition of a liability per *PS 3200* when expended.

Expended Deferred Capital Revenue represent externally restricted supported capital funds that have been expended but have yet to be amortized over the useful life of the related capital asset. Amortization over the useful life of the related capital asset is due to certain stipulations related to the contributions that require the school jurisdiction to use the asset in a prescribed manner over the life of the associated asset.

f) Employee Future Benefits

The Division provides certain post-employment benefits including vested and non-vested benefits for certain employees pursuant to certain contracts and union agreements.

The Division accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include defined-benefit retirement plans, vested or accumulating sick leave, early retirement, retirement/severance, job-training and counseling, post-employment benefit continuation, death benefits, and various qualifying compensated absences, early retirement, retirement/severance, vacation, overtime, death benefit and non-vested sick leave.

g) Asset Retirement Obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included on the Statement of Operations.

The Division has determined that it has a conditional asset retirement obligation relating to certain school sites. These obligations will be discharged in the future by funding through the Government of Alberta. The Division believes that there is insufficient information to estimate the fair value of the asset retirement obligation because the settlement date or the range of potential settlement dates has not been determined and information is not available to apply an expected present value technique.

**FOOTHILLS SCHOOL DIVISION NO. 38**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended August 31, 2015

h) Operating and Capital Reserves

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

i) Revenue Recognition

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

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

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

Contributions with stipulations are recognized as revenue in the period that the stipulations are met, except to the extent that the contributions give rise to an obligation that meets the definition of a liability in accordance with *Section PS 3200*. Such liabilities are recorded as deferred revenue.

j) Expenses

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

Allocation of Costs

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

k) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

Current and past service costs of the Alberta Teachers Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the Division does not make pension contributions for certificated staff. The Government portion of the current service contribution to the Alberta Teachers' Retirement Fund on behalf of the jurisdiction is included in both revenues and expenses. For the school year ended August 31, 2015, the amount contributed by the Government was \$5,148,030 (2014 \$5,005,452)

The school board participates in a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$1,005,335 for the year ended August 31, 2015 (2014 \$919,199). At December 31, 2014, the Local Authorities Pension Plan reported a deficiency of \$2,454,636,000 (2013 deficiency of \$4,861,516,000).

l) Program Reporting

The Division's operations have been segmented as follows:

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

The allocation of revenues and expenses are reported by program, source, and object on the Schedule of Program Operations. Respective instruction expenses include the cost of certificated teachers, non-certificated teaching assistants as well as a proportionate share of supplies and services, school administration and instruction support, and System Instructional Support.

m) Trusts Under Administration

The Division has property that has been transferred or assigned to it to be administered or directed by a trust agreement or statute. The Division holds title to the property for the benefit of the beneficiary.

Trusts under administration have been excluded from the financial reporting of the Division. Trust balances can be found in Note 16.

n) Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Division recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, debt and other liabilities. Unless otherwise noted, it is management's opinion that the Division is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks.

o) Measurement Uncertainty

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

**FOOTHILLS SCHOOL DIVISION NO. 38**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended August 31, 2015

**3. CASH AND CASH EQUIVALENTS**

	2015			2014
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash	1.07%	\$ 18,431,285	\$ 18,431,285	\$ 8,045,426
Total cash and cash equivalents		<u>\$ 18,431,285</u>	<u>\$ 18,431,285</u>	<u>\$ 8,045,426</u>

**4. ACCOUNTS RECEIVABLE**

	2015			2014
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants	\$ 193,678	\$ -	\$ 193,678	\$ 146,624
Alberta Education - Capital	1,116,394	-	1,116,394	1,397,434
Treasury Board and Finance	616,840	-	616,840	801,640
Municipal Affairs Alberta	-	-	-	823,869
Federal government	120,657	-	120,657	143,845
Other	2,416,203	-	2,416,203	1,687,049
Total	<u>\$ 4,463,772</u>	<u>\$ -</u>	<u>\$ 4,463,772</u>	<u>\$ 5,000,461</u>

**5. PORTFOLIO INVESTMENTS**

	2015				
	Average Effective (Market) Yield	Cost	Fair Value	Balance	2014 Balance
Long term deposits	%	\$ -	\$ -	\$ -	\$ -
Guaranteed interest certificates	2.20%	8,000,000	8,000,000	8,000,000	10,000,000
Guaranteed interest certificates	%	-	-	-	-
Guaranteed interest certificates	0.90%	255,848	255,848	255,848	254,731
Total portfolio investments	<u>2.18%</u>	<u>\$ 8,255,848</u>	<u>\$ 8,255,848</u>	<u>\$ 8,255,848</u>	<u>\$ 10,254,731</u>

**FOOTHILLS SCHOOL DIVISION NO. 38**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended August 31, 2015

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2015	2014
Alberta Education	\$ -	\$ -
Other Alberta school jurisdictions	-	-
Other - Bow River Collaborative Services Delivery	15,829	23,416
Alberta Health Services	-	-
Accrued vacation pay liability	243,576	304,965
Other trade payables and accrued liabilities	1,196,446	1,194,431
<b>Total</b>	<b>\$ 1,455,851</b>	<b>\$ 1,522,812</b>

**7. DEFERRED REVENUE**

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2014	ADD: 2014/2015 Restricted Funds Received/ Receivable	DEDUCT: 2014/2015 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2013/2014 Adjustments for Returned Funds	DEFERRED REVENUE as at Aug. 31, 2015
<b>Unexpended deferred operating revenue</b>					
<b>Alberta Education:</b>					
Infrastructure Maintenance Renewal	674,334	2,365,088	(2,028,091)	-	1,011,331
Other Alberta Education deferred revenue	25,053	3,930	(16,500)	-	12,483
<b>Other Government of Alberta:</b>					
Classroom resources	156,000	-	-	-	156,000
Technology in the Classroom	292,883	-	-	-	292,883
Flood Mitigation Funding (Specify)	-	3,502,418	-	-	3,502,418
<b>Other Deferred Revenue:</b>					
School Generated Funds	1,497,934	3,249,214	(3,111,486)	-	1,635,662
Fees	20,713	5,326	(20,713)	-	5,326
Donations	100,000	25,000	(111,750)	-	13,250
Interest on Endowments	41,360	1,117	-	-	42,477
Interest on Flood Mitigation Funding	-	17,654	-	-	17,654
<b>Total unexpended deferred operating revenue</b>	<b>\$ 2,808,277</b>	<b>\$ 9,169,747</b>	<b>\$ (5,288,540)</b>	<b>\$ -</b>	<b>\$ 6,689,484</b>
<b>Unexpended deferred capital revenue</b>	<b>-</b>	<b>5,068,330</b>	<b>(1,489,234)</b>	<b>-</b>	<b>3,579,096</b>
<b>Expended deferred capital revenue</b>	<b>63,343,348</b>	<b>1,208,194</b>	<b>(3,174,415)</b>	<b>-</b>	<b>61,377,127</b>
<b>Total</b>	<b>\$ 66,151,625</b>	<b>\$ 15,446,271</b>	<b>\$ (9,952,189)</b>	<b>\$ -</b>	<b>\$ 71,645,707</b>

**8. EMPLOYEE FUTURE BENEFIT LIABILITIES**

Employee future benefit liabilities consist of the following:

	2015	2014
Defined benefit pension plan liability	\$ 176,200	\$ 168,300
<b>Total</b>	<b>\$ 176,200</b>	<b>\$ 168,300</b>

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**9. DEBT**

	2015	2014
Debentures outstanding at August 31, 2015 have interest rates between 6% to 12%. The terms of the Loan range between 20 and 25 years, payments made annually supported by Alberta Education	\$ 616,840	\$ 801,640
Obligations under capital lease, due 2018 equipment with a net book value of \$77,093	73,039	98,025
Obligations under capital lease, due 2017 equipment with a net book value of \$53,210	35,612	53,330
Obligations under capital lease, due 2016 equipment with a net book value of \$16,705	13,555	31,018
Paid out in 2015	-	6,568
<b>Total</b>	<b>\$ 739,046</b>	<b>\$ 990,581</b>

**Debenture Debt – Supported**

The debenture debt bears interest at rates varying between 6% and 12%. The debenture debt is fully supported by Alberta Finance. Debenture payments due over the next five years and beyond are:

	Principal	Interest	Total
2015-2016	\$ 184,800	\$ 54,601	\$ 239,401
2016-2017	184,800	38,282	223,082
2017-2018	184,800	21,963	206,763
2018-2019	37,080	5,644	42,724
2019-2020	25,360	2,346	27,706
2020 to maturity	-	-	-
<b>Total</b>	<b>\$ 616,840</b>	<b>\$ 122,836</b>	<b>\$ 739,676</b>

**Capital Leases**

Capital leases are approved by the Minister of Education but are funded by the Division. Capital leases are secured by specifically identified assets.

	Principal	Interest	Total
2015-2016	\$ 57,669	\$ 3,918	\$ 61,587
2016-2017	43,968	2,098	46,066
2017-2018	20,569	686	21,255
2018-2019	-	-	-
2019-2020	-	-	-
2020 to maturity	-	-	-
<b>Total</b>	<b>\$ 122,206</b>	<b>\$ 6,702</b>	<b>\$ 128,908</b>

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**10. TANGIBLE CAPITAL ASSETS**

	2015						2014	
	Land	Construction In Progress - Buildings	Buildings 25-40 Years	Equipment 5-10 Years	Vehicles 5-10 Years	Computer Hardware & Software 3-5 Years	Total	Total
Estimated useful life								
Historical cost								
Beginning of year	\$ 1,643,103	\$ 248,715	\$ 129,675,577	\$ 1,345,505	\$ 7,656,155	\$ 2,383,120	\$ 142,952,175	\$ 141,938,702
Additions	-	1,208,195	-	-	-	126,360	1,334,555	1,843,202
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(6,000)	(28,627)	(491,064)	(525,691)	(829,729)
	\$ 1,643,103	\$ 1,456,910	\$ 129,675,577	\$ 1,339,505	\$ 7,627,528	\$ 2,018,416	\$ 143,761,039	\$ 142,952,175
Accumulated amortization								
Beginning of year	\$ -	\$ -	\$ 65,364,623	\$ 824,606	\$ 5,077,235	\$ 1,400,351	\$ 72,666,815	\$ 69,181,532
Additions	-	-	3,281,368	102,168	427,567	424,124	4,235,227	4,315,012
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(6,000)	(28,627)	(491,064)	(525,691)	(829,729)
	\$ -	\$ -	\$ 68,645,991	\$ 920,774	\$ 5,476,175	\$ 1,333,411	\$ 76,376,351	\$ 72,666,815
<b>Net Book Value at End of Year</b>	<b>\$ 1,643,103</b>	<b>\$ 1,456,910</b>	<b>\$ 61,029,586</b>	<b>\$ 418,731</b>	<b>\$ 2,151,353</b>	<b>\$ 685,005</b>	<b>\$ 67,384,688</b>	<b>\$ 70,285,360</b>

The cost of equipment under capital lease is \$704,733 (2014:\$704,733) with total amortization of \$657,725 (2014: \$489,543)



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**11. ACCUMULATED SURPLUS:**

Detailed information related to accumulated surplus is available on the Schedule of Changes in Accumulated Surplus. Accumulated surplus may be summarized as follows:

	2015	2014
Unrestricted surplus	\$ -	\$ -
Operating reserves	11,928,544	11,778,720
Accumulated surplus (deficit) from operations	11,928,544	11,778,720
Investment in tangible capital assets	5,885,355	6,753,072
Capital reserves	6,858,130	6,359,490
Endowments <sup>(1)</sup>	213,371	213,371
Accumulated remeasurement gains (losses)	-	-
Accumulated surplus (deficit)	\$ 24,885,400	\$ 25,104,653

<sup>(1)</sup> Terms of the endowments stipulate that the principal balance be maintained permanently. Investment income of \$42,477 (2014 - \$41,360) is externally restricted for scholarships and is included in deferred revenue. Investment income of \$313,314 (2014 - \$281,996) is unrestricted.

**12. CONTRACTUAL OBLIGATIONS**

	2015	2014
Building Projects <sup>(1)</sup>	\$ 878,301	\$ -
Building Leases <sup>(2)</sup>	-	-
Service Providers <sup>(3)</sup>	11,763,440	3,112,500
Other (Specify)	-	-
Other	-	-
Total	\$ 12,641,741	\$ 3,112,500

<sup>(1)</sup> Building Projects: The Division is committed to expenditures of \$1,999,000 for consulting fees for the modernization of Foothills Composite High school of which \$1,120,699 has already been incurred. There are no further commitments for future capital expenditures.

<sup>(2)</sup> Building Leases: The Division is not committed to lease office space on behalf of an affiliated organization.

<sup>(3)</sup> Service Providers: As at August 31, 2015, the Division has \$11,763,440 (2014 \$3,112,500) in commitments relating to service and grant contracts.

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

	Building Projects	Building Leases	Service Providers	Other	Other
2015-16	\$ 878,301	\$ -	\$ 2,854,090	\$ -	\$ -
2016-17	-	-	2,911,172	-	-
2017-18	-	-	2,969,395	-	-
2018-19	-	-	3,028,783	-	-
2019-20	-	-	-	-	-
Thereafter	-	-	-	-	-
	\$ 878,301	\$ -	\$ 11,763,440	\$ -	\$ -

**FOOTHILLS SCHOOL DIVISION NO. 38**  
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**13. SIGNIFICANT EVENTS**

In June 2013, the Division experienced significant flood damage. The current year's financial statements include receivables from insurance for work performed and contents repurchased up to August 31, 2015.

**14. OTHER REVENUE**

Included in other revenue is approximately \$6.2 million (2014 - \$8.5 million) of insurance proceeds relating to the flood expenses incurred and reported in this fiscal year. There are potentially some additional expenses still to be incurred in the next fiscal year. It is anticipated that insurance will cover the majority of the expenses. The timing and amount of additional expenses related to the flood is unknown at this time.

**15. TRUSTS UNDER ADMINISTRATION**

These balances represent assets that are held in trust by the jurisdiction. They are not recorded on the statements of the Division

	2015	2014
Scholarship trusts	\$ 167,576	\$ 172,277
Total	<u>\$ 167,576</u>	<u>\$ 172,277</u>

**16. SCHOOL GENERATED FUNDS**

	2015	2014
Deferred School Generated Revenue, Beginning of Year	\$ 1,497,934	\$ 1,481,373
<b>Gross Receipts:</b>		
Fees	2,164,434	2,144,271
Fundraising	703,921	827,533
Gifts and donations	263,296	348,510
Grants to schools	-	-
Other sales and services	117,563	131,189
Total gross receipts	3,249,214	3,451,503
<b>Total Related Expenses and Uses of Funds</b>	1,498,958	1,703,794
<b>Total Direct Costs Including Cost of Goods Sold to Raise Funds</b>	1,612,528	1,731,148
Deferred School Generated Revenues, End of Year	<u>\$ 1,635,662</u>	<u>\$ 1,497,934</u>
Balance Included in Deferred Revenue	\$ 1,635,662	\$ 1,497,934
Balance included in Accumulated Surplus	\$ -	\$ -

**FOOTHILLS SCHOOL DIVISION NO. 38**  
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**17. RELATED PARTY TRANSACTIONS**

All entities that are consolidated in the accounts of the Government of Alberta are related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

	Balances		Transactions	
	Financial Assets (at cost or net realizable)	Liabilities (at amortized cost)	Revenues	Expenses
<b>Government of Alberta (GOA):</b>				
<b>Education</b>	\$ -	\$ -	\$ -	\$ -
Accounts receivable / Accounts payable	1,310,072	-	-	-
Prepaid expenses / Deferred revenue	-	4,975,115	-	-
Unexpended deferred capital revenue	-	3,579,096	-	-
Expended deferred capital revenue	-	61,377,127	-	-
Grant revenue & expenses	-	-	82,829,172	-
<b>Other Alberta school jurisdictions</b>	-	-	-	61,972
<b>Treasury Board and Finance (Principal)</b>	616,840	616,840	-	-
<b>Treasury Board and Finance (Accrued Interest)</b>	-	-	70,920	70,920
<b>Alberta Health Services</b>	-	-	29,356	18,655
<b>Post-secondary Institutions</b>	-	-	-	15,689
<b>Municipal Affairs</b>	-	-	-	-
<b>Other:</b>				
Bow River Collaborative Services Delivery	-	15,829	361,903	-
<b>TOTAL 2014/2015</b>	<b>\$1,926,912</b>	<b>\$70,564,007</b>	<b>\$83,291,351</b>	<b>\$ 167,236</b>
<b>TOTAL 2013/2014</b>	<b>\$3,169,566</b>	<b>\$65,316,674</b>	<b>\$83,178,066</b>	<b>\$ 272,087</b>

**18. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY**

The Division's primary source of income is from the Alberta Government. The Division's ability to continue viable operations is dependent on this funding.

**FOOTHILLS SCHOOL DIVISION NO. 38**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended August 31, 2015

**19. REMUNERATION AND MONETARY INCENTIVES**

The Foothills School Division had paid or accrued expenses for the year ended August 31, 2015 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
<b>Chair</b>							
Preilly, Christine	1.0	\$26,758	\$1,151	\$0			\$10,129
<b>Other members</b>							
Copland, Laurie	1.0	\$25,911	\$1,109	\$0			\$8,844
Gardner, Doug	1.0	\$23,012	\$0	\$0			\$8,224
Pollard, Michael	1.0	\$15,878	\$0	\$0			\$5,671
Tucker, Jeannine	1.0	\$23,882	\$999	\$0			\$8,917
<b>Subtotal</b>	<b>5.0</b>	<b>\$115,039</b>	<b>\$3,259</b>	<b>\$0</b>			<b>\$41,785</b>
<b>Superintendent</b>							
Bailey, John	1.0	\$194,250	\$48,156	\$0	\$0	\$97,740	\$12,056
<b>Secretary/Treasurer</b>							
Chipman, Andrew	1.0	\$166,084	\$42,144	\$0	\$0	\$0	\$9,737
Certificated teachers	427.8	\$42,103,033	\$9,659,235	\$0	\$0	\$0	
Non-certificated - other	251.2	\$10,788,560	\$3,445,581	\$0	\$0	\$0	
<b>TOTALS</b>		<b>\$53,364,888</b>	<b>\$13,198,375</b>	<b>\$0</b>	<b>\$0</b>	<b>\$97,740</b>	

**20. BUDGET AMOUNTS**

The budget was prepared by the school jurisdiction and approved by the Board of Trustees on May 21, 2014. It is presented for information purposes only and has not been audited.

**21. COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary to conform to the 2014/2015 presentation.