School Jurisdiction Code: 110

AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Edmonton Catholic Separate School District No. 7

Legal Name of School Jurisdiction

9807-106 Street, Edmonton, Alberta, T5K 1C2

Mailing Address

Ph: 780-441-6021; Fax: 780-441-6149

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Edmonton Catholic Separate School District No. 7 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

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

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

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

Declaration of Management and Board Chairman
To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

BOARD CHAIR

Name	Signature
Becky Kallal	Rebecca A Kallal

SUPERINTENDENT

Name	Signature
Joan Carr	

SECRETARY TREASURER OR TREASURER

Name	Signature
Barry Devlin	B J Devlin

27-Nov-12

Board-approved Release Date

c.c. **ALBERTA EDUCATION, Financial Reporting & Accountability Branch**
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
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School Jurisdiction Code: 110

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Independent Auditor's Report

Grant Thornton LLP
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To the Board of Trustees of
Edmonton Catholic Separate School District No. 7

We have audited the accompanying financial statements of Edmonton Catholic Separate School District No.7 (the District), which comprise the statement of financial position as at August 31, 2012, and the statements of revenues and expenses, changes in net assets, capital allocations 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 generally accepted accounting principles, 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 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 District as at August 31, 2012, and the results of its operations, changes in net assets and capital allocations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada

Grant Thornton LLP

November 27, 2012

Chartered Accountants

School Jurisdiction Code: 110

STATEMENT OF FINANCIAL POSITION

as at August 31, 2012

(in dollars)

			2012	2011 Restated (Note 23)
ASSETS				
Current assets				
Cash and temporary investments	(Note 4)		$39,447,352	$29,448,802
Accounts receivable (net after allowances)	(Note 6)		$14,474,105	$16,975,982
Prepaid expenses			$2,436,220	$3,726,391
Other current assets			$172,833	$191,482
Total current assets			$56,530,510	$50,342,657
Trust assets	(Note 5)		$3,851,019	$3,906,626
Long term accounts receivable			$0	$0
Long term investments			$0	$0
Capital assets	(Note 7)			
Land			$4,939,308	$4,939,308
Construction in progress			$498,947	$13,513,524
Buildings		$345,618,192		
Less: accumulated amortization		($145,633,428)	$199,984,764	$186,930,645
Equipment		$21,942,690		
Less: accumulated amortization		($9,183,524)	$12,759,166	$10,282,111
Vehicles		$3,261,766		
Less: accumulated amortization		($1,484,568)	$1,777,198	$1,369,897
Total capital assets			$219,959,383	$217,035,485
TOTAL ASSETS			$280,340,912	$271,284,768
LIABILITIES				
Current liabilities				
Bank indebtedness	(Note 8)		$29,350	$142,623
Accounts payable and accrued liabilities	(Note 9)		$27,777,611	$25,175,903
Deferred revenue	(Note 10)		$8,473,609	$7,188,663
Deferred capital allocations	(Note 11)		$2,770,215	$659,200
Current portion of long term debt			$363,128	$551,232
Total current liabilities			$39,413,913	$33,717,621
Trust liabilities	(Note 5)		$3,851,019	$3,906,626
Employee future benefit liabilities			$4,878,943	$4,546,296
Long term debt	(Note 14)			
Supported: Debentures and other supported debt			$642,357	$1,193,589
Less: Current portion			($363,128)	($551,232)
Unsupported: Debentures and capital loans			$0	$0
Capital leases			$0	$0
Mortgages			$0	$0
Less: Current portion			$0	$0
Other long term liabilities			$0	$0
Unamortized capital allocations	(Note 11)		$192,750,130	$192,529,054
Total long term liabilities			$201,759,321	$201,624,333
TOTAL LIABILITIES			$241,173,234	$235,341,954
NET ASSETS				
Unrestricted net assets			$8,713,627	$8,683,534
Operating reserves			$0	$0
Accumulated operating surplus (deficit)			$8,713,627	$8,683,534
Investment in capital assets			$26,566,899	$24,192,129
Capital reserves			$3,887,152	$3,067,151
Total capital funds			$30,454,051	$27,259,280
Total net assets			$39,167,678	$35,942,814
TOTAL LIABILITIES AND NET ASSETS			$280,340,912	$271,284,768

Note: Please input "(Restated)" in 2011 column heading where comparatives are not taken from the finalized 2010/2011 Audited Financial Statements filed with Alberta Education.

School Jurisdiction Code: 110

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2012

(in dollars)

		Actual 2012	Budget 2012	Actual 2011 Restated (Note 23)
REVENUES				
Government of Alberta		$351,523,713	$329,665,000	$333,117,226
Federal Government and/or First Nations		$4,189,329	$3,463,000	$4,364,298
Other Alberta school authorities		$301,140	$250,000	$203,199
Out of province authorities		$0	$0	$0
Alberta Municipalities-special tax levies		$0	$0	$0
Fees	(Note 12)	$14,951,435	$15,609,000	$14,258,506
Other sales and services		$5,363,561	$6,254,000	$5,926,317
Investment income		$467,160	$150,000	$537,268
Gifts and donations		$3,896,380	$3,750,000	$3,449,194
Fundraising		$857,690	$950,000	$697,115
Rental of facilities		$2,209,717	$2,608,000	$2,843,746
Gains on disposal of capital assets		$1,760,968	$0	$1,391,160
Amortization of capital allocations		$7,606,689	$5,850,000	$4,160,118
Other revenue		$0	$0	$0
Total Revenues		$393,127,782	$368,549,000	$370,948,147
EXPENSES				
Certificated salaries	(Note 20)	$175,929,636	$171,660,000	$162,864,615
Certificated benefits	(Note 20)	$36,958,154	$33,657,000	$34,686,725
Non-certificated salaries and wages	(Note 20)	$67,339,767	$63,095,000	$66,332,529
Non-certificated benefits	(Note 20)	$16,310,968	$16,671,000	$15,345,094
Services, contracts and supplies		$82,776,158	$76,748,000	$79,530,768
Capital and debt services				
Amortization of capital assets				
Supported		$7,606,689	$5,850,000	$4,160,118
Unsupported		$2,763,124	$2,400,000	$2,321,690
Total Amortization of capital assets		$10,369,813	$8,250,000	$6,481,808
Interest on capital debt				
Supported		$58,136	$200,000	$201,871
Unsupported		$0	$0	$0
Total Interest on capital debt		$58,136	$200,000	$201,871
Other interest and charges		$15,796	$18,000	$15,835
Losses on disposal of capital assets		$42,608	$0	$23,243
Other expense		$101,882	$50,000	$83,231
Total Expenses		$389,902,918	$370,349,000	$365,565,719
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM		$3,224,864	($1,800,000)	$5,382,428
Extraordinary Item		$0	$0	$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		$3,224,864	($1,800,000)	$5,382,428

Note: Please input "(Restated)" where Actual 2011 comparatives are not as presented in the finalized 2010/2011 Audited Financial Statements filed with Alberta Education. Budget 2012 comparatives presented are final budget amounts formally approved by the Board.

School Jurisdiction Code: 110

STATEMENT OF CASH FLOWS

for the Year Ended August 31, 2012

(in dollars)

	2012	2011 Restated (Note 23)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	$3,224,864	$5,382,428
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	($7,606,689)	($4,160,118)
Total amortization expense	$10,369,813	$6,481,808
Gains on disposal of capital assets	($1,760,968)	($1,391,160)
Losses on disposal of capital assets	$42,608	$23,243
Changes in:		
Accounts receivable	$2,501,877	($1,204,288)
Prepaids and other current assets	$1,308,820	$1,175,586
Long term accounts receivable	$0	$0
Long term investments	$0	$0
Accounts payable and accrued liabilities	$2,601,708	($1,757,370)
Deferred revenue	$1,284,946	($434,183)
Employee future benefit liabilitiies	$332,647	$329,215
Other (describe)	$0	$0
Total cash flows from Operations	$12,299,626	$4,445,161
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	$0	$0
Buildings	($2,003,942)	($2,837,239)
Equipment	($5,278,051)	($3,067,672)
Vehicles	($650,315)	($169,462)
Net proceeds from disposal of capital assets	$1,767,471	$1,481,159
Other (describe)	$0	$0
Total cash flows from Investing activities	($6,164,837)	($4,593,214)
C. FINANCING ACTIVITIES		
Capital allocations	$3,977,034	$1,978,580
Issue of long term debt	$0	$0
Repayment of long term debt	($551,232)	($936,741)
Add back: supported portion	$551,232	$936,741
Other (describe)	$0	$0
Total cash flows from financing activities	$3,977,034	$1,978,580
Net cash flows from during the year	$10,111,823	$1,830,527
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	$29,306,179	$27,475,652
Cash and temporary investments, net of bank indebtedness, at Aug. 31/12	$39,418,002	$29,306,179

Note: Please input "(Restated)" where Actual 2011 comparatives are not as presented in the finalized 2010/2011 Audited Financial Statements filed with Alberta Education.

School Jurisdiction Code: 110

STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2012

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
				INTERNALLY RESTRICTED NET ASSETS											
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	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
Balance at August 31, 2011	$35,942,814	$24,192,129	$8,683,534	$0	$3,067,151	$0	$0	$0	$3,067,151	$0	$0	$0	$0	$0	$0
Prior period adjustments (describe)															
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Adjusted Balance, Aug. 31, 2011	$35,942,814	$24,192,129	$8,683,534	$0	$3,067,151	$0	$0	$0	$3,067,151	$0	$0	$0	$0	$0	$0
Excess (deficiency) of revenues over expenses	$3,224,864		$3,224,864												
Board funded capital additions		$5,187,004	($5,187,004)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disposal of unsupported capital assets	$0	($49,110)	$20,642		$28,468		$0		$28,468		$0		$0		$0
Disposal of supported capital assets (board funded portion)	$0	$0	($1,739,003)		$1,739,003		$0		$1,739,003		$0		$0		$0
Direct credits to net assets	$0	$0	$0												
Amortization of capital assets		($10,369,813)	$10,369,813												
Amortization of capital allocations		$7,606,689	($7,606,689)												
Debt principal repayments (unsupported)		$0	$0												
Net transfers to operating reserves			$0	$0		$0		$0		$0		$0		$0	
Net transfers from operating reserves			$0	$0		$0		$0		$0		$0		$0	
Net transfers to capital reserves			$0		$0		$0		$0		$0		$0		$0
Net transfers from capital reserves			$947,470		($947,470)		$0		($947,470)		$0		$0		$0
Assumption/transfer of other operations' net assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Balance at August 31, 2012	$39,167,678	$26,566,899	$8,713,627	$0	$3,887,152	$0	$0	$0	$3,887,152	$0	$0	$0	$0	$0	$0

School Jurisdiction Code: 110

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2012
(in dollars)

		Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2011		$414,101	$191,649,768
Prior period adjustments		$245,099	$879,286
Adjusted balance, August 31, 2011		$659,200	$192,529,054
Add:			
Restricted capital allocations from:	Alberta Education school building and modular projects	$2,376,172	
	Other Government of Alberta	$0	
	Federal Government and First Nations	$0	
	Other sources	$0	
Interest earned on provincial government capital allocations		$25,346	
Other capital grants and donations		$142,556	
Net proceeds on disposal of supported capital assets		$1,432,960	
Insurance proceeds (and related interest)		$0	
Donated capital assets (amortizable, @ fair market value)			$0
P3, other ASAP and Alberta Infrastructure managed projects			$5,410,514
Transferred in capital assets (amortizable, @ net book value)			$0
Current year supported debenture principal repayment			$551,232
Expended capital allocations - current year		($1,866,019)	$1,866,019
Deduct:			
Net book value of supported capital assets dispositions, write-offs, or transfer; Other		$0	$0
Capital allocations amortized to revenue			$7,606,689
Balance at August 31, 2012		$2,770,215	$192,750,130

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

1. Authority and purpose

The Edmonton Catholic Separate School District No. 7 (the "District") operates under the provisions of the School Act, Chapter S-3 Revised, Statutes of Alberta 2000, and through its own bylaws. The District is directed by an elected Board of Trustees, has approximately 4,033 employees and 87 schools and is responsible for the education of approximately 34,616 students.

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

2. Future accounting pronouncements

Adoption of Public Sector Accounting Standards

Effective for the year ended August 31, 2013 government controlled sector entities are required to adopt either the current public sector accounting standards or the not-for-profit accounting standards with some modifications as set out in the Public Sector Accounting (PSA) handbook. The Office of the Controller of the Alberta Treasury Board and the Information Reporting Committee have directed that Alberta school jurisdictions adopt the public sector accounting standards without reference to the not-for-profit standards. Adoption is effective the year ending August 31, 2013 with retrospective application and restatement for the prior school year. The District has reviewed the standards and assessed that the impact will be primarily in financial reporting disclosures and presentation in the financial statements.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and accounting policies consistent with those prescribed by Alberta Education for Alberta school districts.

Budget information is unaudited and is presented on the Statement of Revenue and Expenses and on the related schedules for information purposes only, and represents the original budget submitted to Alberta Education in June 2011, and does not reflect the amended budget, adjusted for identified circumstances relating to operating and program changes, submitted in November 2011. The Board of Trustees approves the original budget.

The financial statements are prepared within the framework of the accounting policies summarized below.

3. Summary of significant accounting policies (cont'd)

i) Revenue recognition

Government operating grants are recognized as revenue in the period to which they relate, or, where the grants relate to a future period, they are deferred and recognized in the subsequent period. Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services are rendered. Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with.

Contributions restricted for the acquisition of capital assets having a limited life and for retirement of capital debt are recorded as deferred capital contributions. Once expended, they are transferred to unamortized deferred capital contributions, which are amortized to revenue over the useful lives of the related assets.

ii) Teachers' Retirement Fund Contributions by the Province of Alberta

Teachers' Retirement Fund (TRF) contributions by the Province for current service are a component part of the education system costs and are formally recognized in the accounts of the District, even though the District has no legal obligation to pay these costs. The Government of Alberta has responsibility for any unfunded liabilities related to the TRF. The amount of current service contributions are recognized as revenue from the Province and a corresponding expense is recognized in certificated benefits expense. In previous years, the Provincial contributions were not included in the accounts of the District. The prior year's comparative figures have been reclassified to conform to the current year presentation (Note 23).

iii) Cash and bank indebtedness

Cash includes cash and temporary investments with maturities of three months or less. Long term borrowings are considered to be financing activities.

iv) Other assets

Other assets include inventories which are recorded at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price less estimated selling costs. Cost is determined using the average cost method.

v) Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Buildings	2.5% - 5%
Vehicles & buses	10% and 20%
Computer hardware & software	20%
Other equipment & furnishings	10% and 20%

Only capital assets with costs in excess of $5,000 are capitalized. Any capital allocations received for asset additions are amortized to revenue over the same period as the amortization expense for the related asset. Construction in progress is not amortized. When construction in progress is transferred to buildings amortization on the building commences one year subsequent to the transfer from construction in progress.

3. Summary of significant accounting policies (cont'd)

v) Capital assets (cont'd)

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. When received, capital allocations 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 are recorded by the District at fair market value when the title has transferred. A corresponding unamortized capital allocation is recorded and reflected in revenue over the life of the asset. Maintenance expense paid directly by the Province of Alberta on behalf of the District relating to these assets is expensed and corresponding grant revenue is recognized.

vi) Pensions

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

The current service and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers' Pension Plan Act, the District 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 District is included in both revenues (Government of Alberta), and expenses (certificated benefits) in the financial statements.

For the year ended August 31, 2012, the amount contributed to the Teachers' Retirement Fund by the Province was $17,369,371 (2011- $16,194,492).

The District participates in the Local Authorities Pension Plan, a multi-employer, defined contribution pension plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of $11,150,928 (2011 - $9,985,279) for the year ended August 31, 2012.

At December 31, 2011, the Local Authorities Pension Plan reported an actuarial deficiency of $4,639,390,000 (2010 - $4,635,250,000). Effective for year-ends starting in 2008-2009, the Government of Alberta has taken responsibility for the LAPP unfunded liabilities.

vii) Employee future benefits

The District accrues its obligations under employee future benefit plans, excluding pension benefits, and expenses the related costs. As at August 31, 2012, the recorded obligation is $4,878,943 (2011 - $4,546,296). The total expense recorded in the financial statements is $332,647 (2011 - $329,215).

viii) Funds collected by schools

Funds generated from school activities are included with the assets, liabilities, revenue and expenses of the District as accountability and control of these funds rests with the District.

3. Summary of significant accounting policies (cont'd)

ix) Vacation pay

Vacation pay is accrued in the period in which the employee earns the benefit.

x) Contributed services

Volunteers contribute a considerable number of hours per year to various schools, which are within the school board, to ensure certain programs are delivered, such as kindergarten, lunch services and raising school-generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

xi) Prepaid expenses

Certain expenditures incurred and paid before the close of the school year are for specific school supplies, which will be consumed subsequent to year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses fall into this category.

xii) Financial instruments

Financial instruments consist of cash and temporary investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and long-term debt. Realized investment income and unrealized gains and losses, if any, are reported in the Statement of Revenues and Expenses.

All financial assets and financial liabilities are classified into one of the following categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale and other financial liabilities.

All financial instruments are initially recognized on the statement of financial position at their fair value. Subsequent to their initial recognition, all financial instruments continue to be measured at their fair value except for held-to-maturity investments, loans and receivables and other financial liabilities which must be measured at amortized cost using the effective interest method.

The District has classified its cash and temporary investments, and accounts receivable as held-for-trading. They are measured at fair values which approximately equal to their carrying values due to short term maturity. The District has classified its bank indebtedness, accounts payable and accrued liabilities and long-term debt as other financial liabilities, which are measured at amortized cost using the effective interest method. The District has no financial instruments classified as available-for-sale, held-to-maturity and loans and receivables.

The District has elected to use the disclosure requirements of CICA Handbook section 3861 – Financial Instruments – Presentation and Disclosure.

The District has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise include credit risk, liquidity risk, and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices. The District does not use derivative financial instruments to alter the effects of these risks. The District has invested surplus funds in accordance with Section 60 of the *School Act* and Section 5 of the *Trustees Act*.

3. Summary of significant accounting policies (cont'd)

xii) Financial instruments (cont'd)

The District's accounts receivable are substantially comprised of amounts due from the municipal and provincial governments. Funds on deposit are maintained with Schedule 1 Canadian financial institutions. Accordingly, the District is not exposed significant credit risk. The District's long term debt is supported by the provincial government which mitigates liquidity and price risks. Further, substantially all of the District's operations are transacted in Canadian currency.

xiii) Operating and capital reserves

Reserves are established at the discretion of the Board of Trustees of the District, to set aside funds for operating and future capital expenditures. Such reserves are appropriations of unrestricted net assets.

xiv) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management's estimates include the collectability of accounts receivable, the useful lives of capital assets and the corresponding rates of amortization, the amount of accrued liabilities and the fair value of financial instruments.

xv) Capital disclosures

The District defines its capital as the amounts included in deferred capital allocations and unrestricted net assets In the short term, the District's objectives for managing capital are to safeguard the ability of the District to continue to deliver educations services to its student population, and in the long term the District plans to build sufficient financial capacity to meet future needs for its educational programs and services.

In order to facilitate the management of its capital requirements, the District prepares annual budgets that are approved by the Board of Trustees and updated as necessary.

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

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

Under the School Act, the District must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

4. Cash and temporary investments

Cash and temporary investments include $229,231 (2011 - $219,949) deposit in a share account at a Credit Union. Interest earned on this account for the year ended August 31, 2012 totaled $9,281 (2011- $9,395) and is included in investment income.

5. Trust assets and trust liabilities

Trust assets represent cash held in trust on behalf of the Edmonton Student Health Initiative Partnership, cash held to fund scholarships and cash held for the Deferred Salary Leave Plan. The Edmonton Student Health Initiative Partnership was created so that school-aged children in Edmonton, in particular those with special needs, have access to culturally-responsive health and related support services they need to participate in their school programs and attain their potential. The District was appointed banker for the partnership and is responsible for distributing the cash in accordance with the wishes of the partnership. The trust assets are offset by corresponding trust liabilities.

	2012	2011
Student Health Initiative Partnership	$ 2,103,246	$ 1,982,600
Scholarships	188,326	204,222
Deferred Salary Leave Plan	1,559,447	1,719,804
	$ 3,851,019	$ 3,906,626

6. Accounts receivable

	2012	2011
Alberta Education	$ 253,650	$ 3,829,903
Alberta Treasury Board and Finance	31,039	50,135
First Nations	1,029,123	1,200,080
City of Edmonton	10,050,735	9,197,786
Other	3,109,558	2,698,078
	$ 14,474,105	$ 16,975,982

7. Capital assets

(Estimated useful life years)	Land	Construction in Progress	Buildings 25-40 years	Equipment Computer 5 years	*Equipment Other 5-10 years*	Vehicles *5-10 years*	2012	2011
Historical Cost								
September 1, 2011	$ 4,939,308	$ 13,513,524	$ 325,533,039	$ 5,339,420	$ 12,184,529	$ 2,793,513	**$ 364,303,333**	$ 345,896,391
Additions	-	5,491,514	1,922,940	2,209,112	3,068,941	650,315	**13,342,822**	19,286,131
Transfer in (out)	-	(18,506,091)	18,506,091	-	-	-	**-**	-
Less disposals including write-offs	-	-	(343,878)	(119,532)	(739,780)	(182,062)	**(1,385,252)**	(879,189)
August 31, 2012	4,939,308	498,947	345,618,192	7,429,000	14,513,690	3,261,766	**376,260,903**	364,303,333
Accumulated Amortization								
September 1, 2011	-	-	138,602,394	2,391,619	4,850,219	1,423,616	**147,267,848**	141,551,987
Amortization Expense	-	-	7,374,911	1,119,988	1,651,416	223,498	**10,369,813**	6,481,808
Disposals	-	-	(343,877)	(119,531)	(710,187)	(162,546)	**(1,336,141)**	(765,947)
August 31, 2012	$ -	-	145,633,428	3,392,076	5,791,448	1,484,568	**156,301,520**	147,267,848
Net Book Value at August 31, 2012	$ 4,939,308	$ 498,947	$ 199,984,764	$ 4,036,924	$ 8,722,242	$ 1,777,198	**$ 219,959,383**	$ 217,035,485

In 2012 the District assumed control over one new school constructed and financed by the province under the Alberta Schools Alternative Procurement (ASAP) project. The school and associated site improvements, constructed on District land, were recorded based on Administration's best estimate of fair value of $15,616,377. In accordance with the agreement with the Ministry of Education, the Ministry is responsible for all capital, maintenance and renewal payments to the contractor over a 30 year period related to the school.

8. Bank indebtedness

Bank indebtedness consists of cheques written in excess of bank balances. The balance outstanding as of August 31, 2012, was $29,350 (2011 - $142,623). The District has a $10,000,000 Canadian Dollar Demand Overdraft facility which bears interest at prime less 0.5%. The District is subject to interest rate risk on outstanding balances as overdraft interest fluctuates with the prime interest rate.

The District has a purchasing card facility in the amount of $1,500,000 and as of August 31, 2012 there was a $nil balance outstanding (2011 - $nil).

9. Accounts payable and accrued liabilities

	2012	2011
Alberta Education	$ **10,498,311**	$ 9,597,786
Alberta Capital Finance Authority	**31,039**	50,135
Other payables and accrued liabilities	**17,248,261**	15,527,982
	$ **27,777,611**	$ 25,175,903

10. Deferred revenue

	2011	Funding Received 2011/2012	Revenue Expended 2011/2012	2012
Alberta Education Restricted Funding				
Infrastructure Maintenance Renewal	$ 2,587,889	$ 5,918,114	$ 5,775,905	**$ 2,730,098**
Other Government of Alberta Funding				
High School Portal Initiative	64,822	-	8,037	**56,785**
Health Services Strategy	351,547	-	191,262	**160,285**
One to One Mobile Commuting	35,585	-	35,585	**-**
Career and Technology Studies	169,964	18,000	162,838	**25,126**
Text to speech	35,000	-	14,977	**20,023**
Student owned devices	30,000	-	21,700	**8,300**
Spanish Bilingual Professional Development	-	23,895	-	**23,895**
Carpentry Apprenticeship	-	160,000	-	**160,000**
Action on Inclusion	-	815,614	166,101	**649,513**
School Technology Service	50,000	-	-	**50,000**
Canadian Mental Health	-	34,582	-	**34,582**
Provision Program	-	37,500	14,474	**23,026**
Student Performance	-	71,000	58,432	**12,568**
Enriched School Environment	-	80,000	76,966	**3,034**
Grant 2011-988	-	50,000	-	**50,000**
Other Deferred Revenue				
Donations	1,767	109,546	9,808	**101,505**
Fees and other funds	3,676,735	5,254,846	4,752,066	**4,179,515**
Future Renovation Projects	185,354	-	-	**185,354**
	$ 7,188,663	$ 12,573,097	$ 11,288,151	**$ 8,473,609**

11. Deferred capital allocations and unamortized deferred capital allocations

	2012		2011	
	Deferred Capital	**Unamortized Capital**	Deferred Capital	Unamortized Capital
Balances, beginning of year	$ 414,101	$ 191,649,768	$ 1,321,419	$ 179,899,872
Prior period adjustment (Note 23)	245,099	879,286		-
Balances, beginning of year, as restated	659,200	192,529,054	1,321,419	179,899,872
Government grants	7,929,242	-	15,190,340	
Interest earned	25,346	-	-	-
Net proceeds on disposal of supported capital assets	1,432,960	-	-	-
Expended on capital assets	(7,276,533)	7,276,533	(15,852,559)	15,852,559
Debt retirement	-	551,232	-	936,741
Amortization of capital assets acquired from capital contributions	-	(7,606,689)	-	(4,160,118)
Balances, end of year	$ 2,770,215	$ 192,750,130	$ 659,200	$ 192,529,054

Deferred capital allocations represent externally restricted supported capital funds provided for a specific purpose received or receivable by the District, but the related expenditure has not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized deferred capital allocation account balance is increased by transfers of deferred capital allocations expended, as well as fully supported debenture principal repayments.

Included in government grants and expended on capital assets are non-cash contributions related to school construction totaling $5,410,514 (2011 - $13,211,758).

12. Fees

	2012	2011
Transportation fees	$ 4,775,401	$ 4,131,624
Fees for instruction material and supplies	9,642,899	9,419,129
Other	533,135	707,753
	$ 14,951,435	$ 14,258,506

13. School generated funds - Unexpended

		2012		2011
Balance, beginning of year	$	**189,598**	$	148,455
Gross receipts				
Fees		**3,173,693**		3,756,621
Fundraising		**857,690**		697,115
Gifts and donations		**3,159,297**		2,767,350
Other sales and services		**560,696**		591,550
Total gross receipts		**7,751,376**		7,812,636
Total direct costs and use of funds		**7,586,005**		7,771,493
Balance, end of year	**$**	**354,969**	$	189,598

Total direct costs include cost of goods sold to raise funds. Unexpended school generated funds are included in fees and other funds in deferred revenue (Note 10).

14. Long term debt

In prior years, the District has issued debentures to the Alberta Capital Finance Authority (formerly Alberta Municipal Finance Corporation) to finance the construction of capital assets. These debentures mature in annual amounts to the year 2015 and interest is payable at rates ranging from 8% to 12% per annum. The debenture debt is fully supported by Alberta Treasury Board and Finance.

Debenture payments due over the remaining three years are:

		Principal		Interest		Total
2012 - 2013	$	363,128	$	57,844	$	420,972
2013 -2014		209,227		25,480		234,707
2014 - 2015		70,002		6,738		76,740
Total	$	642,357	$	90,062	$	732,419

Accrued interest of $31,039 (2011 - $50,135) is included in accounts receivable, accounts payable and accrued liabilities. Total interest paid for the year is $108,271 (2011 - $201,871).

15. Reserves

	2012		2011	
	Operating	Capital	Operating	Capital
Balance, beginning of year	$ -	$ 3,067,151	$ -	$ 2,637,132
Net proceeds from sale of unsupported capital assets		1,767,471		1,481,159
Repairs and renovations of non-school building	-	(310,327)	-	(363,726)
Non-School Projects	-	-	-	(687,414)
School Projects - modulars	-	(637,143)	-	-
Balances, end of year	$ -	$ 3,887,152	$ -	$ 3,067,151

Included in the capital reserve are reserves with an ending balance of $1,961,690 (2011 - $1,512,829) that have been approved by the Board and the Minister to complete certain critical repairs of non-school buildings, construction of a Back-up Data Centre and purchase and installation of three modular classrooms. Of this reserved amount $947,470 (2011 - $1,051,140) has been spent during the year. The remaining reserves are available for the Board and Minister approved projects in the future.

16. Asset retirement obligations

Asset retirement obligations represent legal obligations associated with the retirement of a tangible long-lived asset that result from its acquisition, construction, development or normal operation. The District has determined that there is no asset retirement obligation liability as the District has no identifiable asset retirement obligations.

17. Economic dependence on related third party

The District's primary source of income is from the Alberta Government. The District received allocations from the following related parties: Alberta Education and Alberta Treasury Board and Finance. The District's ability to continue viable operations is dependent on this funding. In the current year $351,523,713 or 89.4% (2011 - $333,117,226 and 89.8%) of operating revenue was recognized from the Government of Alberta. Included in accounts receivable at August 31, 2012 was $253,650 (2011 - $836,104) related to this revenue.

In the current year, $58,590,438 or 14.90% (2011 - $54,555,352 or 15.37%) of operating revenue was recognized from the City of Edmonton supplementary requisition of municipal taxes from Catholic ratepayers. Included in accounts receivable at August 31, 2012 is $10,050,735 (2011 - $9,197,785) related to this revenue.

18. Related party transactions

Effective 2005-2006, school jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta. The District had the following related party transactions for the year ended August 31, 2012.

	Balances		Transactions	
2011-2012	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
Government of Alberta				
Education	$ 253,650	$ 10,498,311	$ 351,465,577	$ -
Treasury Board and Finance	31,039	-	58,136	-
Other	-	31,039	-	58,136
	284,689	10,529,350	351,523,713	58,136
Other				
Other Alberta School Authorities	-	-	301,140	-
Total 2011-2012	$ 284,689	$ 10,529,350	$ 351,824,853	$ 58,136
Total 2010-2011	$ 3,880,038	$ 9,647,921	$ 333,117,226	$ 201,871

During the year, capital allocations of $7,786,686 (2011 - $14,026,810) were received from the Government of Alberta.

The District's principal and interest on capital debt in the amount of $551,232 (2011 - $936,741) and $58,136 (2011 - $201,871) respectively, are paid by the Government of Alberta (Note 14). Debenture principal payments are recorded as a decrease in long-term debt and increase in unamortized capital allocations. Interest payments are recorded as an increase in Government of Alberta revenue and increase in interest on long-term debt expense.

Maintenance costs totaling $877,992 (2011 - $507,875) related to the two schools constructed under the ASAP project are paid by the Government of Alberta and are recorded as an increase in revenue from the Government of Alberta and an increase in services, contracts and supplies expense.

19. Budget comparison

Following is a summary of revenue and expenses compared with the approved budget:

	Actual	Budget	Variance
Revenue			
Provincial grants and supplementary requisition	$ 351,523,713	$ 329,665,000	$ 21,858,713
Other revenue	33,997,380	33,034,000	963,380
	385,521,093	362,699,000	22,822,093
Amortization of deferred capital allocations	$ 7,606,689	$ 5,850,000	$ 1,756,689
	393,127,782	368,549,000	24,578,782
Expenses			
Salaries and employee benefits	$ 296,538,525	$ 285,083,000	$ 11,455,525
Supplies and other	82,994,580	77,016,000	5,978,580
Amortization of capital assets	10,369,813	8,250,000	2,119,813
	389,902,918	370,349,000	19,553,918
Excess (deficiency) of revenue over expenses	$ 3,224,864	$ (1,800,000)	$ 5,024,864
Unsupported amortization	2,763,124	2,400,000	363,124
Board funded capital additions	(5,187,004)	(2,400,000)	(2,787,004)
Disposal of unsupported capital assets	(1,718,360)	-	(1,718,360)
Other items	947,470	-	947,470
Unrestricted surplus (deficiency)	$ 30,094	$ (1,800,000)	$ 1,830,094

The budget was prepared by the School District and approved by the Board of Trustees. It is presented for information purposes only and has not been audited.

20. Remuneration and monetary incentives

The District had paid or accrued expenses for the year ended August 31, 2012 to or on behalf of the following positions and persons in groups as follows:

		FTEs	Remuneration	Benefits	Allowances	Performance bonuses	ERIPs/ other	Total	Expenses
Chairperson:	Debbie Engel	1.00	$65,279	$6,479	$ 6,000	$ -	$1,700	$79,458	$9,653
Other board members:									
	Cynthia Olsen	1.00	42,969	5,823	6,000	-	1,700	56,492	4,346
	John Acheson	1.00	51,474	4,184	6,000	-	1,700	63,358	8,282
	Marilyn Bergstra	1.00	52,209	6,128	6,000	-	1,700	66,037	8,949
	Becky Kallal	1.00	55,554	6,238	6,000	-	1,700	69,492	8,747
	Larry Kowalczyk	1.00	44,334	5,279	6,000	-	1,700	57,313	7,566
	Laura Thibert	1.00	54,767	6,219	6,000	-	1,700	68,686	7,248
SUBTOTAL		**7.00**	**366,586**	**40,350**	**42,000**	-	**11,900**	**460,836**	**54,791**
Superintendent	Joan Carr	1.00	270,399	48,374	-	-	-	318,773	6,759
Board Treasurer	Barry Devlin	1.00	170,455	28,202	-	-	-	198,657	4,234
Board Secretary	Andrea Klotz	1.00	91,463	16,414	-	-	-	107,877	3241
Certificated Salaries		1,918.8	175,659,237	36,909,780	-	-	-	212,569,017	-
Uncertificated Salaries And Wages		1,230.0	66,711,263	16,172,102	-	-	-	82,883,365	-
Totals		**3,158.8**	**$243,269,403**	**$53,215,222**	**42,000**	-	**$11,900**	**$296,538,525**	**$69,025**

Benefits include the Government of Alberta portion of the current service contribution to the Alberta Teachers Pension Fund on behalf of the District. The amount included in benefits for the Superintendent is $14,707.

21. Commitments

The District has commitments relating to various lease, service and construction contracts under which the District will be required to make annual payments. The estimated minimum annual payments required under these agreements are as follows:

	Leases	Services	Construction	Total
2013	$ 839,184	$ 660,084	$ 393,700	$ 1,892,968
2014	456,614	546,475	-	1,003,089
2015	129,437	336,707	-	466,144
2016	91,069	196,800	-	287,869
Thereafter	91,069	-	-	91,069
Total	$ 1,607,373	$ 1,740,066	$ 393,700	$ 3,7411,139

In addition, the District has made a commitment to the City of Edmonton regarding the construction of a High School Completion Centre in northwest Edmonton. The construction costs of the facility are expected to be approximately $12 million of which the City of Edmonton will initially fund. Significant terms of the agreement include the District entering into a long term lease with the City upon completion of the construction. Additionally, the District will remain responsible for the operating and maintenance costs of the High School Completion Centre.

The District entered into an agreement for the purchase of electricity at a flat rate of 5.53 cents per kilowatt hour. This agreement expires December 31, 2013.

22. Contingencies

The District is involved in various claims and litigation arising in the normal course of operations. While the outcome of these matters are uncertain and there is no assurance that such matters will be resolved in the District's favour, the District does not currently believe that the disposition of claims presently outstanding will be significant to the overall financial position of the District. Therefore no provision for these claims and litigation has been included in these financial statements.

23. Prior period reclassification adjustments

For the year ended August 31, 2011, the District has reclassified the Government of Alberta revenues, and certificated benefits for the Teachers' Retirement Fund ("TRF") contributions made by the Province of Alberta, for current service provided by certificated teachers. This reclassification was the result of direction from the Minister of Education, Province of Alberta to show the contributions made by the Province of Alberta to the TRF on behalf of the school districts on a gross basis as revenue and corresponding expense in the financial statements of the related district. For the year ended August 31, 2011 the impact was to increase Government of Alberta revenue by $16,194,492 and increase certificated benefits expense by $16, 194,492. This reclassification had no effect on the excess of revenues over expenses for the year previously reported.

23. Prior period reclassification adjustments (cont'd)

For the year ended August 31, 2011 the District has reclassified school generated funds. The reclassification is to show the related school generated funds as separate revenue and expense categories based on the nature of the revenues and expenses. This reclassification was required by the Minister of Education of the Province of Alberta. For the year ended August 31, 2011 the impact was to decrease gross school generated funds revenue by $7,966,553, decrease instruction resource fees by $10,126,882, decrease transportation fees by $4,131,624, increase other sales and services revenue by $4,502,088, increase gifts and donations revenue by $2,767,350, increase fees revenue by $14,258,506, increase fundraising revenue by $697,115, decrease gross school generated funds expense by $7,966,553, and increase services, contracts and supplies expense by $7,966,553. This reclassification had no effect on the excess of revenues over expenses for the year previously reported.

For the year ended August 31, 2011 the District has reclassified balances related to the classification of funding received on supported and unsupported capital assets. During the current year, management identified that certain assets that were transferred from construction in progress to buildings during the year were incorrectly treated as unsupported assets when they were supported assets. For the August 31, 2011 year end, the impact was a decrease of $252,233 in accounts receivable, a decrease of $1,376,618 in deferred revenue, an increase of $245,099 in deferred capital allocations and an increase of $879,286 in unamortized capital allocations. This reclassification had no effect on the excess of revenues over expenses for the year previously reported.

The total effect of these adjustments is as follows:	2011 As previously reported	Reclassification	**2011 Adjusted balance**
Assets			
Accounts receivable	$ 17,228,215	$ (252,233)	**$ 16,975,982**
Liabilities			
Deferred revenue	8,565,281	(1,376,618)	**7,188,663**
Deferred capital allocations	414,101	245,099	**659,200**
Unamortized capital allocations	191,649,768	879,286	**192,529,054**
Revenues			
Government of Alberta	316,922,734	16,194,492	**333,117,226**
Instruction resource fees	10,126,882	(10,126,882)	**-**
Transportation fees	4,131,624	(4,131,624)	**-**
Other sales and services	1,424,229	4,502,088	**5,926,317**
Gifts and donations	681,844	2,767,350	**3,449,194**
Gross school generated funds	7,966,553	(7,966,553)	**-**
Fees	-	14,258,506	**14,258,506**
Fundraising	-	697,115	**697,115**
Expenses			
Services, contracts, and supplies	71,564,215	7,966,553	**79,530,768**
Gross school generated funds	7,966,553	(7,966,553)	**-**
Certificated benefits	18,492,233	16,194,492	**34,686,725**