

# Financial results of the Calgary Board of Education



For the year ended August 31, 2016

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**Calgary Board  
of Education**

# TABLE OF CONTENTS

## FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2016

Statement of administration responsibility .....	FS-1
Independent auditors report.....	FS-2
Consolidated statement of financial position.....	FS-4
Consolidated statement of operations .....	FS-5
Consolidated statement of cash flows .....	FS-6
Consolidated statement of changes in net debt.....	FS-7
Consolidated statement of accumulated remeasurement gains and losses .....	FS-8
Schedule 1 – 7 .....	FS-9
Notes to the consolidated financial statements.....	FS-17

## ADMINISTRATION’S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS

Overview .....	AD&A-1
Support for student success.....	AD&A-4
Financial overview.....	AD&A-5
Year-over-year review.....	AD&A-6
Staffing and full-time equivalents (FTEs).....	AD&A-26
Alberta Education funding per student.....	AD&A-27
Reserves .....	AD&A-28
Analysis of financial operating results to budget.....	AD&A-30
Financial position .....	AD&A-31
Capital expenditures .....	AD&A-32
Outlook for 2016-17 .....	AD&A-33
Compliance .....	AD&A-34

## APPENDICES

Appendix I – Summary of third party invoices.....	Appendix I
Appendix II – EducationMatters financial statements – December 31, 2015 .....	Appendix II
Appendix III – Urban Schools Insurance Consortium (USIC).....	Appendix III
Appendix IV – Alberta Education’s guidelines for expenditure assignments to programs .....	Appendix IV
Appendix V – Audited Financial Statements (Alberta Education submission).....	Appendix V

**CALGARY BOARD OF EDUCATION  
STATEMENT OF ADMINISTRATION RESPONSIBILITY  
AUGUST 31, 2016**

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**Statement of Administration Responsibility**

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

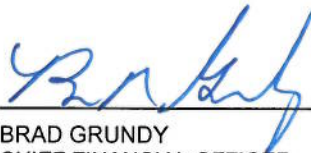
In the context of the responsibilities of the Board, the Calgary Board of Education's Administration is responsible for the preparation, presentation and integrity of the consolidated financial statements and has prepared them in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements present fairly the financial position of the Calgary Board of Education as at Aug. 31, 2016 and the results of its operations and cash flows for the year then ended.

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

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



DAVID STEVENSON  
CHIEF SUPERINTENDENT OF SCHOOLS



BRAD GRUNDY  
CHIEF FINANCIAL OFFICER,  
AND CORPORATE TREASURER

November 29, 2016

## **INDEPENDENT AUDITORS' REPORT**



KPMG LLP  
3100, 205 5th Avenue SW  
Suite 3100  
Calgary AB  
T2P 4B9  
Canada  
Telephone (403) 691-8000  
Fax (403) 691-8008  
www.kpmg.ca

### **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the Calgary Board of Education

We have audited the accompanying consolidated financial statements of the Calgary Board of Education, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations, accumulated remeasurement gains and losses, changes in net debt, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

**CALGARY BOARD OF EDUCATION  
INDEPENDENT AUDITORS' REPORT  
AS AT AUGUST 31, 2016**

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*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Calgary Board of Education as at August 31, 2016, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants

November 29, 2016  
Calgary, Canada

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 2016**

		2016 (in thousands)	2015 Recast - Note 20 (in thousands)
<b>Financial assets</b>			
Cash and cash equivalents	(Sch 5 and Note 3)	\$ 184,493	\$ 231,853
Accounts receivable (net after allowances)	(Note 4)	52,877	20,779
Portfolio investments	(Sch 5)	96,850	106,941
<b>Total financial assets</b>		<b>334,220</b>	<b>359,573</b>
<b>Liabilities</b>			
Deferred revenue	(Notes 5, 14)	1,079,129	861,570
Accounts payable and accrued liabilities	(Notes 6)	90,744	76,421
Employee future benefits	(Note 7)	24,828	25,428
Other liabilities - asset retirement obligations	(Note 8)	327	327
Supported debt: debentures	(Note 9)	2,936	4,911
Unsupported debt: capital leases	(Note 10)	10,181	8,088
<b>Total liabilities</b>		<b>1,208,145</b>	<b>976,745</b>
<b>Net debt</b>		<b>\$ (873,925)</b>	<b>\$ (617,172)</b>
<b>Non-financial assets</b>			
Tangible capital assets	(Sch 6)		
Land		\$ 2,711	\$ 2,711
Construction in progress		156,367	44,901
Buildings	1,368,739		
Less: Accumulated amortization	(498,908)	869,831	720,122
Furniture and equipment	142,664		
Less: Accumulated amortization	(106,237)	36,427	31,363
Vehicles	9,869		
Less: Accumulated amortization	(6,225)	3,644	4,145
Computer software and hardware	144,729		
Less: Accumulated amortization	(112,241)	32,488	30,764
Total tangible capital assets		1,101,468	834,006
Prepaid expense		6,435	8,535
<b>Total non-financial assets</b>		<b>1,107,903</b>	<b>842,541</b>
<b>Accumulated surplus</b>		<b>\$ 233,978</b>	<b>\$ 225,369</b>
Accumulated surplus is comprised of:	(Notes 11, 20)		
Accumulated operating surplus		230,250	215,689
Accumulated remeasurement gains and losses		3,728	9,680
		<b>\$ 233,978</b>	<b>\$ 225,369</b>
Contractual obligations and contingent liabilities	(Note 15)		

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

Approved by:

  
Joy Bowen-Eyre, Chair of Board of Trustees

Nov 29, 2016  
Date Signed

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Budget (Note 19)</u>	<u>Actuals</u>	
	<u>2016</u> (In thousands)	<u>2016</u> (In thousands)	<u>2015</u> (In thousands)
<b>Revenues</b>			
Alberta Education	\$ 1,204,334	\$ 1,208,794	\$ 1,144,396
Other Government of Alberta	846	733	1,108
Federal Government & First Nations	2,393	2,987	2,904
Other sales and services	23,196	27,272	24,329
Fees revenue (Note 13)	49,651	49,876	50,296
Investment revenue	2,817	12,146	14,863
Other Alberta school authorities	522	648	832
Gifts and donations	4,842	8,740	7,023
Fundraising	6,400	7,166	6,828
Rentals	7,544	6,867	6,698
Gain on disposal of assets	-	44	63
Other revenue	20	426	1,323
<b>Total revenues</b>	<u>\$ 1,302,565</u>	<u>\$ 1,325,699</u>	<u>\$ 1,260,663</u>
<b>Expenses</b>			
Instruction: grades 1-12	1,000,765	988,983	941,305
Instruction: early childhood services	46,664	49,003	49,136
Board and system administration	35,773	33,548	33,917
Transportation	48,005	48,447	45,229
Plant operations and maintenance	166,578	167,923	157,489
External services	22,709	23,234	22,225
<b>Total expenses</b>	<u>1,320,494</u>	<u>1,311,138</u>	<u>1,249,301</u>
<b>Annual surplus / (deficit)</b>	<u>\$ (17,929)</u>	<u>\$ 14,561</u>	<u>\$ 11,362</u>

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

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>2016</u>	<u>2015</u>
	(in thousands)	(in thousands)
<b>Cash flows from:</b>		
<b>Operating transactions</b>		
Annual surplus	\$ 14,561	\$ 11,362
Add (deduct) items not affecting cash:		
Amortization expense	52,092	51,644
Gains on disposal of capital assets	(44)	(63)
Expended deferred capital revenue (EDCR)	(29,221)	(29,808)
Changes in:		
Accounts receivable	(32,098)	40,436
Prepaid expenses	2,100	3,053
Accounts payable and accrued liabilities	14,323	10,739
Deferred revenue excluding EDCR and UDCR (Note 5)	(18,912)	18,030
Employee future benefits	(600)	(936)
Other: Working capital items	(1,975)	(36,739)
<b>Cash flows from operating transactions</b>	<b>\$ 226</b>	<b>\$ 67,718</b>
<b>Capital transactions</b>		
Purchases of tangible capital assets		
Buildings	(290,819)	(49,597)
Equipment	(14,316)	(7,744)
Vehicles	(348)	(1,146)
Computer equipment	(14,072)	(10,781)
Net proceeds from disposal of tangible capital assets	44	68
Other: Working capital items	265,692	104,084
<b>Cash flows (used in) / from capital transactions</b>	<b>\$ (53,819)</b>	<b>\$ 34,884</b>
<b>Investing transactions</b>		
Purchase of portfolio investments	(105,120)	(81,791)
Disposition of portfolio investments	109,651	95,470
Withdrawal of portfolio investments	7,642	-
Remeasurement gains reclassified to the statement of operations	(8,034)	(10,567)
Other: Working capital items	-	228
<b>Cash flows from investing transactions</b>	<b>\$ 4,139</b>	<b>\$ 3,340</b>
<b>Financing transactions</b>		
Repayment of long-term debt	(1,975)	(2,515)
Repayment of capital leases	(1,097)	(6,633)
Additional financing capital leases	3,190	-
Other: Working capital items	1,976	36,739
<b>Cash flows from financing transactions</b>	<b>\$ 2,094</b>	<b>\$ 27,591</b>
(Decrease) / increase in cash and cash equivalents	\$ (47,360)	\$ 133,533
Cash and cash equivalents, beginning of year	231,853	98,320
Cash and cash equivalents, end of year	<b>\$ 184,493</b>	<b>\$ 231,853</b>

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



**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<b>Budget (Note 19)</b>	<b>Actuals</b>	
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	(In thousands)	(In thousands)	(In thousands)
<b>Annual surplus / (deficit)</b>	\$ <u>(17,929)</u>	\$ <u>14,561</u>	\$ <u>11,362</u>
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	(72,077)	(319,554)	(69,268)
Amortization of tangible capital assets	52,115	52,092	51,644
Net carrying value of tangible capital assets disposed	-	-	5
Other changes	<u>(1,096)</u>	<u>-</u>	<u>-</u>
<b>Total effect on changes in tangible capital assets</b>	\$ <u>(21,058)</u>	\$ <u>(267,462)</u>	\$ <u>(17,619)</u>
Changes In			
Prepaid expense	-	2,100	3,052
Net remeasurement gains	-	(5,952)	(3,673)
Change in endowments	<u>-</u>	<u>-</u>	<u>228</u>
<b>Changes in net debt</b>	\$ <u>(38,987)</u>	\$ <u>(256,753)</u>	\$ <u>(6,650)</u>
<b>Net debt, beginning of year</b>	<u>(617,172)</u>	<u>(617,172)</u>	<u>(610,522)</u>
<b>Net debt, end of year</b>	\$ <u>(656,159)</u>	\$ <u>(873,925)</u>	\$ <u>(617,172)</u>

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

**CALGARY BOARD OF EDUCATION  
CONSOLIDATED STATEMENT OF ACCUMULATED REMEASUREMENT GAINS AND LOSSES  
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>2016</u>	<u>2015</u>
	(In thousands)	(In thousands)
<b>Accumulated remeasurement gains, beginning of year</b>	<b>\$ 9,680</b>	<b>\$ 13,353</b>
Unrealized gains attributable to:		
Portfolio Investments	2,082	6,894
Amounts reclassified to the statement of operations:		
Portfolio Investments	(8,034)	(10,567)
Net remeasurement change for the year	<u>\$ (5,952)</u>	<u>\$ (3,673)</u>
<b>Accumulated remeasurement gains, end of year</b>	<b><u>\$ 3,728</u></b>	<b><u>\$ 9,680</u></b>

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

**CALGARY BOARD OF EDUCATION  
SCHEDULE 1 - ACCUMULATED SURPLUS  
AUGUST 31, 2016  
(in thousands)**

	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
<b>Balance at August 31, 2015</b>	217,287	9,680	207,607	134,684	3,520	104	33,083	36,216
<b>Prior period adjustment (Note 20):</b>								
Benefits expense overstated in prior years	8,082		8,082			8,082		
<b>Adjusted Balance, August 31, 2015</b>	225,369	9,680	215,689	134,684	3,520	8,186	33,083	36,216
Annual surplus	14,561		14,561			14,561		
Board funded tangible capital asset additions				34,464		(34,464)		
Net remeasurement gains (losses) for the year	(5,952)	(5,952)						
Endowment contributions					336	(336)		
Amortization of tangible capital assets				(52,092)		52,092		
Capital revenue recognized				29,221		(29,221)		
Debt principal repayments (unsupported)				1,096		(1,096)		
Net transfers to operating reserves						(15,129)	15,129	
Net transfers from operating reserves						8,409	(8,409)	
Net transfers to capital reserves						(23,729)		23,729
Net transfers from capital reserves						20,727		(20,727)
Assumption/transfer of other operations' surplus						-		
<b>Balance at August 31, 2016</b>	<b>233,978</b>	<b>3,728</b>	<b>230,250</b>	<b>147,373</b>	<b>3,856</b>	<b>-</b>	<b>39,803</b>	<b>39,218</b>

	INTERNALLY RESTRICTED RESERVES BY PROGRAM									
	School & Instruction Related		Operations & Maintenance		Board & System Administration <sup>(1)</sup>		Transportation		External Services	
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2015</b>	21,614	26,576	5,213	1,802	4,541	7,638	122	-	1,593	200
<b>Prior period adjustment (Note 20):</b>										
<b>Adjusted Balance, August 31, 2015</b>	21,614	26,576	5,213	1,802	4,541	7,638	122	-	1,593	200
Net transfers to operating reserves	14,962		40		127					
Net transfers from operating reserves	(7,370)		(256)		(661)		(122)			
Net transfers to capital reserves				23,729						
Net transfers from capital reserves		(9,658)		(4,185)		(6,884)				
Assumption/transfer of other operations' surplus	18,782		(4,957)		(12,232)				(1,593)	
<b>Balance at August 31, 2016</b>	<b>47,988</b>	<b>16,918</b>	<b>40</b>	<b>21,346</b>	<b>(8,225)</b>	<b>754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>

(1) The operating reserve balance includes our Changes in accounting policy reserve and the Education Matters Fund which are not available for use.

**CALGARY BOARD OF EDUCATION  
SCHEDULE 2 – CAPITAL REVENUE  
FOR THE YEAR ENDED AUGUST 31, 2016  
(in thousands)**

	Unexpended Deferred Capital Revenue (in thousands)				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
<b>Balance at Aug. 31, 2015</b>	91,350	-	12,851	-	691,173
Prior period adjustments	4,193	-	(4,222)	-	29
Adjusted balance, Aug. 31, 2015	95,543	-	8,629	-	691,202
Add:					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	225,025				
Unexpended capital revenue receivable from					
Alberta Education school building & modular (excl. IMR)	36,055				
Interest earned on unexpended capital revenue	937	-	-	-	
Insurance proceeds (and related interest)			3,677	-	
Expended capital revenue - current year	(281,902)	-	-	-	281,902
Deduct:					
Capital revenue recognition - Alberta Education					29,221
<b>Balance at Aug. 31, 2016</b>	75,658	-	12,306	-	943,883
	(A)	(B)	(C)	(D)	
<b>Balance of Unexpended Deferred Capital Revenue at Aug. 31, 2015 (A) + (B) + (C) + (D)</b>				87,964	

**Deferred Capital Contributions**

(A) - Represents funding received from the Province of Alberta toward new approved projects ONLY.

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

(C) - Represents proceeds on disposal of provincially funded capital assets to be expended on approved capital projects per 10 (2) (a) of Disposition of Property Regulation 181/201

(D) - Represents capital contributions received from entities OTHER THAN the Province of Alberta restricted for the acquisition of capital assets.

\* Grants received and capitalized under the Infrastructure Maintenance Renewal(IMR) Program are included in this statements under Public Sector Accounting Standards

**CALGARY BOARD OF EDUCATION  
SCHEDULE 3 – PROGRAM OF OPERATIONS  
FOR THE YEAR ENDED AUGUST 31, 2016  
(in thousands)**

	2016							2015
	Instruction: early childhood services	Instruction: grades 1-12	Board and system adminstration	Transportation	Plant operations and maintenance	External services	Total	Total
<b>Revenues</b>								
Alberta Education	51,856	925,487	43,517	35,027	152,907	-	1,208,794	1,144,396
Other government of Alberta revenue	-	200	-	-	463	70	733	1,108
Federal grants and education agreements	-	997	20	-	-	1,970	2,987	2,904
Sales and services	579	19,910	1,095	-	852	4,836	27,272	24,329
Fees	158	27,888	-	8,173	-	13,657	49,876	50,296
Investment income	-	324	154	-	258	11,410	12,146	14,863
Other Alberta school authorities	-	376	-	-	272	-	648	832
Gifts and donations	-	8,698	-	-	-	42	8,740	7,023
Fundraising	-	7,166	-	-	-	-	7,166	6,828
Rentals	-	-	445	-	2,054	4,368	6,867	6,698
Gain on disposal of assets	-	44	-	-	-	-	44	63
Other revenue	-	426	-	-	-	-	426	1,323
<b>Total Revenues</b>	<b>52,593</b>	<b>991,516</b>	<b>45,231</b>	<b>43,200</b>	<b>156,806</b>	<b>36,353</b>	<b>1,325,699</b>	<b>1,260,663</b>
<b>Expenses</b>								
Certificated salaries	27,072	598,485	1,153	-	-	375	627,085	594,041
Certificated benefits	3,020	139,510	84	-	-	173	142,787	134,485
Non-certificated staff salaries	12,464	108,011	14,542	2,152	49,774	13,760	200,703	197,091
Non-certificated staff benefits	3,127	26,026	3,174	563	12,959	2,783	48,632	47,608
<b>Sub-total</b>	<b>45,683</b>	<b>872,032</b>	<b>18,953</b>	<b>2,715</b>	<b>62,733</b>	<b>17,091</b>	<b>1,019,207</b>	<b>973,225</b>
Supplies and services	2,595	101,458	11,611	44,171	70,078	3,217	233,130	217,688
Amorization of supported tangible capital assets	-	-	-	-	29,221	-	29,221	29,807
Amorization of unsupported tangible capital assets	666	14,201	2,827	-	5,171	6	22,871	21,837
Unsupported interest on capital debt	-	-	-	-	257	-	257	-
Supported debt interest	-	-	-	-	463	-	463	560
Other interest and finance charges	8	211	111	202	-	261	793	1,478
Other expense	51	1,081	46	1,359	-	2,659	5,196	4,706
<b>Total expenses</b>	<b>49,003</b>	<b>988,983</b>	<b>33,548</b>	<b>48,447</b>	<b>167,923</b>	<b>23,234</b>	<b>1,311,138</b>	<b>1,249,301</b>
<b>Operating surplus / (deficit)</b>	<b>3,590</b>	<b>2,533</b>	<b>11,683</b>	<b>(5,247)</b>	<b>(11,117)</b>	<b>13,119</b>	<b>14,561</b>	<b>11,362</b>

**CALGARY BOARD OF EDUCATION  
SCHEDULE 4 – OPERATIONS AND MAINTENANCE EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2016  
(in thousands)**

Expenses	Custodial	Maintenance	Utilities & tele-communications	Expensed IMR, modular unit relocations & lease payments	Facility planning & operations administration	Unsupported amortization & other expenses	Sub-total operations & maintenance	Supported capital & debt services	2016 Total operations & maintenance
Non-certificated staff salaries	31,197	9,495	-	1,937	7,145	-	49,774	-	49,774
Non-certificated staff benefits	8,135	2,510	-	22	2,292	-	12,959	-	12,959
<b>Sub-total remuneration</b>	<b>39,332</b>	<b>12,005</b>	-	<b>1,959</b>	<b>9,437</b>	-	<b>62,733</b>	-	<b>62,733</b>
Supplies and services	4,890	8,625	152	35,598	1,110	-	50,375	-	50,375
Electricity	-	-	9,584	-	-	-	9,584	-	9,584
Natural gas/heating fuel	-	-	4,370	-	-	-	4,370	-	4,370
Sewer and water	-	-	2,409	-	-	-	2,409	-	2,409
Telecommunications	-	-	165	-	-	-	165	-	165
Insurance	-	-	-	-	2,994	-	2,994	-	2,994
<b>Amorization of tangible capital assets</b>									
Supported	-	-	-	-	-	-	-	29,221	29,221
Unsupported	-	-	-	-	-	5,171	5,171	-	5,171
<b>Sub-total amortization</b>	-	-	-	-	-	<b>5,171</b>	<b>5,171</b>	<b>29,221</b>	<b>34,392</b>
<b>Interest on capital debt</b>									
Supported	-	-	-	-	-	-	-	463	463
Lease payment for facilities	-	-	-	181	-	-	181	-	181
Other interest charges	-	-	-	-	-	257	257	-	257
<b>Total expenses</b>	<b>44,222</b>	<b>20,630</b>	<b>16,680</b>	<b>37,738</b>	<b>13,541</b>	<b>5,428</b>	<b>138,239</b>	<b>29,684</b>	<b>167,923</b>

Square meters									
School buildings									1,288,516

**CALGARY BOARD OF EDUCATION  
SCHEDULE 5 – CASH AND INVESTMENTS  
AUGUST 31, 2016  
(in thousands)**

<b>Cash &amp; Cash Equivalents</b>	<b>2016</b>		<b>2015</b>
	<b>Average Effective (Market) Yield</b>	<b>Amortized Cost</b>	<b>Amortized Cost</b>
Cash		127,827	72,005
Cash equivalents			
Other, including GIC's	1.40%	56,666	159,848
<b>Total cash and cash equivalents</b>	<b>1.40%</b>	<b>\$ 184,493</b>	<b>\$ 231,853</b>

See Note 3 for additional detail.

<b>Portfolio Investments</b>	<b>2016</b>				<b>2015</b>
	<b>Average Effective (Market) Yield</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Balance</b>	<b>Balance</b>
Guaranteed interest certificates <sup>(1)</sup>	1.94%	10,561	10,561	10,561	18,203
Fixed income securities					
Government of Canada, direct and guaranteed	0.00%	-	-	-	25,696
Corporate	1.74%	53,773	53,842	53,842	27,507
<b>Total fixed income securities</b>	<b>1.74%</b>	<b>\$ 53,773</b>	<b>\$ 53,842</b>	<b>\$ 53,842</b>	<b>\$ 53,203</b>
Equities					
Canadian	1.83%	10,282	11,096	11,096	12,678
Foreign	2.14%	12,984	14,791	14,791	17,040
<b>Total equities</b>	<b>2.01%</b>	<b>\$ 23,266</b>	<b>\$ 25,887</b>	<b>\$ 25,887</b>	<b>\$ 29,718</b>
Restricted investments <sup>(2)</sup>	1.74%	6,560	6,560	6,560	5,817
<b>Total portfolio investments</b>	<b>1.83%</b>	<b>\$ 94,160</b>	<b>\$ 96,850</b>	<b>\$ 96,850</b>	<b>\$ 106,941</b>

(1) Restricted long-term investments in the amount of \$10,561 (2015 - \$8,360) are included in the GIC balance and relate to cash collateral requirements on capital leases entered into between the years Aug. 31, 2005 and Aug. 31, 2016 (Note 10)

(2) Restricted investments are related to EduationMatters' Endowment Fund and are consisted of T-bills, equities and mutual funds

*The following represents the maturity structure for portfolio investments based on principal amount:*

	<b>2016</b>	<b>2015</b>
Under 1 year	0.0%	0.0%
1 to 5 years	100.0%	100.0%
6 to 10 years	0.0%	0.0%
11 to 20 years	0.0%	0.0%
Over 20 years	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

**CALGARY BOARD OF EDUCATION**  
**SCHEDULE 6 – TANGIBLE CAPITAL ASSETS**  
**AUGUST 31, 2016**  
**(in thousands)**

	2016						2015
	Land	Construction In Progress	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			25-50 Years	5-10 Years	5-10 Years	3-5 Years	
<b>Historical cost</b>							
Beginning of year	2,711	44,901	1,189,386	130,385	9,616	130,665	1,507,664
Additions	-	273,252	17,567	14,316	348	14,072	319,555
Transfers in (out)	-	(161,786)	161,786	-	-	-	-
Less disposals including write-offs	-	-	-	(2,037)	(95)	(8)	(2,140)
	2,711	156,367	1,368,739	142,664	9,869	144,729	1,825,079
<b>Accumulated amortization</b>							
Beginning of year	-	-	469,264	99,022	5,471	99,901	673,658
Amortization	-	-	29,644	9,252	849	12,348	52,093
Other additions	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(2,037)	(95)	(8)	(2,140)
	-	-	498,908	106,237	6,225	112,241	723,611
<b>Net Book Value at August 31, 2016</b>	2,711	156,367	869,831	36,427	3,644	32,488	1,101,468
<b>Net Book Value at August 31, 2015</b>	2,711	44,901	720,122	31,363	4,145	30,764	834,006
		<b>2016</b>	<b>2015</b>				
Total cost of assets under capital lease		36,573	33,384				
Total amortization of assets under capital lease		12,962	10,751				

**Disposals and write downs**

During 2016, tangible capital assets with a net book value of \$nil (2015 - \$5) were disposed of for net proceeds of \$44 (2015 - \$68).



**CALGARY BOARD OF EDUCATION  
SCHEDULE 7 – REMUNERATION  
FOR THE YEAR ENDED AUGUST 31, 2016**

	FTE	Remuneration <sup>1</sup>	Benefits <sup>2</sup>	Negotiated Allowances <sup>3</sup>	Performance Bonuses <sup>4</sup>	ERIP's / Other Paid <sup>5</sup>	Other Accrued <sup>7</sup> Unpaid Benefits	Expenses <sup>6</sup>
<b>Board Members:</b>								
<b>Chair</b>								
Joy Bow en-Eyre	1.0	59,280	6,980	4,100			-	5,905
<b>Other members</b>								
Lynn Ferguson	1.0	45,000	6,979	4,100			-	2,087
Judy Hehr	1.0	46,731	6,840	4,100			-	798
Julie Hrdlicka	1.0	45,865	6,979	4,100			-	2,223
Trina Hurdman (Vice Chair)	1.0	47,673	7,002	4,100			-	263
Pamela King	1.0	45,000	6,979	4,100			-	4,915
Amber Stewart	1.0	50,981	7,111	4,100			-	4,225
<b>Subtotal</b>	<b>7.0</b>	<b>340,530</b>	<b>48,870</b>	<b>28,700</b>			<b>-</b>	<b>20,416</b>
David Stevenson, Chief Superintendent	1.0	295,300	32,195	15,000	-	-	147,831	5,166
Brad Grundy, Chief Financial Officer	1.0	237,000	34,616	7,000	-	-	72,476	7,703
Janice Barkway, Corporate Secretary	1.0	165,691	34,220	-	-	-	59,130	715
Certificated teachers	6,230.7	626,799,590	142,726,473	14,000	-	-	-	
Non-certificated - other	3,376.1	199,948,033	47,224,125	18,962	-	1,235,282	-	
<b>TOTALS</b>	<b>9,616.8</b>	<b>827,786,144</b>	<b>190,100,499</b>	<b>83,662</b>	<b>-</b>	<b>1,235,282</b>	<b>279,437</b>	<b>34,000</b>

**CALGARY BOARD OF EDUCATION  
SCHEDULE 7 – REMUNERATION  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**Notes for Trustees**

<sup>1</sup> **Remuneration** includes honorarium payment and accruals.

Trustee remuneration is established annually through Governance Policy GC-2E Trustee Remuneration. Remuneration reported is on an accrual basis and differs from cash paid in the year. Amounts reported include provisions for the retirement allowance accrual, as applicable.

<sup>2</sup> **Benefits** include the employer's share of all employee benefits and contributions or payments made on behalf of trustees including: Canada Pension Plan, life insurance, and accidental death and dismemberment coverage. In lieu of other benefits, each Trustee receives the remainder of the package (valued at 10% of basic honorarium) in regular payments.

<sup>3</sup> **Negotiated allowances** are a transportation allowance of \$4,100 annually.

<sup>6</sup> **Expenses** will include the reimbursement of travel, subsistence, conferences fees and other costs, to the Trustee or on his/her behalf that are related to professional development. Expenses are not included on the Schedule of Program Operations as salaries or benefits.

**Notes for Employees**

<sup>1</sup> **Remuneration** includes regular base salaries, administrative allowances, overtime, lump-sum payments, honoraria, deferred salary leave, accruals, and any other direct cash remuneration. This includes negotiated allowance, performance bonuses, ERIP's/Other as described below. Remuneration reported is on an accrual basis and other differs from cash paid in the year.

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

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

D=Salary updated to plan members files

ER rate (2016) – 12.65% (this contribution rate is also available

at [http://atrf.com/contribution\\_rate/jurisdictions\\_charter\\_schools.aspx](http://atrf.com/contribution_rate/jurisdictions_charter_schools.aspx)

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

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

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

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

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

<sup>7</sup> **Other Accrued Unpaid Benefits** includes untaken vacation pay and supplemental pension expenses accrued up to Aug. 31, 2016.

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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**1. NATURE OF OPERATIONS**

The Calgary Board of Education (the "Corporation"), is an independent legal entity with an elected Board of Trustees as stipulated in the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3, and operates as "Calgary School District No. 19". The Corporation is registered as a charitable organization under the *Income Tax Act* (Canada) and, therefore, is exempt from income tax and may issue official receipts to donors for income tax purposes.

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

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

The Corporation provides a full range of educational services for all instructional programs ranging from Kindergarten through Grade 12 to the Province of Alberta, and is principally funded by the Province of Alberta through the Alberta Ministry of Education.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements were prepared by management in accordance with the Public Sector Accounting Standards (PSAS) without reference to Sections PS 4200 to PS 4270. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of consolidated financial statements for a period involves the use of estimates and approximations, which have been made using judgment. Actual results could differ from those estimates and approximations. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

**(a) Basis of consolidation**

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

- EducationMatters (the "Foundation") was established in 2003 by the Corporation under a trust indenture. The Corporation's Board of Trustees appoints the Governors of the Foundation. The Foundation is a registered charity and promotes activities that support public education for the benefit of Calgary's students. The Foundation is controlled by the Corporation therefore its assets, liabilities, revenues and expenses have been consolidated with the Corporation's financial statements.
- School generated funds, which include the assets, liabilities, revenues and expenses at the school level, which are controlled by the Corporation, are reflected in the consolidated financial statements.

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

**(b) Cash and cash equivalents**

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

**(c) Accounts receivable**

Accounts receivable are shown net of allowance for doubtful accounts.

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

### **(d) Portfolio investments**

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

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

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

Detailed information regarding portfolio investments is disclosed in Schedule 5.

### **(e) Deferred revenue**

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

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

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

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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

**(f) Pensions and employee future benefits**

Alberta Teachers' Retirement Fund ("ATRF")

The Corporation's certificated employees are required to contribute to the Alberta Teachers' Retirement Fund (ATRF), a multi-employer defined benefits pension plan. ATRF contributions by the Province for current service are reflected as a cost to operate the education system in Alberta and the Corporation's proportionate share are formally recognized in the accounts of the Corporation, even though the Corporation has no legal obligation to pay these costs. The amount of current service contributions are recognized as "Revenue from the Government of Alberta" and as "Certificated benefits" expense.

Local Authorities Pension Plan ("LAPP")

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

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

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

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

The non-registered SiPP, or SERP, are administered by the Corporation and provides an annual retirement benefit of 2 per cent of total employee earnings. The cost of SERP is sponsored by the Corporation and is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Actuarial valuations of this plan occur annually as at Aug. 31.

Supplementary Retirement Plan ("SRP")

The Corporation provides a non-registered SRP for certain senior employees of the Corporation, based on approved terms and conditions of the plan. The plan provides for annual contributions of 10 per cent of the employee's salary which is above the LAPP or ATRF pensionable earnings cap.

Post-Retirement and Post-Employment Benefits Plans

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

The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime (EARSL) of active employees covered under the plan. The EARSL for employees of the Corporation is 12 years. The most recent valuation of the obligation was performed at Aug. 31, 2016. For the purposes of determining the financial position of the plans and the employee future benefit costs, a measurement date of Aug. 31 was adopted.

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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

**(g) Asset Retirement Obligation**

The Corporation recognizes the fair value of an Asset Retirement Obligation (“ARO”) in the period in which it incurs a legal obligation associated with the retirement of certain buildings and related assets. Certain building assets contain some asbestos. Although the asbestos is appropriately contained in accordance with environmental regulations, it is the Corporation’s practice to, if necessary, remediate any asbestos upon disposal of a tangible capital building asset. The Corporation recognizes an ARO only when the related assets have been approved by the Board of Trustees for disposition and when the fair value of the liability can be reasonably determined.

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

**(h) Tangible capital assets**

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

Buildings	25 - 50 years
Furniture and equipment	5 - 10 years
Computer software and hardware	3 - 5 years
Vehicles	5 -10 years

**(i) Capital leases**

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

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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

**(j) Prepaid expenses**

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

**(k) 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.

**(l) Trust fund**

Trust funds and their related operations administered by the Corporation are not included in the consolidated financial statements as they are not controlled by the Corporation. Disclosure for Trust funds under administration are detailed in Note 17.

**(m) 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 each year to schools; such as volunteering in the classroom supporting the milk programs and the raising of school generated funds. These contributed services are not recognized in the consolidated financial statements.

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

Donations of materials and services are recognized as revenue when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

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

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

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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

**(n) 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.

**(o) Program reporting**

The Corporation's operations have been segmented as follows:

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

The allocation of revenues and expenses are reported by program, source, object and type on Schedule 3 Program of Operations.

**(p) Financial instruments**

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

*Fair Value*

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

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

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



**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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

**(p) Financial instruments (continued)**

*Cost / Amortized Cost*

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

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

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

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

**(q) Measurement uncertainty**

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of consolidated 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.

**(r) Budgetary information**

Budget information is presented on the Statement of Operations and Statement of Changes in Net Debt and on the related schedules and represents the budget approved by the Board of Trustees in June 2015 and submitted to Alberta Education in June 2015. The budget was amended in December 2015 and accepted by the Board of Trustees at that time.

**(s) Future accounting standards**

As at Aug. 31, 2016, the following Exposure drafts from PSAS are in place:

- *Related Party Transactions and Inter-Entity Transactions – PSAS has issued new Handbook Sections PS 2200 and PS 3420 dealing with related party transactions and inter-entity transactions. The proposed effective date for Government organizations for year-ends beginning Apr.1, 2017. Earlier adoption is permitted and CBE will adopt earlier if directed by Alberta Education.*
- *Assets, Contingent Assets and Contractual Rights – PSAS has issued three new Handbook Sections dealing with Assets (PS 3210), Contingent Assets (PS 3320) and Contractual Rights (PS 3380). The proposed effective dates for Government organizations for year-ends beginning Apr.1, 2017 with earlier adoption permitted.*
- *Restructuring Transactions – PSAS has issued a new Handbook Section (PS 3430) regarding restructuring transactions. The proposed effective date for Government organizations for year-ends beginning Apr.1, 2018 with earlier adoption permitted.*

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

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

**3. CASH AND CASH EQUIVALENTS**

	2016		2015	
	Effective Market Yield	Cost / Amortized cost	Effective Market Yield	Cost / Amortized cost
Bank balances <sup>(1)</sup>		\$ 130,253		\$ 74,415
Outstanding cheques		(2,426)		(2,410)
Cash equivalents (GIC)	1.40	56,666	1.10	159,848
<b>Total cash and equivalents</b>		<b>\$ 184,493</b>		<b>\$ 231,853</b>

(1) Include cash balances restricted for EducationMatters in the amount of \$135 (2015 - \$199).

General Operating and Other Bank Indebtedness

The Corporation maintains a line of credit with 2.7% borrowing rate that has been negotiated with its banker for general operating purposes. The line of credit is secured against the Corporation's accounts receivable at bank prime rate. At Aug. 31, 2015, no amount has been drawn against the Corporation's general operating line of credit (2015- \$nil).

Supplementary Cash Flow Information

For the year ended Aug. 31, 2016, cash interest paid on debenture debt amounted to \$463 (2015 - \$560) and cash interest earned (both operating and capital) and dividends received on portfolio investments totalled \$3,828 (2015 - \$987).

**4. ACCOUNTS RECEIVABLE**

	2016			2015
	Gross amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - capital	\$ 39,055	\$ -	\$ 39,055	\$ 3,000
Treasury Board and Finance	3,120	-	3,120	5,202
Federal government	2,425	-	2,425	1,230
Other	2,182	(125)	2,057	3,050
Municipalities	2,039	-	2,039	1,871
Fees	6,094	(4,236)	1,858	1,718
Alberta Education - grants	1,046	-	1,046	522
Insurance Claims	546	-	546	3,783
Other Alberta school jurisdictions	420	-	420	391
Alberta Education - sub teacher	167	-	167	12
Alberta Education - other	116	-	116	-
First nations	28	-	28	-
	<b>\$ 57,238</b>	<b>\$ (4,361)</b>	<b>\$ 52,877</b>	<b>\$ 20,779</b>

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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**5. DEFERRED REVENUE**

	<u>2016</u>	<u>2015</u>
<b>Unexpended deferred operating revenue</b>		
School Generated Funds (Note 14)	\$ 16,233	\$ 17,221
Infrastructure Maintenance Renewal grants	11,707	28,777
Student fees	14,275	14,754
Alberta Education operating grants	3,099	3,654
Other	1,970	1,768
Other Government of Alberta	-	22
Total unexpended deferred operating revenue	<u>47,284</u>	<u>66,196</u>
Unexpended deferred capital revenue	87,963	104,201
Expended deferred capital revenue <sup>(1)</sup>	943,882	691,173
<b>Total deferred revenue</b>	<b><u>\$ 1,079,129</u></b>	<b><u>\$ 861,570</u></b>

(1) As of Aug. 31, 2016, total insurance proceeds \$3,677 (2015 - \$nil) related to the settlement of flood damage for Elbow Park School was included into Expended deferred capital revenue.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u> Recast-Note 20
Other trade payables and accrued liabilities	\$ 47,852	\$ 29,007
Salaries and benefit costs	34,191	38,400
Accrued vacation liability	8,287	8,035
Federal Government	211	578
Alberta Capital Finance Authority (Interest on supported debt)	185	291
Alberta Health Services	12	99
Other Alberta school jurisdictions	3	4
Other Government of Alberta ministries	3	7
<b>Total</b>	<b><u>\$ 90,744</u></b>	<b><u>\$ 76,421</u></b>

**CALGARY BOARD OF EDUCATION  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AUGUST 31, 2016  
 (in thousands)**

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**7. EMPLOYEE FUTURE BENEFITS**

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

The current service and past service costs of the ATRF are met by contributions by active members and the Province of Alberta. Under the terms of the *Teachers' Pension Plan Act*, the Corporation does not make pension contributions for certificated staff and does not report on any unfunded liabilities. The service costs for the members are funded and contributed by the Province of Alberta in the amount of \$75,693 (2015 - \$71,178) and are included in these consolidated financial statements as revenue from the Government of Alberta and as certificated benefits expense. At Aug. 31, 2016, the ATRF reported a surplus of \$1,227,633 (2015 - \$779,716).

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

The Corporation participates in the LAPP, which is a multi-employer pension plan and does not report on any unfunded liabilities. The service costs for the employees for the current year of \$39,381 (2015 - \$19,894) are included in these consolidated financial statements and comprise the Corporation's costs of employer contributions. At Dec. 31, 2015, the LAPP reported a deficiency of \$923,416 (2014 - \$2,454,636).

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

The Corporation's net pension expense for the registered portion of SiPP for the year was \$30 (2015 - \$32).

The net pension expense for SERP was \$101 (2015 - \$173). The total liability for the SERP at Aug. 31, 2016 was \$262 (2015 - \$616).

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

The total liability for the SRP at Aug. 31, 2016 was \$217 (2015 - \$229).

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

**Changes in Projected Benefits Obligation**

The following table provides the plans' change in Accrued Benefit Obligation ("ABO") for the year ended Aug. 31, 2016 and 2015:

To date, \$24,349 (2015 - \$24,583) has been accrued in the Corporation's consolidated financial statements as an accrued benefit obligation.

	<u>2016</u>	<u>2015</u>
Accrued benefit obligation, beginning of year	\$ 24,583	\$ 25,594
Current service cost	1,223	999
Interest cost	1,263	1,261
Benefits payments	(3,670)	(3,680)
Actuarial gains	950	409
Accrued benefit obligation, end of year	<u>\$ 24,349</u>	<u>\$ 24,583</u>

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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

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

**Plan Funded Status**

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

	<u>2016</u>	<u>2015</u>
Plan deficit	\$ 33,519	\$ 33,616
Unamortized net actuarial losses	(9,170)	(9,033)
Accrued benefit obligation	<u>\$ 24,349</u>	<u>\$ 24,583</u>

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

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

	<u>2016</u>	<u>2015</u>
Current period service cost	\$ 1,223	\$ 999
Amortization of net actuarial gains	950	409
Benefit expenses	2,173	1,408
Benefit interest expenses	1,263	1,261
Total benefit expenses	<u>\$ 3,436</u>	<u>\$ 2,669</u>

The accrued benefit obligations for employee future benefit plans as at Aug. 31, 2016 are based on actuarial valuations for accounting purposes as at Aug. 31, 2012. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Corporation's best estimates of expected rates of:

	<u>2016</u>	<u>2015</u>
Discount rate on accrued benefit obligation	3.80%	3.90%
Rate of Compensation increase	3.50%	3.50%
Supplemental health care (SHC) cost trend rate	7.00%	7.00%
Dental cost trend rate	4.50%	4.50%

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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**8. ASSET RETIREMENT OBLIGATION**

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 327	\$ 327
Obligations discharged, during the year	-	-
Balance, end of year	<u>\$ 327</u>	<u>\$ 327</u>

An interest rate of 5.35 per cent is applicable to discount expected cash flows for calculation of the initial obligation and a rate of 3.7 per cent would be applicable for accretion of the obligation.

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

**9. DEBENTURES AND OTHER SUPPORTED DEBT**

Included are debentures for the acquisition of school buildings funded directly by Alberta Education (pre-1995). Those debentures were issued by Alberta Capital Finance Authority (ACFA) for periods of 15, 20 or 25 years in those years prior to 1995 when the Corporation had local taxing authority, at fixed interest rates ranging from 7.625 per cent - 11.5 per cent, and maturity at various dates to 2020. Balances at Aug 31, 2016 are \$2,936 (2015-\$4,911) and are repayable by 2020. All debenture principal and interest payments are fully guaranteed by the Province of Alberta. Minimum principal repayments of debentures based on the terms above are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2017	\$ 1,553	\$	273	\$	1,826
2018	841		128		969
2019	296		52		348
2020	<u>246</u>		<u>24</u>		<u>270</u>
Total	<u>\$ 2,936</u>	\$	<u>477</u>	\$	<u>3,413</u>

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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**10. CAPITAL LEASES**

Capital leases are approved by the Alberta Minister of Education for internally financed projects. All capital leases are secured by identified assets of the Corporation (restricted cash). The Corporation has set aside restricted long-term investments of \$10,561 (refer to Schedule 5) to retire the outstanding lease obligation as of Aug. 31, 2016. As of Aug. 31, 2016, capital lease obligations pertaining to the Corporation are as summarized below:

	<u>2016</u>	<u>2015</u>
Finance contracts, secured by certain building components at interest rates ranging from 2.15 per cent - 2.72 per cent , repayable in annual installments of \$645 including interest, maturing August 2017 through August 2021.	\$ 3,131	\$ 3,669
Finance contracts, secured by certain building components at interest rates ranging from 1.67 per cent - 2.94 per cent, repayable in annual installments of \$233 including interest, maturing August 2019 through August 2021.	3,097	1,708
Finance contracts, secured by certain building components at interest rates ranging from 1.67 per cent - 3.17 per cent , repayable in annual installments of \$454 including interest, maturing August 2017 through August 2021.	2,832	2,711
Finance contracts, secured by certain building components at interest rate 1.67 per cent, repayable in annual installments of \$127 including interest, maturing August 2021.	<u>1,121</u>	<u>-</u>
	<u>\$ 10,181</u>	<u>\$ 8,088</u>

Minimum lease payments for future years are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2017	\$ 251	\$ 3,292	\$ 3,543
2018	163	2,475	2,638
2019	92	1,691	1,783
2020	48	559	607
2021	<u>37</u>	<u>2,164</u>	<u>2,201</u>
Total	<u>\$ 591</u>	<u>\$ 10,181</u>	<u>\$ 10,772</u>

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2016  
(in thousands)**

**11. ACCUMULATED SURPLUS**

The components of the Corporation's accumulated surplus as at Aug. 31, 2016 are described below:

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

Under PSAS, the change in the fair value of investments is recognized in the Statement of Accumulated Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are derecognized. Upon derecognition, the accumulated remeasurement gains or losses associated with the derecognized portfolio investments are reversed and reclassified to the Statement of Operations. For the year ended Aug. 31, 2016, total accumulated surplus from accumulated remeasurement gains was \$3,728 (2015 - \$9,680).

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

*i. Restricted surplus from operations:*

Where certain instructional initiatives are planned or in progress, the Corporation has designated or restricted operating funds for these specific purposes. Operating reserves have been established for specific program requirements to stabilize annual fee rates or to offset the cost of programs and services in future years. These fund designations and reserves have been established consistent with Provincial legislation and by Board of Trustees' resolution and will be applied to finance future expenses in accordance with the specific requirements of each of these resolutions.

During the year, the Board of Trustees approved a motion to transfer all available for use operating reserve balances to the Fiscal Stability reserve and close those reserves. The purpose of the Fiscal Stability reserve is to stabilize operations when funding levels are inadequate.

Operating funds have been designated by the Board of Trustees for the following purposes:

	<b>2016</b>	<b>2015</b>
School decentralized budgets	\$ 5,862	\$ 2,275
Instructional and service unit initiatives	1,052	1,440
EducationMatters	1,812	1,679
Total designated operating fund	<u>\$ 8,726</u>	<u>\$ 5,394</u>
Transportation fee stabilization	\$ -	\$ 122
Chinook Learning Services fee stabilization	-	1,593
Utility expense stabilization	-	5,007
Snow removal budget stabilization	-	200
Administrative systems renewal	-	890
General instruction	-	3,000
Fiscal stability <sup>(1)</sup>	41,241	10,464
System transformation	-	2,000
Operating lease	-	14,577
Total operating reserves allocation	<u>\$ 41,241</u>	<u>\$ 37,853</u>
<b>Total operating surpluses</b>	<u><b>\$ 49,967</b></u>	<u><b>\$ 43,247</b></u>

<sup>(1)</sup> There are a number of fiscal pressures for the balance of these remaining funds. Administration expects to bring forward a plan for Board of Trustee approval during the 2017-18 budget preparation process.



**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2016  
(in thousands)**

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**11. ACCUMULATED SURPLUS (continued)**

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

*ii. Capital reserves*

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

	<u>2016</u>	<u>2015</u>
Building reserve	\$ 9,019	\$ 18,212
Other capital reserves	29,401	17,206
Plant, operations and maintenance asset replacement	798	798
<b>Total Capital Reserves</b>	<b>\$ 39,218</b>	<b>\$ 36,216</b>

The reserves and designated funds are to be applied to finance future capital expenditures in accordance with the specific requirements of each Board resolution. At Aug. 31, 2016, \$23,729 is committed or designated for a specified purpose leaving \$15,489 (2015 - \$18,212) which remains available for new building commitments.

*iii. Investments in capital assets*

	<u>2016</u>	<u>2015</u>
Investment in capital assets	\$ 147,373	\$ 134,684

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

*iv. Endowments*

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

	<u>2016</u>	<u>2015</u>
Endowments	\$ 3,856	\$ 3,520

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2016  
(in thousands)**

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**11. ACCUMULATED SURPLUS (continued)**

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

v. *Adjusted accumulated surplus / deficit*

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

	<b>2016</b>	<b>2015</b> <b>(Recast Note 20)</b>
Internally restricted surplus from operations	\$ 49,967	\$ 43,247
Employee future benefits	(10,164)	(10,164)
Operating reserves	39,803	33,083
Unrestricted surplus	-	8,186
<b>Unrestricted surplus and operating reserves</b>	<b>\$ 39,803</b>	<b>\$ 41,269</b>
Accumulated surplus	\$ 244,142	\$ 235,533
Employee future benefits	(10,164)	(10,164)
<b>Adjusted accumulated surplus</b>	<b>\$ 233,978</b>	<b>\$ 225,369</b>

Adjusted accumulated surplus represents mostly encumbered and capital asset investment balances such as commitments made in the 2015-16 and 2016-17 budget process for capital and operating initiatives as well as our net investment in capital assets.

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

**12. RELATED PARTIES**

**(a) Province of Alberta and economic dependence**

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

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

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

<b>August 31, 2016</b>	Assets (at cost or net realizable value)	Liabilities	Revenues	Expenses
<b>Government of Alberta (GOA):</b>				
<b>Education</b>				
Accounts receivable / Accounts payable	\$ 40,384	\$ -	\$ -	\$ -
Prepaid expenses / Deferred revenue	-	15,332	-	-
Unexpended deferred capital revenue	-	87,963	-	-
Expended deferred capital revenue	-	943,882	29,221	-
Other assets & liabilities	-	-	-	-
Grant revenue & expenses	-	-	1,207,192	-
Other revenue & expenses	-	3	1,602	-
<b>Other Alberta school jurisdictions</b>	420	3	2,300	83
<b>Treasury Board and Finance (Principal)</b>	3,120	-	-	-
<b>Treasury Board and Finance (Accrued Interest)</b>	-	185	463	-
<b>Alberta Health Services</b>	1	12	203	1,158
<b>Post-secondary institutions</b>	-	-	48	494
<b>Other Government of Alberta</b>				
Alberta Pensions Administration Corporation	-	-	-	39,381
<b>TOTAL 2016</b>	<b>\$ 43,925</b>	<b>\$ 1,047,380</b>	<b>\$ 1,241,029</b>	<b>\$ 41,116</b>
<b>TOTAL 2015</b>	<b>\$ 9,128</b>	<b>\$ 828,235</b>	<b>\$ 1,178,124</b>	<b>\$ 21,887</b>

**(b) Other**

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

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

---

**13. FEES**

For the year ended Aug. 31, 2016, the following fees were charged:

	<u>2016</u>	<u>2015</u>
Transportation fees	\$ 8,173	\$ 8,777
Fees charged for instruction materials and supplies	10,134	10,063
Noon supervision	13,389	12,439
Other (School Generated Funds and Chinook)	18,180	19,017
Total fees	<u>\$ 49,876</u>	<u>\$ 50,296</u>

**14. SCHOOL GENERATED FUNDS**

	<u>2016</u>	<u>2015</u>
Deferred school generated revenue, beginning of year	\$ 17,221	\$ 16,974
Gross receipts		
Fees	16,382	19,178
Fundraising	9,894	9,773
Gifts and donations	6,895	5,811
Grants to school	321	382
Other sales and services	1,739	51
Total gross receipts	<u>\$ 35,231</u>	<u>\$ 35,195</u>
Less:		
Related expenses and uses of funds	29,342	27,633
Direct costs including costs of goods sold to raise funds	6,877	7,315
Deferred school generated revenue, end of year (Note 5)	<u>\$ 16,233</u>	<u>\$ 17,221</u>

**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2016  
(in thousands)**

**15. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES**

**(a) Contractual obligations**

	<u>2016</u>	<u>2015</u>
Capital Projects <sup>(1)</sup>	\$ 80,620	\$ 209,072
Office Lease <sup>(2)</sup>	213,154	229,682
Service Providers <sup>(3)</sup>	<u>103,496</u>	<u>106,306</u>
Total	<u>\$ 397,270</u>	<u>\$ 545,060</u>

(1) Capital Projects:

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

(2) Office Lease:

The Corporation entered into various operating lease agreements for office spaces that expire up to February 2031, from which the annual rental of \$1,469 (2015 - \$1,653) is recovered annually.

(3) Service Providers:

As at Aug. 31, 2016, the Corporation has the following commitments relating to service and grant contracts:

- The Corporation has revised its service agreement related to certain payroll and human resources administration processes expiring Oct. 14, 2019.
- Effective Sept 1, 2006, the Corporation entered into a Master Transportation Agreement with Southland Transportation Ltd. and First Student Canada for the provision of student school bus transportation services. The initial term of the agreement is ten years (expiring Aug. 31, 2016) and the Corporation has renewed for one year expiring Aug. 31, 2017. Each year during the term, the Corporation enters into a yearly service agreement with each carrier, outlining the services to be provided, the applicable daily base rate, and all other anticipated fees and charges under the agreement.
- The Corporation entered into an electricity supply agreement with Enmax to the end of December 2020.

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

	<u>Capital Projects</u>	<u>Office Lease</u>	<u>Service Providers</u>	<u>Total</u>
2016-17	\$ 63,082	\$ 13,254	\$ 71,121	\$ 147,457
2017-18	10,638	13,686	15,829	40,153
2018-19	3,600	13,734	10,095	27,429
2019-20	3,300	13,547	4,730	21,577
2020-21	-	13,821	1,721	15,542
Thereafter	-	<u>145,112</u>	-	<u>145,112</u>
<b>Total</b>	<u>\$ 80,620</u>	<u>\$ 213,154</u>	<u>\$ 103,496</u>	<u>\$ 397,270</u>

**(b) Contingent assets and liabilities**

From year to year, legal actions are brought against the Corporation in the normal course of operations. Management believes that the ultimate resolution of claims presently outstanding is not expected to be significant to the overall financial position of the Corporation.

**CALGARY BOARD OF EDUCATION  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AUGUST 31, 2016  
 (in thousands)**

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**16. TRUST FUNDS UNDER ADMINISTRATION**

	<u>2016</u>	<u>2015</u>
Scholarship Trust Funds	\$ 9	\$ 28
School Staff Funds	121	127
	<u>\$ 130</u>	<u>\$ 155</u>

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

The Corporation is a member of USIC, a licensed reciprocal insurance exchange under Alberta's *Insurance Act*, which facilitates the placement of property and liability insurance coverage for 14 school jurisdictions throughout the Province of Alberta. Under the agreement created at the time USIC was established, decisions related to the financial and operating activities of the Consortium are shared. No partner is in a position to exercise unilateral control. Amounts are paid by each of the members to the consortium to pay for insurance premiums on policy renewals and to self-insure a portion of each member's risk exposure.

The Corporation has elected not to proportionately consolidate pro-rata share of assets, liabilities, revenues and expenses of the consortium, as the accumulated consortium funds are payable only upon membership termination or dissolution of the consortium.

The Corporation's share of the accumulated and unencumbered consortium funds as at Aug. 31, 2016 was \$1,539 (2015 - \$1,746).

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

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**18. SEGMENT INFORMATION**

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

(i) Instruction (ECS and grades 1 – 12)

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

(ii) Plant, operations and maintenance

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

(iii) Transportation

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

(iv) Administration

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

(v) External services

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. See Schedule 3 – Program of Operations for details.

**19. BUDGET COMPARATIVES**

The CBE's annual budget is first prepared in the spring prior to the start of the school year using enrolment estimates and Alberta Government budget announcements. This 2015-16 budget was approved by the Board of Trustees on Jun. 18, 2015 and submitted to Alberta Education on Jun. 22, 2015. In the fall, the budget was updated to reflect actual enrolment numbers and was accepted by the Board of Trustees on Dec 1. 2015.

The fall budget update is presented in the Consolidated Statement of Operations for comparative purposes. The table below shows the original approved budget compared with the budget as presented for comparative purposes and the difference is the impact of the updated enrolment numbers on revenues and planned expenditures.

Amounts budgeted for capital assets acquired only include board-funded assets, which excludes all capital activity that is funded directly by the Province of Alberta, such as new school construction and modular units. During the year, the actual board-funded capital acquisitions were \$34,464 (2015 - \$22,184) as shown in Schedule 1.

**CALGARY BOARD OF EDUCATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AUGUST 31, 2016**  
**(in thousands)**

**19. BUDGET COMPARATIVES (continued)**

	<u>Original Budget</u>	<u>Budget as presented for comparative purposes</u>	<u>Increase / (Decrease)</u>
<b>Revenues</b>			
Alberta Education	\$ 1,184,939	\$ 1,204,334	\$ 19,395
Other Government of Alberta	846	846	-
Federal Government & First Nations	2,393	2,393	-
Other sales and services	23,628	23,196	(432)
Fees revenue	49,313	49,651	338
Investment revenue	2,817	2,817	-
Other Alberta school authorities	522	522	-
Gifts and donations	4,842	4,842	-
Fundraising	6,400	6,400	-
Rentals	7,544	7,544	-
Gain on disposal of assets	-	-	-
Other revenue	20	20	-
<b>Total revenues</b>	<u>\$ 1,283,264</u>	<u>\$ 1,302,565</u>	<u>\$ 19,301</u>
<b>Expenses</b>			
Instruction: grades 1-12	986,723	1,000,765	14,042
Instruction: early childhood services	46,664	46,664	-
Board and system administration	35,049	35,773	724
Transportation	42,904	48,005	5,101
Plant operations and maintenance	149,215	166,578	17,363
External services	22,709	22,709	-
<b>Total expenses</b>	<u>\$ 1,283,264</u>	<u>\$ 1,320,494</u>	<u>\$ 37,230</u>
<b>Annual surplus / (deficit)</b>	<u>\$ -</u>	<u>\$ (17,929)</u>	<u>\$ (17,929)</u>
<b>Transfer from operating reserves/designated funds</b>			
Transfer from operating reserves	-	37,956	37,956
Transfer from designated funds - schools	-	2,275	2,275
Transfers from designated funds - service units	-	1,439	1,439
	<u>\$ -</u>	<u>\$ 41,670</u>	<u>\$ 41,670</u>
<b>Add/(deduct) capital items paid by operating funds</b>			
Capital assets acquired	(26,677)	(72,077)	(45,400)
Board funded amortization	23,773	22,880	(893)
Debt repayments	(1,096)	(1,096)	-
Use of capital reserves	4,000	26,552	22,552
	<u>\$ -</u>	<u>\$ (23,741)</u>	<u>\$ (23,741)</u>
<b>Cost to be reduced/efficiencies identified</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CALGARY BOARD OF EDUCATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2016  
(in thousands)**

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## **20. RECAST**

As a result of continued review and refinement of employee benefit accounting, certain CBE funded supplemental dental and extended health benefit liabilities were over accrued annually from 2002 to 2014.

These benefits are administered through an Administrated Services Only plan and all direct benefits to employees have been paid in full during the year of benefit access. These recast amounts relate solely to the employers paid benefits and have no impact on the total compensation rewards provided to employees between 2002 and 2014.

This adjustment resulted in a decrease to accounts payable and accrued liabilities and an increase to accumulated surplus for expenses related to 2002 through to 2014.

Accounts payable and accrued liabilities and accumulated operating surplus have been recast for 2015 to reflect the correction of a benefits liability overstatement. There is no impact to 2015 surplus or the Consolidated Statement of Cash Flows as the overstatement was incurred in years prior to 2015.

2015 accounts payable and accrued liabilities has been recast from \$84,503 to \$76,421 – a reduction of \$8,082.

2015 accumulated operating surplus has been recast from \$207,607 to \$215,689 – an increase of \$8,082.

Opening net debt has also been recast from \$618,605 to \$610,522 – a reduction of \$8,082.

## **21.SUBSEQUENT EVENT**

On Nov. 3<sup>rd</sup>, 2016, the Corporation received new direction from Alberta Treasury Board and Finance specifying that vacation pay paid to employees of the Calgary Board of Education who work 10 months of each calendar year is pensionable salary for purposes of the Local Authorities Pension Plan (LAPP). The Corporation has not accounted for this additional obligation to the Corporation, if any, in the financial statements as the value is indeterminable at this time and it is unknown at this time to which fiscal period(s) this change will be applied.

## **22. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified where necessary to conform to the current year's presentation and have been recast as further described in Note 20.

## Overview

We work with our students, families, employees, communities and Alberta Education to build positive learning and working environments. Our work is guided by the Board of Trustees' policies, the CBE Three-Year Education Plan and the direction set by Alberta Education.

Our values guide our work:

- Students come first
- Learning is our central purpose
- Public education serves the common good

An outstanding education begins with making wise decisions about how we invest public resources on behalf of 116,985 students. It's an important responsibility. The money we spend educating our youth is one of the most important investments we can make in our society's future.

Our prudent spending in 2015-16 enabled us to end the year with a modest \$14.6 million surplus. This means we are able to achieve our anticipated target of retaining some reserves that were originally planned for use in 2015-16 to spend on initiatives already approved and in progress in 2016-17 and 2017-18. Our surplus came from higher than anticipated investment gains and a deferral to future years of some initiatives as we focused on capital activities to open 20 new, replacement and modernized schools in 2016-17.

We are pleased to show that in 2015-16 the CBE was well managed financially, achieving 99.3 per cent accuracy in terms of our actual expenditures against our fall budget.

## 2015-16 achievements

The 2015-16 school year presented the CBE with many challenges and opportunities. We embraced new arrivals: for a short time in some cases and over the longer term in others. Over 500 Syrian refugees joined our system at an incremental cost of over \$2.4 million, without any added funding. We happily adapted to our new students and their learning and transportation needs. To accommodate their language and learning needs, 21 Literacy, English and Academic Development (LEAD) classes were opened. Costs incurred included hiring teachers and English Language Learning (ELL) assistants, specialized training to LEAD teachers and the allocation of psychologist time.

We also welcomed temporary students in the spring when some northern Alberta communities were evacuated due to wildfires. Our schools rose to the challenge and made these students feel welcome and at home in our system. Students, staff, parents and the Calgary community all worked together to support these families in their transitions. Some CBE staff continue to work supporting our Fort McMurray colleagues.

In 2015-16 Kingsland Reception Centre welcomed 4,082 newcomers. This represents an increase of 6.05 per cent compared to the year before. 2,333 students were assessed for English language proficiency and identified ELL with a 301 code.

We worked hard on capital projects in 2015-16, to prepare for the opening of new schools and modernizing of others to continue serving our growing student population. This unprecedented number of major capital projects, while primarily funded by Alberta Education, will see the CBE invest more than \$25 million over the 2016 to 2018 time period to set our new, replacement and modernized schools up for success. Our schools will meet our students' needs today, tomorrow and into the future.

We also committed the use of reserve funds to finance endeavours important to continued student success. We invested \$14.5 million directly into schools to further each school's goal of improving student achievement as



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

---

outlined in their respective school development plans. We also allocated \$1.5 million to support our First Nations, Métis and Inuit learners with high school graduation coaches. Anecdotally this measure has already proven successful, and we continue to focus on improving these students' educational outcomes.

Funding was also dedicated to enhancing wireless services across the CBE. As the integration of technology into learning continues, so too does our need to provide robust, reliable and secure wireless coverage throughout our 240 buildings. This critical investment will ensure both the students of today and tomorrow are able to access information and content reliably, safely and securely to support their learning.

We also made a commitment to our community this year: *we will involve parents, students, staff and community members in decisions*. We have dedicated significant resources to lead and support our community engagement initiatives and developed *dialogue*, our public engagement framework. Our comprehensive transportation engagement saw parents, students and community members get involved in the decisions made about the future of transporting CBE students safely and reliably to and from school.

Communication is important to us, and that's why we embarked on a system initiative to allow schools to easily and securely send email, phone and text messages to parents/guardians of students in a particular grade, class, school or area. SchoolMessenger has now been implemented with resounding success. In addition to providing more immediate communication options, we have also been able to relieve schools of much of the administrative burden associated with communicating with nearly 117,000 students and their families.

Creating an inclusive and welcoming environment for every student is critical to achieving our Mission. In the spring of 2016 we released our guidelines for attending to gender identity, gender expression and sexual orientation in our schools. Fostering inclusive, safe, caring, respectful and welcoming school communities that recognize the full range of uniqueness of CBE students is central to our work. We are proud of the work that our schools do every day to support this.

CBE students continued to demonstrate strong academic results on the 2015-16 Provincial Achievement Tests and Diploma Exams. CBE students in Grades 6 and 9 outperformed the province at the acceptable standard and the standard of excellence on 18 out of 20 measures. Student results on diploma exams are also impressive. In 10 of 11 exams, CBE students outperformed the province at the acceptable standard and the standard of excellence. A full report on our [provincial exam results](#) can be found online.

Student enrolment at the CBE continues to grow. Enrolment for 2015-16 increased to 116,985, up 2,485 (2.2 per cent) from the previous year. To put that in perspective, a large elementary school has a student population of about 600 students; for 2015-16 the CBE grew by the equivalent of four such schools.

Enrolment has grown by over 14,000 since 2010. This growth has put tremendous pressure on all resources including space. Certainly our 20 new, replacement and modernized schools opening in 2016-17 and seven more in 2017-18 and 2018-19 will go some way towards easing this pressure. In addition to the challenges presented by rapid growth, financial planning is complicated by many unknowns, including:

- provincial funding levels from year to year
- considerable costs in the commissioning of an unprecedented 27 new, modernized and replacement schools (see page 33)
- deferred maintenance on our aging buildings (57 per cent of CBE schools were built prior to 1970)

The CBE remains committed to offering choice, universal access, and inclusive and personalized learning. These cornerstones of our public education system come with associated costs. The CBE practices prudent and diligent cost management to best meet the learning needs of our growing student population.

The following review of the financial results for 2015-16 includes two comparisons: year-over-year actual results and actual 2015-16 results to the Fall 2015 Update budget.



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

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### Year-over-year highlights

From 2014-15 to 2015-16, student enrolment increased by approximately 2.2 per cent (2,485 students) as measured on Sept. 30 of each school year. Comparing the 2015-16 actual results to the prior year (2014-15) highlights the following:

- Revenue from Alberta Education was up \$64.4 million, an increase of 5.6 per cent. Provincial funding per student increased marginally; however, total funding increased primarily due to enrolment growth.
- Employee salaries and benefits represent 78 per cent of expenses. The expense increased year-over-year by \$45.9 million. This 4.7 per cent reflects an increase in school-based permanent positions due to increased enrolment and the negotiated salary and step increment increases for various employee groups. The increase also reflects a \$14.5 million one-time investment to further schools' goals of improving student achievement and \$1.5 million to hire high school graduation coaches to support First Nations, Métis and Inuit students.
- In 2015-16 the provincial government limited board and system administrative expenses<sup>1</sup> to 3.6 per cent of the operating budget. The CBE spent 2.6 per cent of its total operating expenses on board and system administration, enabling more resources to be directed to the classroom and classroom support. As a result, centralized supports to schools are lean.
- CBE's accumulated surplus has increased by \$8.6 million due to higher than anticipated investment gains realized through investment transactions.

### Actual to budget highlights

The CBE's 2015-16 budget was developed and approved by the Board of Trustees in the spring of 2015 for implementation in September of that same year. The budget was based on estimates of an expected enrolment increase of 2,455 for the 2015-16 school year. At the Sept. 30, 2015 student count date, actual enrolment for the year was 30 students higher than originally budgeted. As a result, both revenues and expenses were marginally higher than the spring budget. The budget presented for comparative purposes in this report is the Fall 2015 Update budget which incorporates the finalized September 30<sup>th</sup> enrolment number. That budget update was accepted by the Board of Trustees on Dec. 1, 2015.

A comparison of actual results to budget for 2015-16 highlights a number of specific variances:

- Over 91 per cent of CBE revenue comes from Alberta Education. Alberta Education funding received was higher than budgeted by \$4.5 million. The increase was due to higher Infrastructure, Maintenance and Renewal (IMR) activity than what was anticipated as well as higher revenue (with offsetting expenses) for the Alberta Teachers' Retirement Fund (ATRF).
- Non-Alberta Education revenue was \$116.9 million. This amount is comprised mainly of fees, school generated revenues and investment income. Non-Alberta Education revenue was \$18.7 million higher than budgeted due primarily to revenues generated from investment income as well as higher school generated revenues which are inherently variable, subject to school decision making, and fluctuate from year to year.
- \$4.7 million more was spent on salaries and benefits than planned due primarily to activities related to opening new schools in 2016-17, higher charges for the Alberta Teachers' Retirement Fund and costs associated with the influx of an additional 500 refugee students.
- Due to more favorable results combined with increased capital activities, the actual net draws from operating reserves was only \$1.5 million.

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<sup>1</sup> Board and System Administration costs are specifically defined by Alberta Education's reporting manual and are included in Appendix IV, page 3 for reference.

## **Support for student success**

Students are at the centre of everything we do at the CBE; our budget, our spending and our investing reflects that focus. The funding provided to the CBE and the allocation of resources within the CBE supports the organization's achievement of the expectations and results established by the Board.

Our work is guided by our [Three-Year Education Plan](#), which connects each CBE employee to student success. We must create an environment where each student can become an engaged learner, prepared for success in life, work and future learning.

In the 2015-16 school year \$1.0 billion dollars [including 8,357 Full Time Equivalents (FTEs)] was allocated to instruction in direct support of the achievement of success for each student. This includes spending in schools and Areas as well as supports that are centrally managed, such as, but not limited to: psychologists, braille assistants, deaf and hard of hearing specialists, mental health specialists, occupational and physical therapists, speech language pathologists, multicultural services, school-based technology support, student records and more.

In addition, costs incurred in the Plant, Operations and Maintenance block are essential for the safe operation of our facilities and provide quality learning environments for students. \$167.9 million (including 826 FTEs, 581 of which are school-based facility operations staff) were provided to maintain quality learning environments in support of student success in 2015-16. The CBE has made a decision to concentrate these types of resources under the management of our Facility and Environmental Services service unit and not allocate them to schools directly. This approach ensures that our school administrators can continue to focus on the critical function of instructional leadership.

About 37,900 students are transported to and from CBE schools each day using yellow school buses, Calgary Transit or Handi-buses. Some students do not have a community school where they live and need to travel outside of their community to reach their designated school. Others choose to attend an alternative program, while others have exceptional learning needs that are best met in special settings. The amount we receive from the Province for transportation does not cover the cost of providing these services; the cost of transportation in 2015-16 was \$48.4 million (including 43 FTEs, 30 of which are school-based busing aides and 13 are centralized schedulers, fee clerks, information management and administrative support). Regardless of the program, all students travelling by a yellow school bus or Handi-bus are charged the same fees. Parent fees totalling \$8.2 million were charged in 2015-16 to supplement the cost of providing transportation.

External services (e.g. noon supervision program, adult education), are \$23.2 million (including 270 FTEs) in program costs that do not fall within the Early Childhood Services to Grade 12 education mandate and are generally operated on a cost recovery basis (i.e. offset by related fees or other revenues). Of these amounts, \$13.7 million (231 FTEs) relate to the noon supervision program.

Finally, Board and System Administrative<sup>2</sup> costs support student success by providing core system supports to student learning. These costs are \$33.5 million (including 156 FTEs). At 2.6 per cent of operating expenses, this is well below the Alberta Education cap of 3.6 per cent. Carefully managing Board and System Administrative costs ensure that the maximum amount of funding is available to support our students and their learning.

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<sup>2</sup> Board and System Administration includes the costs of administrative functions and core program supports for the jurisdiction, at the system level. This grouping of costs is a reporting requirement by Alberta Education. Details of these expenses are provided in the Financial section of this report.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

## Financial Overview

### Consolidated CBE financial results

A summary of the year-end financial results are as below.

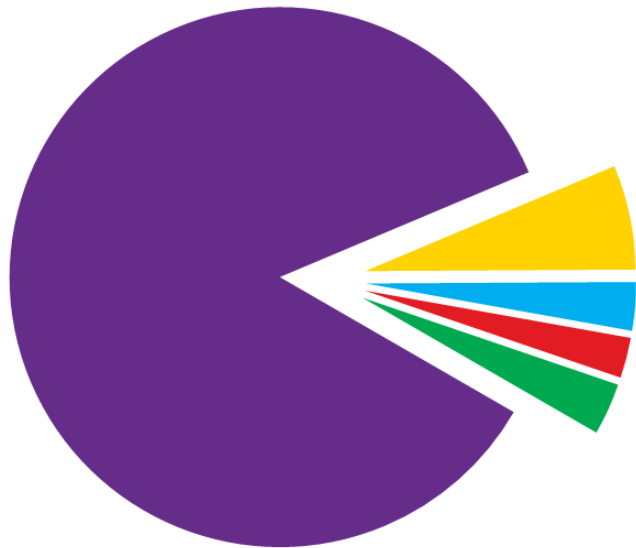
	Fall Budget Update 2015-16	Actuals 2015-16	Actuals 2014-15	Fall Update vs Actual Variance		Actual to Actual Variance	
				Favourable / (Unfavorable)		Increase / (Decrease)	
				\$	%	\$	%
<b>Revenues</b>							
Alberta Education	1,204,334	<b>1,208,794</b>	1,144,396	4,460		64,398	
Other Government of Alberta	846	<b>733</b>	1,108	(113)		(375)	
Federal Government & First Nations	2,393	<b>2,987</b>	2,904	594		83	
Other sales and services	23,196	<b>27,272</b>	24,329	4,076		2,943	
Fees revenue	49,651	<b>49,876</b>	50,296	225		(420)	
Investment revenue	2,817	<b>12,146</b>	14,863	9,329		(2,717)	
All other revenue	19,328	<b>23,891</b>	22,767	4,563		1,124	
	<u>1,302,565</u>	<u><b>1,325,699</b></u>	<u>1,260,663</u>	<u>23,134</u>	<u>1.8</u>	<u>65,036</u>	<u>5.2</u>
<b>Expenses by object</b>							
Salaries and benefits	1,023,929	<b>1,019,207</b>	973,227	4,722		45,980	
Supplies and services	237,524	<b>233,130</b>	217,687	4,394		15,443	
Other (interest, amortization and uncollectible accounts)	59,041	<b>58,801</b>	58,387	240		414	
	<u>1,320,494</u>	<u><b>1,311,138</b></u>	<u>1,249,301</u>	<u>9,356</u>	<u>0.7</u>	<u>61,837</u>	<u>4.9</u>
Annual surplus / (deficit)	(17,929)	<b>14,561</b>	11,362	32,490		3,199	
Net applications of operating funds	41,670	<b>1,130</b>	3,760	40,540		(2,630)	
Capital transactions	(23,741)	<b>(15,691)</b>	(15,122)	(8,050)		(569)	
Net operating surplus / (deficit)	-	-	-	-		-	

## Year-over-year review

### Revenue

#### Alberta Education funding

	Actuals		Increase/ (Decrease)	
	2015-16 (in \$ thousands)	2014-15	(\$ thousands)	%
Student funding	1,031,296	987,400	43,896	4%
Alberta teachers' retirement funding	75,693	71,178	4,515	6%
Student transportation	35,027	34,117	910	3%
Expended deferred capital revenues	29,221	29,808	(587)	(2)%
Infrastructure maintenance and renewal	37,557	21,893	15,664	72%
<b>Alberta Education funding</b>	<b>1,208,794</b>	<b>1,144,396</b>	<b>64,398</b>	<b>6%</b>



The CBE received \$1,208.8 million or 91 per cent of total revenue from Alberta Education. Of those funds, \$1,031.3 million were provided to address basic instruction and other differential funding factors that are specific to the CBE as a school jurisdiction. The CBE can generally decide how best to use these funds to support student learning. The remaining \$177.5 million, or 15 per cent of total Alberta Education funding, has a specified use such as *Alberta Teachers' Retirement Fund* (\$75.7 million), *transportation* (\$35.0 million) or *infrastructure maintenance and renewal (IMR)* (\$37.6 million).

The \$43.9 million increase in base instruction funding is primarily driven by increased enrolment. All funding rates remained the same with the exception of a 1.8 per cent increase to the base rate to fund the general Alberta Teachers' Association (ATA) wage increase, a two per cent increase to the class size grant and a one-time increase to pay for the ATA staff's one per cent lump sum payment. \$25.1 million of the total increase relates to increased enrolment (and other volume drivers) while \$18.8 million is due to grant rate increases.

IMR is a targeted grant, and as such, the revenue is only recorded as an offset to eligible expenditures. \$15.7 million more in IMR work was done in 2015-16 than the previous year, which represents the increase in revenue recorded.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Non-Alberta Education revenue**

	Actuals		Variance	
	(all figures in \$ thousands)			
	2015-16	2014-15	\$	%
Fees	49,876	50,296	(420)	(0.8)
Sales and services	27,272	24,329	2,943	12.1
Investment income	12,146	14,863	(2,717)	(18.3)
Gifts and donations	8,740	7,023	1,717	24.4
Fundraising	7,166	6,828	338	5.0
Rentals	6,867	6,698	169	2.5
Federal grants and education agreements	2,987	2,904	83	2.9
Other government of Alberta revenue	733	1,108	(375)	(33.8)
Other Alberta school authorities	648	832	(184)	(22.1)
Other revenue	426	1,323	(897)	(67.8)
Gain on disposal of assets	44	63	(19)	(30.2)
	<b>116,905</b>	<b>116,267</b>	<b>638</b>	<b>0.5</b>

Other revenue of \$116.9 million, or nine per cent of total revenue, was received from these sources:

1. *Fees* revenue is relatively unchanged from the prior year. This is due to offsetting impacts of increased enrolment, a lower transportation fee rate and slightly increased noon supervision fees.
2. *Sales and services, fundraising, gifts and donations and other revenue* are mainly generated in schools and are inherently variable depending on the activity of each school.
3. *Investment income* has decreased from the prior year due to a lower amount of dispositions made in the year.

**Fees**

Fees are an unfortunate reality in the CBE. We calculate our fees on a cost recovery basis. They are charged to cover the gap between the cost of programs and services and the funding provided to us by the government. Fees are charged for instructional supplies and materials (ISM), transportation, noon supervision and other incidentals. ISM fees are mandatory and charged to all students whereas transportation and noon supervision fees are only charged to students using those services. Fees are set in the spring prior to the school year and are estimated at a level to cover the cost of providing those services. No overhead allocations are charged to fee based programs. Finally, any surplus resulting from these programs is added to a related reserve to moderate year over year changes in fees.

	2014-15	2015-16	2016-17
Transportation	\$ 330	\$ 300	\$ 335
Noon Supervision (four day – five day)	\$ 250 - \$ 280	\$ 255 - \$ 285	\$ 255 - \$ 285
ISM: kindergarten	\$ 15	\$ 15	\$ 15
ISM: Grades 1 – 6	\$ 30	\$ 30	\$ 30
ISM: Grades 7 - 9	\$ 137	\$ 137	\$ 137
ISM: Grades 10 - 12	\$ 152	\$ 152	\$ 152



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Non-Alberta Education revenue (continued)**

Fees revenue reported in the tables below are the fees charged to parents in the year, including fees that are waived or deemed uncollectible.

Fees waived increased year-over-year by \$0.5 million and can be attributed to the enrolment increase, economic pressures and the greater communication efforts to our parent population on the availability of waivers. No student is denied access to public education due to an inability to pay a fee.

Fees revenues are comprised of the following components:

	<b>Fall Budget 2015-16</b>	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Budget to 2015-16 Actual</b>	<b>Actual to Actual</b>
	\$	\$	\$	Favourable / (Unfavourable)	Increase / (Decrease)
	\$	\$	\$	\$	\$
Transportation	8,370	8,173	8,777	(197)	(604)
Instructional supplies and materials	10,230	10,134	10,063	(96)	71
Noon supervision	13,051	13,389	12,439	338	950
Other fees	18,000	18,179	19,017	179	(838)
<b>Total fees</b>	<b>49,651</b>	<b>49,875</b>	<b>50,296</b>	<b>224</b>	<b>(421)</b>

Instructional supplies and materials fees reflected above include fees charged centrally, by schools and by Chinook Learning Services. Other fees are those charged directly by schools.

Transportation fees

During the budget preparation process in the spring of 2015, the transportation program was budgeted at a level so that parent fees fully covered the cost of the program, after government grants and the planned use of reserves had been applied. Changes to the design of routes were planned at that time in order to reduce costs and ultimately, parent fees.

In response to parent concerns heard in the fall of 2015, routes were then re-configured, buses added and travel distances to yellow bus stops shortened. This action increased the cost of the program. Parent fees were not increased from the established levels. Consequently, the transportation program operated with a subsidy from instructional grant dollars for the school year.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Non-Alberta Education revenue (continued)**

Transportation fees (continued)

	<b>Fall Budget 2015-16</b>	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Budget to 2015-16 Actual</b>	<b>Actual to Actual</b>
	\$	\$	\$	Favourable / (Unfavourable)	Increase / (Decrease)
	\$	\$	\$	\$	\$
Government grants and other	34,877	35,027	34,283	150	744
Reserve funding	122	122	2,169	-	(2,047)
Available funding	<u>34,999</u>	<u>35,149</u>	<u>36,452</u>	<u>150</u>	<u>(1,303)</u>
<b>Salary and benefits</b>					
Busing aides	1,390	1,378	1,353	12	25
Central administration	1,343	1,337	1,125	6	212
<b>Contracts and services</b>					
Transportation services	43,421	43,708	41,022	(287)	2,686
Office supplies and contracted services	428	665	396	(237)	269
<b>Uncollectible accounts expense</b>	502	327	439	175	(112)
<b>Waived fees</b>	921	1,032	894	(111)	138
	<u>48,005</u>	<u>48,447</u>	<u>45,229</u>	<u>(442)</u>	<u>3,218</u>
Funding gap	(13,006)	(13,298)	(8,777)	(292)	(4,521)
Fees charged	8,370	8,173	8,777	(197)	(604)
Net (deficit) / surplus	<u>(4,636)</u>	<u>(5,125)</u>	<u>-</u>	<u>(489)</u>	<u>(5,125)</u>

The CBE arranges transportation for all of its students by contracting with yellow school bus providers or working with the Calgary Transit to ensure transportation is available to move students within the correct time frames. A total of 37,900 students were transported in the 2015-16 year; 27,400 students were on yellow school buses, while 10,500 used Calgary Transit. This is an increase of 1,000 compared to the 2014-15 year, in which 36,900 students were transported; 26,600 students were on yellow school buses, and 10,300 used Calgary Transit.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Non-Alberta Education revenue (continued)**

Noon supervision fees

	<b>Fall Budget 2015-16</b>	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Budget to 2015-16 Actual</b>	<b>Actual to Actual</b>
	\$	\$	\$	Favourable / (Unfavourable)	Increase / (Decrease)
	\$	\$	\$	\$	\$
<b>Salary and benefits</b>					
School-based staff	10,012	10,249	9,927	(237)	322
Central administration	614	549	514	65	35
<b>Contracts and services</b>					
Other supplies and services	253	227	301	26	(74)
<b>Uncollectible accounts expense</b>	1,019	937	756	82	181
<b>Waived fees</b>	1,153	1,722	1,410	(569)	312
	<u>13,051</u>	<u>13,684</u>	<u>12,908</u>	<u>(633)</u>	<u>776</u>
Funding gap	13,051	13,684	12,908	(633)	776
Fees charged	13,051	13,389	12,439	338	(950)
Net (deficit) / surplus	<u>-</u>	<u>(295)</u>	<u>(469)</u>	<u>(295)</u>	<u>(174)</u>

The 2015-16 noon supervision program budget was balanced and anticipated costs were used to set fee levels. Actual 2015-16 results show that the fee revenues did not cover all of the costs of providing the service; therefore, the deficit was covered using instructional grant dollars.

In 2015-16 the average number of students attending the noon supervision program was 50,300 or 93 per cent of the total elementary population. This was an increase of 2,180 students, or 4.5 per cent over the 2014-15 average student count of 48,120.

Noon supervision fees charged for 2015-16 increased due to growth in students attending the program and due to the increase in the fees rate.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

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**Non-Alberta Education revenue (continued)**

Instructional Supplies and Materials (ISM) Fees

The CBE charges parents and independent students fees for instructional supplies and materials as authorized under the provincial *School Act* [sec. 60(2)(j)]. The supplies and materials go directly to schools and are deemed by the CBE to be necessary for the instruction of students. All students receive the necessary supplies and materials regardless of fee payment.

The fee levels for instructional supplies and materials for kindergarten to Grade 12 students were budgeted to offset all costs of supplying those instructional supplies and materials. There were no changes in fee levels in the 2015-16 school year.

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

The CBE charged \$137 per student in Grades 7 – 9 and \$152 for Grades 10 - 12. This fee is used to purchase items such as textbooks, novels, photocopy paper and per-copy charges, basic Career and Technology Foundations/Studies supplies and other instructional supplies and materials.

The total amount of Instructional Supplies and Materials fees for the year ended Aug. 31, 2016 (not including Chinook Learning Services) was \$9.2 million (budgeted at \$9.1 million). Each school is required to provide an annual report to parents on fees, which is posted on each school's website in the fall for the previous school year.

Other fees of \$12.8 million are charged and collected by schools. These include fees for field trips, musical instruments, online learning, etc. These are subject to school-based decision making, with parent, teacher and student input.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Expenses**

In 2015-16, with student enrolment increasing by 2.2 per cent, the CBE's objective was to generally maintain student to school-based staffing ratios as well as invest in one-time initiatives to further schools' goals of improving student achievement and hiring graduation coaches to support First Nations, Métis and Inuit students. Expenses increased by \$61.8 million, or 4.9 per cent. The majority of this increase is in salaries and benefits and supplies and services.

	Actuals		Increase/ (Decrease)	
	2015-16	2014-15	(in \$ thousands)	%
Certificated salaries and benefits	769,872	728,526	41,346	6%
Non-certificated salaries and benefits	249,335	244,699	4,636	2%
Supply and services	233,130	217,688	15,442	7%
Amortization expense	52,092	51,644	448	1%
Interest and finance charges	1,513	2,038	(525)	(26)%
Other (uncollectible accounts and waivers)	5,196	4,706	490	10%
	<b>1,311,138</b>	<b>1,249,301</b>	<b>61,837</b>	<b>5%</b>



The \$41.4 million (6 per cent) increase in certificated salaries & benefits is largely the result of wage rate increases, a one-time one per cent lump sum payment to teachers, movement within the ATA collective agreement salary grid along with staffing increases in schools in order to generally maintain school-based staffing to student ratios at or near 2014-15 levels.

Also included in this increase is \$14.5 million for a one-time initiative in schools to improve student achievement and \$1.5 million for high school graduation coaches to support Indigenous students.

- The \$4.6 million increase in non-certificated salaries, wages & benefits is the net impact of increased non-certificated staff in schools due to higher enrolment and grid increments as well as staff hired in the spring of 2016 to prepare for the opening in 2016-17 of new schools.
- The \$15.4 million increase in services, contracts & supplies is largely the result of increased IMR activity (see page 6).

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

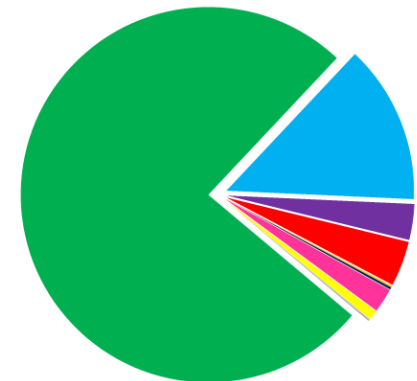
**Expenses by Operating Unit (actual expenditures versus fall budget)**

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

FTEs presented here and in the following schools / service unit tables reflect budgeted positions; actual positions filled during the year may vary.

	Schools & Areas	Service Unit System Budgets	Learning	Facilities and Enviro. Services	Legal Services	Comm and Community Engagement	Finance / Technology Services	Human Resources	Chief Supt's Office	Board of Trustees	Total
<b>FTEs by:</b>											
Superintendent	-	-	1	1	1	1	1	-	2	-	7
Staff (incl ATA, Staff Assn, CUPE, trades)	8,772	49	217	208	3	10	144	44	-	-	9,447
Exempt Staff	10	-	26	50	10	10	48	41	3	-	198
<b>Total FTEs</b>	<b>8,782</b>	<b>49</b>	<b>244</b>	<b>259</b>	<b>14</b>	<b>21</b>	<b>193</b>	<b>85</b>	<b>5</b>	<b>-</b>	<b>9,652</b>
<b>2015-16 Actuals</b>											
Salaries and benefits	912,905	9,393	33,605	24,615	1,681	2,434	23,367	9,911	866	430	1,019,207
Supplies and services	82,252	119,345	5,534	22,914	64	90	1,049	896	107	879	233,130
Other (interest, amortization and uncollectible accounts)	49	50,907	1,330	3,573	13	-	2,914	13	2	-	58,801
	<b>995,206</b>	<b>179,645</b>	<b>40,469</b>	<b>51,102</b>	<b>1,758</b>	<b>2,524</b>	<b>27,330</b>	<b>10,820</b>	<b>975</b>	<b>1,309</b>	<b>1,311,138</b>
2015-16 Fall Budget Update	999,625	183,023	38,666	51,227	2,016	3,111	28,743	11,641	1,156	1,286	1,320,494
Favourable / (unfavourable)	4,419	3,378	(1,803)	125	258	587	1,413	821	181	(23)	9,356

- Schools and Areas spending was \$4.4 million lower than budget due to lower than estimated average salary and benefit rates.
- Service Unit System spending was less than budgeted due to savings from lower utility rates and usage as well as savings from efficacy reviews administered with existing internal resources.
- Learning shows an over-spending of \$1.8 million due to activities associated with targeted funding and supports for Syrian refugee students
- Other service units show savings from the fall budget, which is related to spending constraints introduced during the year in an effort to maximize funds available for capital and future year use.



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Schools and Areas**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	6,121	709,231	6,009	686,207	112	23,024
Certificated temporary salaries and benefits	-	36,135	-	20,532	-	15,603
Non-certificated permanent salaries and benefits	2,661	161,151	2,562	155,391	99	5,760
Non-certificated temporary salaries and benefits	-	6,388	-	6,418	-	(30)
Dues and fees	-	775	-	738	-	37
Rental equipment and facilities	-	757	-	709	-	48
Maintenance and repairs	-	1,993	-	2,154	-	(161)
Insurance	-	-	-	2	-	(2)
Professional services	-	10,238	-	10,553	-	(315)
Utilities	-	356	-	376	-	(20)
Transportation charges	-	2,395	-	2,326	-	69
Travel and subsistence	-	1,040	-	673	-	367
Other supplies	-	55,775	-	52,403	-	3,372
Minor equipment	-	6,953	-	6,411	-	542
Textbooks and materials	-	1,970	-	1,738	-	232
Amortization expenses	-	9	-	9	-	-
Interest and finance charges	-	40	-	41	-	(1)
<b>Total expenses</b>	<b>8,782</b>	<b>995,206</b>	<b>8,571</b>	<b>946,681</b>	<b>211</b>	<b>48,525</b>

Students come first and learning is our central purpose. CBE schools live by these words each and every day, and Area offices support them in making it happen. The 2015-16 Provincial Achievement Test and Diploma Exam results show that CBE students continue to lead the Province in academic outcomes. This is a strong validation of our commitment to students coming first and learning being our central purpose.

Schools create engaging learning experiences and support students in a variety of ways. They also connect with our families and communities to help support student success. For many CBE students and families, their experiences with the CBE occur solely through our schools.

Schools make learning meaningful for individual students and their families. They work collaboratively with service units to create and implement system initiatives that enhance learning experiences and honour the hopes of students and their families. Some of the ways this happens in schools include:

- Teachers personalize learning for students and communicate student progress and achievement to parents/guardians.
- Educational assistants provide valuable support to help students be successful within our diverse classrooms.
- Principals provide leadership to school staff and lead learning at the school. They also work with school councils, parent societies and other groups to implement and communicate priorities and initiatives.
- Office staff communicate with schools, students, employees and families to ensure there is a common understanding and implementation of necessary processes and procedures.
- Facility operators keep schools clean, comfortable and safe.

### **Schools and Areas (cont'd)**

The CBE is currently divided into five geographic areas in Calgary. Each Area is led by an Area Director whose mandate is to support continuous improvement in schools and the provision of quality learning experiences for each student in the Area. The Area offices deliver system services to their schools, support principals in school operations and ensure effective collaboration amongst schools where appropriate. The CBE is moving forward with plans to add two new Areas in 2017, and to change from a geographical model with five Areas to a "feeder school" model that will include seven Areas. The new configuration will ensure continuity of support for students and families from kindergarten through to Grade 12, and will mean each of the seven Areas will support approximately 35 schools.

Significant variances from 2014-15 to highlight include:

- \$44.4 million increase in total *salaries and benefits* is the result of additional staffing due to increased enrolment, additional staffing for a one-time initiative to improve student achievement and the introduction of high school graduation coaches to support Indigenous students. The increase is also related to collective agreement negotiated wage grid movement and rate increases.
- Spending in other expense categories will fluctuate relative to enrolment and is also dependent on school generated revenues, which are inherently variable year over year.
- The 210 FTE increase is fully explained by the enrolment increase in schools.



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**System Accounts**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	36	4,598	44	2,971	(8)	1,627
Certificated temporary salaries and benefits	-	892	-	835	-	57
Non-certificated permanent salaries and benefits	13	3,100	16	2,572	(3)	528
Non-certificated temporary salaries and benefits	-	803	-	643	-	160
Dues and fees	-	769	-	1,420	-	(651)
Maintenance and repairs	-	42,597	-	23,942	-	18,655
Insurance	-	4,570	-	-	-	4,570
Professional services	-	6,059	-	4,786	-	1,273
Utilities	-	21,124	-	21,640	-	(516)
Transportation charges	-	43,707	-	41,022	-	2,685
Travel and subsistence	-	-	-	2	-	(2)
Other supplies	-	304	-	2,194	-	(1,890)
Minor equipment	-	215	-	187	-	28
Amortization expenses	-	44,332	-	45,978	-	(1,646)
Interest and finance charges	-	1,379	-	1,232	-	147
Other (uncollectible accounts)	-	5,196	-	4,589	-	607
<b>Total expenses</b>	<b>49</b>	<b>179,645</b>	<b>60</b>	<b>154,013</b>	<b>(11)</b>	<b>25,632</b>

Corporate accounts, while monitored and maintained by service units, fund supplies, programs, activities and services that have system-wide impact.

Examples include Professional Improvement Fund (ATA and non-ATA) leave costs, staff secondments for union activities, legal fees, amortization of facilities, interest expense and bank charges. In some years these accounts may also include system provisions for severance accruals or retroactive payroll costs due to union settlements.

Significant changes from 2014-15 to highlight include:

- \$1.7 million increase in *Certificated salaries and benefits* due to increases in the wage rates of seconded staff and additional staff planning for the opening of new schools.
- \$18.7 million increase in *maintenance and repairs* mainly due to increased IMR activity and the flow-through costs of maintenance in P3 schools.
- \$4.5 million increase in *Insurance* as the budget was moved to the System Accounts. The CBE actively manages insurance costs through active participation in the 14 school jurisdiction Urban Schools Insurance Consortium.
- \$1.3 million increase in *Professional services* as banking and internal audit were moved into the System Accounts.
- \$2.7 million increase in *Transportation charges* as congregated bus stops were removed.
- \$1.9 million decrease in *Other supplies* due to offsetting charges against school equipment spending for consolidation purposes.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Learning Services**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	69	9,675	65	9,124	4	551
Certificated temporary salaries and benefits	-	871	-	776	-	95
Non-certificated permanent salaries and benefits	101	11,251	101	11,690	-	(439)
Non-certificated temporary salaries and benefits	-	555	-	271	-	284
Dues and fees	-	5	-	197	-	(192)
Maintenance and repairs	-	38	-	26	-	12
Insurance	-	3	-	3	-	-
Professional services	-	905	-	737	-	168
Utilities	-	42	-	41	-	1
Transportation charges	-	26	-	14	-	12
Travel and subsistence	-	343	-	352	-	(9)
Other supplies	-	1,320	-	1,626	-	(306)
Minor equipment	-	532	-	915	-	(383)
Textbooks and materials	-	40	-	43	-	(3)
Amortization expenses	-	1,236	-	1,173	-	63
Interest and finance charges	-	34	-	99	-	(65)
<b>Total expenses</b>	<b>170</b>	<b>26,876</b>	<b>166</b>	<b>27,087</b>	<b>4</b>	<b>(211)</b>

Learning provides supports and services that are designed and implemented to achieve student success, the goal of the Three-Year Education Plan.

These supports and services focus on: Indigenous education, alternative programs, assessment, attendance, curriculum, early learning, English language learning, exceptional needs, international students, the personalization of learning (Iris), Multicultural Services, outreach, psychological services, suspension, speech language, deaf & hard of hearing, vision, second languages programming, family school liaison and critical incident response team.

In 2015-16 the work of Learning supported student learning in many ways:

- Further building our professional capital to support success of Indigenous students through system and school-based leadership.
- Coordinating the establishment of 18 new Literacy, English & Academic Development (LEAD) programs and supporting over 500 Syrian refugee student placements in the LEAD classes or through integration in community schools.
- Participating in the Grade 3 Student Learning Assessments (SLAs) provincial pilot.
- Coordinating the completion of the Early Development Instrument (EDI) which was required by Alberta Education for all kindergarten children to provide province-wide information about children's overall development.

Significant changes from 2014-15 include:

- \$0.5 million increase in *Salaries and benefits* is the result of additional staff FTEs, wage increments and additional funding from Alberta Education to support teacher relief time to complete SLAs and the EDI.
- \$0.3 million decrease in *Other supplies* is the result of the completion of the Curriculum Development Prototyping project during the 2014-15 school year.
- \$0.4 million decrease in *Minor equipment* is the result of a decision, in conjunction with all partners, not to renew software licenses for Collaborative Online Resource Environment (CORE).

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Chinook Learning Services**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	18	1,582	14	1,011	4	571
Certificated temporary salaries and benefits	-	4,012	-	4,084	-	(72)
Non-certificated permanent salaries and benefits	56	3,651	58	3,906	(2)	(255)
Non-certificated temporary salaries and benefits	-	2,007	-	2,052	-	(45)
Dues and fees	-	8	-	5	-	3
Rental equipment and facilities	-	35	-	27	-	8
Maintenance and repairs	-	36	-	52	-	(16)
Professional services	-	384	-	400	-	(16)
Utilities	-	48	-	70	-	(22)
Travel and subsistence	-	14	-	19	-	(5)
Other supplies	-	1,542	-	1,425	-	117
Minor equipment	-	35	-	276	-	(241)
Textbooks and materials	-	180	-	84	-	96
Interest and finance charges	-	59	-	70	-	(11)
<b>Total expenses</b>	<b>74</b>	<b>13,593</b>	<b>72</b>	<b>13,481</b>	<b>2</b>	<b>112</b>

Chinook Learning Services support student success to complete, upgrade or enhance their high school diplomas as they prepare to enter post-secondary institutions or the world of work.

In 2015-16, the services of Chinook Learning supported student achievement in several ways:

- High school upgrading.
- Summer school for students in Grades 10-12.
- Off-campus programs and summer band camps.
- Adult English Language Learning.
- Non-credit continuing education (professional development, personal development & corporate training).

Programming provided to adult learners is provided for a fee, which is included in other sales and services (\$3.7 million). Programming that is not within the ECS – Grade 12 mandate is provided on a cost-recovery basis.

Significant changes from 2014-15 include:

- \$0.2 million net increase in Salaries and benefits is the result of vacant positions being filled in the current year resulting in a shift from temporary staff to permanent.
- \$0.2 million decrease in Minor equipment is the result of one time funding in 2014-15 for equipment for the Language Instruction for Newcomers to Canada (LINC) program.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Facilities and Environmental Services**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	6	565	6	563	-	2
Certificated temporary salaries and benefits	-	-	-	2	-	(2)
Non-certificated permanent salaries and benefits	253	22,391	253	24,381	-	(1,990)
Non-certificated temporary salaries and benefits	-	1,659	-	1,120	-	539
Dues and fees	-	248	-	200	-	48
Rental equipment and facilities	-	9,292	-	8,927	-	365
Maintenance and repairs	-	3,973	-	7,311	-	(3,338)
Professional services	-	4,780	-	4,848	-	(68)
Utilities	-	137	-	160	-	(23)
Travel and subsistence	-	185	-	185	-	-
Other supplies	-	4,276	-	7,637	-	(3,361)
Minor equipment	-	23	-	13	-	10
Amortization expenses	-	3,573	-	2,747	-	826
<b>Total expenses</b>	<b>259</b>	<b>51,102</b>	<b>259</b>	<b>58,094</b>	<b>-</b>	<b>(6,992)</b>

Facilities & Environmental Services (FES) provides students and employees with quality learning and working environments.

The supports and services provided by FES include the areas of planning for student accommodation and transportation; design, construction, renovation, maintenance and day-to-day operations of school and CBE facilities; internal deliveries; environmental initiatives; and, emergency, safety and security services.

IMR expenditures are not included in the financial information above. They are captured in the System Accounts (page 16).

Significant variances from 2014-15 to highlight include:

- Decreases in spending given a reallocation of efforts to more emphasis placed on Infrastructure Maintenance and Renewal (IMR) activity in the 2015-16 year and where internal labour was reallocated to IMR from various FES operational departments. Impacts include:
  - \$1.5 million decrease in *non-certificated salaries and benefits*.
  - \$3.3 million decrease in *maintenance and repairs*.
  - \$3.4 million decrease in *other supplies*.
- \$0.8 million increase in *amortization expenses* is due to additions of assets such as the Integrated Workplace Management System and Energy Performance Contracts which have led to an increase in amortization.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Legal Services**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	1	173	1	159	-	14
Non-certificated permanent salaries and benefits	13	1,489	11	1,486	2	3
Non-certificated temporary salaries and benefits	-	19	-	5	-	14
Dues and fees	-	13	-	13	-	-
Professional services	-	1	-	1	-	-
Utilities	-	2	-	3	-	(1)
Travel and subsistence	-	6	-	6	-	-
Other supplies	-	13	-	17	-	(4)
Minor equipment	-	18	-	6	-	12
Textbooks and materials	-	11	-	11	-	-
Amortization expenses	-	13	-	10	-	3
<b>Total expenses</b>	<b>14</b>	<b>1,758</b>	<b>12</b>	<b>1,717</b>	<b>2</b>	<b>41</b>

Legal Services provides the business functions of law, privacy and access.

The service unit handles CBE's Administrative Regulation development, contract administration, Corporate Secretary and administrative support to the Board of Trustees.

In 2015-16, Legal Services supported students, schools and the organization by:

- Delivering important information and training to schools on complex legal and privacy issues.
- Managing the legal affairs of the CBE.
- Providing or coordinating the delivery of legal services on behalf of the CBE.
- Providing risk mitigation oversight.
- Managing the CBE's compliance with the Freedom of Information and Protection of Privacy (FOIP).
- Overseeing the CBE's compliance with applicable law, regulations and policies.
- Coordinating the development of the CBE's administrative regulations and procedures.
- Managing contract processes and standards and maintaining a repository.
- Providing legal counsel to the Board of Trustees and the Chief Superintendent.
- Managing the proceedings of the Board of Trustees.
- Maintaining the corporate record of the Board of Trustees proceedings.
- Maintaining and managing the CBE's "whistle blower" program .

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Communications and Community Engagement**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	-	6	-	-	-	6
Non-certificated permanent salaries and benefits	21	2,332	22	2,446	(1)	(114)
Non-certificated temporary salaries and benefits	-	96	-	1	-	95
Dues and fees	-	12	-	2	-	10
Rental equipment and facilities	-	-	-	8	-	(8)
Maintenance and repairs	-	1	-	1	-	-
Professional services	-	34	-	65	-	(31)
Utilities	-	8	-	8	-	-
Travel and subsistence	-	2	-	3	-	(1)
Other supplies	-	19	-	21	-	(2)
Minor equipment	-	13	-	8	-	5
Textbooks and materials	-	1	-	-	-	1
Amortization expenses	-	-	-	4	-	(4)
<b>Total expenses</b>	<b>21</b>	<b>2,524</b>	<b>22</b>	<b>2,567</b>	<b>(1)</b>	<b>(43)</b>

Communications and Community Engagement (“Communications”) communicates and engages with parents, government and community stakeholders and staff about what matters most to them. This service unit supports student learning by allowing schools and other service units to focus their time on teaching and learning while Communications deals with areas such as media relations, emergency communications, website management and development, public information, strategic communications planning, leading and supporting engagements and print and production design.

In 2015-16 Communications and Community Engagement supported students, schools and the organization by:

- Assisting schools in communicating with parents and their communities.
- Corporate communications planning and strategic counsel, including support for service units.
- Crisis communications.
- Managing corporate media relations and social media.
- Communications and engagement support for the Board of Trustees and board-government relations.
- Developing corporate information products (reports, stories, videos and web material) for print and web communication.
- Acting as the first point of contact for public information.
- Developing and producing teaching and learning materials, such as professional development training videos for teachers.
- Managing our corporate and staff websites as well as supporting school websites.

In 2015-16 Communication and Community Engagement introduced SchoolMessenger; a system-wide tool to help schools and service units communicate with parents by phone, email, and text message. In addition, Communications dedicated resources to lead and support community engagement initiatives and developed an engagement framework called *dialogue*. Communications continued to advance the school website technology platform and plan to migrate school websites to the new platform before the end of the 2016-17 school year. Communications continues to support communications and engagement related to 31 capital projects, including web communications.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Finance / Technology Services**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	1	129	-	73	1	56
Certificated temporary salaries and benefits	-	-	-	52	-	(52)
Non-certificated permanent salaries and benefits	192	23,011	190	22,901	2	110
Non-certificated temporary salaries and benefits	-	227	-	465	-	(238)
Dues and fees	-	196	-	208	-	(12)
Maintenance and repairs	-	3	-	3	-	-
Insurance	-	-	-	4,518	-	(4,518)
Professional services	-	200	-	817	-	(617)
Utilities	-	42	-	42	-	-
Travel and subsistence	-	39	-	47	-	(8)
Other supplies	-	392	-	178	-	214
Minor equipment	-	177	-	120	-	57
Amortization expenses	-	2,914	-	1,710	-	1,204
Interest and finance charges	-	-	-	596	-	(596)
Other (uncollectible accounts)	-	-	-	116	-	(116)
<b>Total expenses</b>	<b>193</b>	<b>27,330</b>	<b>190</b>	<b>31,846</b>	<b>3</b>	<b>(4,516)</b>

Finance / Technology Services (FTS) facilitates financial and technology decision-making within CBE so that resources are used to maximize student outcomes. FTS also ensures a fiscally responsible CBE.

FTS provides a range of services including School Financial Management, the Fees Central team, Information and Client Technology services, procurement as well as financial operations such as accounts payable, revenue and treasury, and budget development and control and financial reporting.

In 2015-16, FTS supported students, schools and the organization by:

- Preparing the annual budget and related reports.
- Monitoring and reporting on financial performance through the year.
- Supporting sound financial practices in schools and across the CBE.
- Providing financial administration of fees for noon supervision services, student transportation, and instructional supplies and materials programs, including waivers and collections.
- Seeking the best deals possible when purchasing goods and services.
- Paying the bills on time.
- Designing, building, and supporting the CBE's technology infrastructure.
- Ensuring that computers, tablets and other school-based technology is available, accessible and appropriate for students and their learning.

Significant variances from 2014-15 to highlight include:

- Realignment of system-wide support budgets from operations to system accounts in 2015-16 including:
  - \$4.5 million decrease in *Insurance* as the budget was moved to the System Accounts.
  - \$0.6 million decrease in Professional services as banking and internal audit were moved to the System Accounts.
  - \$0.6 million decrease in Interest and finance charges as they were moved to the System Accounts.
- \$1.2 million increase in Amortization as relevant charges were moved back from the System Accounts.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Human Resources**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	10	1,388	7	1,317	3	71
Certificated temporary salaries and benefits	-	51	-	64	-	(13)
Non-certificated permanent salaries and benefits	75	8,251	77	7,976	(2)	275
Non-certificated temporary salaries and benefits	-	221	-	275	-	(54)
Dues and fees	-	103	-	58	-	45
Rental equipment and facilities	-	6	-	7	-	(1)
Maintenance and repairs	-	1	-	-	-	1
Professional services	-	499	-	1,172	-	(673)
Utilities	-	14	-	19	-	(5)
Travel and subsistence	-	65	-	92	-	(27)
Other supplies	-	124	-	98	-	26
Minor equipment	-	82	-	28	-	54
Textbooks and materials	-	2	-	5	-	(3)
Amortization expenses	-	13	-	13	-	-
<b>Total expenses</b>	<b>85</b>	<b>10,820</b>	<b>84</b>	<b>11,124</b>	<b>1</b>	<b>(304)</b>

Human Resources supports employees in all matters related to their employment relationship with the CBE.

In 2015-16, the work of Human Resources supported students, schools and the organization by:

- Supporting over 13,000 employees while they provide a first-class education to Calgary students.
- Proactively recruiting talent while balancing current and future projected needs.
- Supporting continuous learning and leadership development for all employees.
- Overseeing recruitment, total rewards, workforce planning, labour and employee relations, partner services, employee development, payroll, our human resources management system, the Employee Health Resource Centre, operations and integrated solutions, and organizational development and leadership.

Significant variances from 2014-15 to highlight include:

- \$0.3 million increase in *Salaries and benefits* mainly due to an increase in salaries.
- \$0.7 million decrease in *Professional services* mainly due to less contractual work in Leadership, Employee Relations and Talent Management.



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

**Chief Superintendent's Office**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Certificated permanent salaries and benefits	2	564	3	746	(1)	(182)
Certificated temporary salaries and benefits	-	11	-	12	-	(1)
Non-certificated permanent salaries and benefits	3	277	3	245	-	32
Non-certificated temporary salaries and benefits	-	14	-	-	-	14
Dues and fees	-	3	-	11	-	(8)
Rental equipment and facilities	-	86	-	143	-	(57)
Maintenance and repairs	-	-	-	1	-	(1)
Professional services	-	-	-	104	-	(104)
Utilities	-	3	-	4	-	(1)
Travel and subsistence	-	4	-	4	-	-
Other supplies	-	11	-	16	-	(5)
Amortization expenses	-	2	-	-	-	2
<b>Total expenses</b>	<b>5</b>	<b>975</b>	<b>6</b>	<b>1,286</b>	<b>(1)</b>	<b>(311)</b>

The Chief Superintendent's office leads strategic planning for student success based on the Board of Trustees' values and policies.

- The Chief Superintendent, as both the Chief Executive Officer and Chief Educational Officer, develops the Three Year Education Plan to improve student success and ensures that students and their learning are at the centre of organizational decisions.
- The Deputy Chief Superintendent leads the learning and operations in each of CBE's 227 schools.
- The Chief Superintendent's Office is a key liaison point between all components of the CBE and the many individuals and groups who hold an interest in public education.

Significant variances from 2014-15 to highlight include:

- *Salaries and benefits* expense decreased by \$0.2 million due to 1 FTE position moved to Learning.
- \$0.1 million decrease in *Professional services* as there was no leadership recruiting activity in 2015-16.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

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**Board of Trustees**

	2015-16 Actuals		2014-15 Actuals		Increase/(Decrease) (Actuals vs. Actuals)	
	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)	FTEs	(in \$ thousands)
<b>Expenses</b>						
Non-certificated salaries and benefits	-	430	2	454	(2)	(24)
Dues and fees	-	241	-	259	-	(18)
Rental equipment and facilities	-	-	-	1	-	(1)
Professional services	-	610	-	676	-	(66)
Utilities	-	1	-	1	-	-
Travel and subsistence	-	19	-	9	-	10
Other supplies	-	7	-	5	-	2
<b>Total expenses</b>	-	<b>1,308</b>	2	1,405	(2)	(97)

The Board of Trustees budget includes items related directly to the governance of the organization, including Trustee remuneration, office expenses and travel costs, financial audit fees, election costs, and Alberta School Boards Association fees. Staff costs for the two FTEs are now included in the Office of the Corporate Secretary. During the course of the year, the Board of Trustees also draws upon the services and supports of other service units in support of their governance needs. Those costs are not reflected here.

Significant variances from 2014-15 to highlight include:

- \$0.1 million decrease in *Professional services* is due to the Wards 11 & 13 by-election held in 2014-15.
- Two staff positions moved to the Office of the Corporate Secretary.

For more information on the remuneration of the Board of Trustees, please see Schedule 7 of the consolidated financial statements.

## Staffing and Full-Time Equivalent (FTEs)

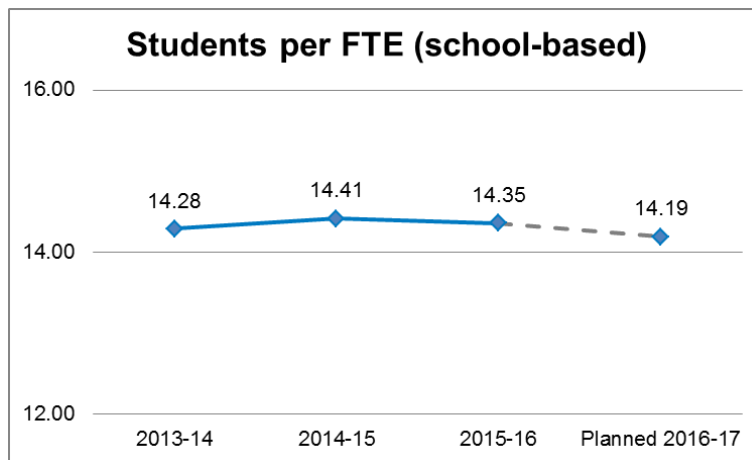
More than 13,000 people worked for the CBE, which equated to 9,652 full-time equivalent (FTE) positions for fiscal 2015-16.

Each one of our employees plays an important role in supporting students in their learning. Teachers, principals and school-based employees work with students to unlock their passions and potential. They are supported by knowledgeable employees who work in a variety of other capacities.

The CBE spends the greatest proportion of its funds (78 per cent) on salaries and benefits with certificated staff (teachers) making up the majority of that total. The provincial grant increases in past years has not been sufficient to keep up with enrolment growth and to cover the negotiated wage rate increases and wage grid movement for teachers and support staff. As a result, the number of FTEs has not always increased at a rate equal to enrolment growth. This impacts the ratio of students to school-based staff.

For 2015-16 grant rates did increase at a rate that provided for an increase in teachers and school-based support staff to maintain the ratio of students to school-based staff. That ratio is anticipated to be slightly reduced in 2016-17 due to the upcoming opening of new schools.

The following tables show the average number of CBE students per school-based full-time equivalent staff position:

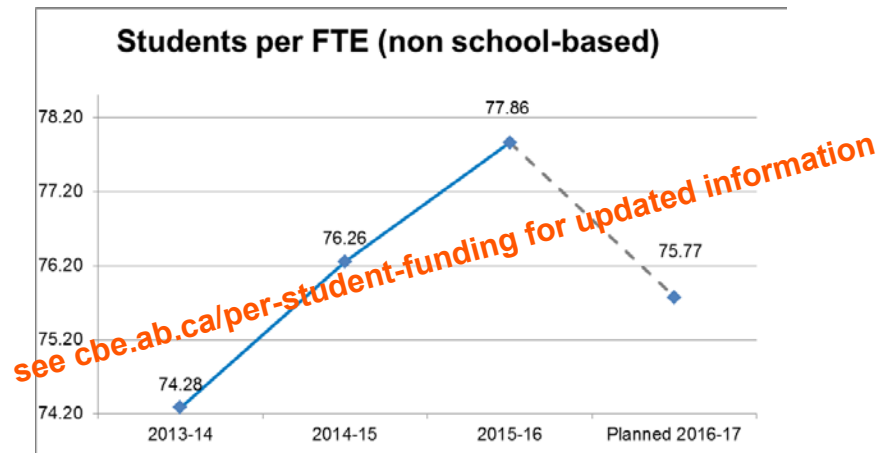


School-based staff includes all staff hired via the Resource Allocation Method (RAM) deployment as well as FTEs budgeted under centrally held school-related budgets where specific funding has been received in support of schools, such as Regional Collaborative Service Delivery (formerly Student Health Partnership) and Program Unit Funding. These resources are then deployed to schools to support student learning needs.

For purposes of this presentation, school-based staff does not include staff in service units that work directly in schools, such as facility operations staff, school technology support specialists, psychologists, etc.

**Staffing and Full-Time Equivalents (FTEs) (continued)**

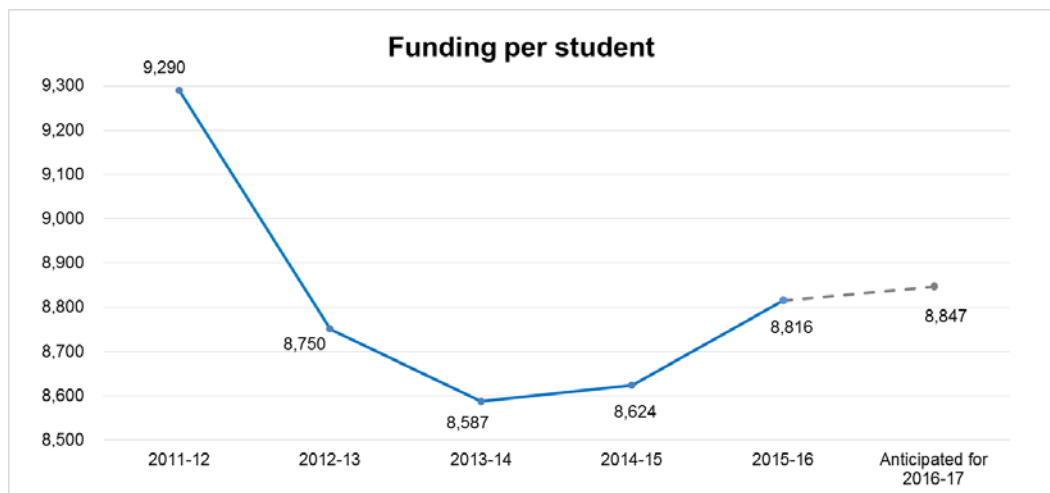
The ratio of students to non school-based FTEs tends to increase year-over-year because the CBE's central staffing needs are not as closely tied to enrolment as school-based staffing requirements. However, we anticipate seeing a reduction in the ratio for 2016-17 due to the opening of new schools and the additional facility maintenance and operations staff that have been hired to maintain and care for these schools.



**Alberta Education funding per student**

CBE's enrolment in 2015-16 was up by 2,485 students from Sept. 30 of the prior year. Funding from Alberta Education increased for enrolment, as well as some rate increases which resulted in a \$192 increase in overall funding per student. In 2016-17, the CBE anticipates welcoming an additional 2,162 students with a \$31 increase in overall funding per student.

Funding per student is summarized below:



**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

## Reserves

### CBE's Operating and Capital Reserves

	Reserve balance Sep 1, 2015 (recast)	Fall Update planned transfers from reserves	Actual transfers to/ (from) reserves	Reserve balance Aug 31, 2016	Anticipated 2016-17 use of reserves	Forecasted 2017-18 use of reserves
(all figures in \$ thousands)						
<b>Operating reserves</b>						
Restricted reserves	(8,485)	-	133	<b>(8,352)</b>	-	-
Available for use reserves	37,853	(37,853)	3,388	<b>41,241</b>	(26,126)	(15,115)
Designated operating funds	3,715	(3,715)	3,199	<b>6,914</b>	(6,914)	-
Unrestricted surplus	8,186	(104)	(8,186)	-	-	-
<b>Total operating reserves</b>	<b>41,269</b>	<b>(41,672)</b>	<b>(1,466)</b>	<b>39,803</b>	<b>(33,040)</b>	<b>(15,115)</b>
<b>Capital reserves</b>						
Building reserve	18,212	(15,018)	(9,193)	9,019	(2,200)	(6,819)
Other capital reserves	17,206	(11,534)	12,195	29,401	(23,729)	(5,672)
Plant, operations and maintenance asset replacement	798	-	-	798	-	(798)
	<b>36,216</b>	<b>(26,552)</b>	<b>3,002</b>	<b>39,218</b>	<b>(25,929)</b>	<b>(13,289)</b>

The 2015-16 budget anticipated the use of \$41.7 million operating reserves and \$26.5 million in capital reserves in order to balance. With an effort to hold spending where possible, a focus on capital activities and more investment dispositions than planned, the year ended in a surplus position. This resulted in a delayed draw on operating reserves than was anticipated in the fall budget update.

Many projects are funded by the application of reserves and are well underway. Those projects are expected to be completed over the next two years, using all remaining forecast reserve funds. These projects include:

- Continued construction, project management and commissioning of new schools
- Wireless upgrades
- CTS/CTF and Fine and Performing Arts equipment upgrades

In addition to these projects underway, we know there will be more cost pressures in the next two years relating to the new Student Information System, fixed operating costs for new schools and the arrival of more refugee students.

#### Recast opening reserve balance

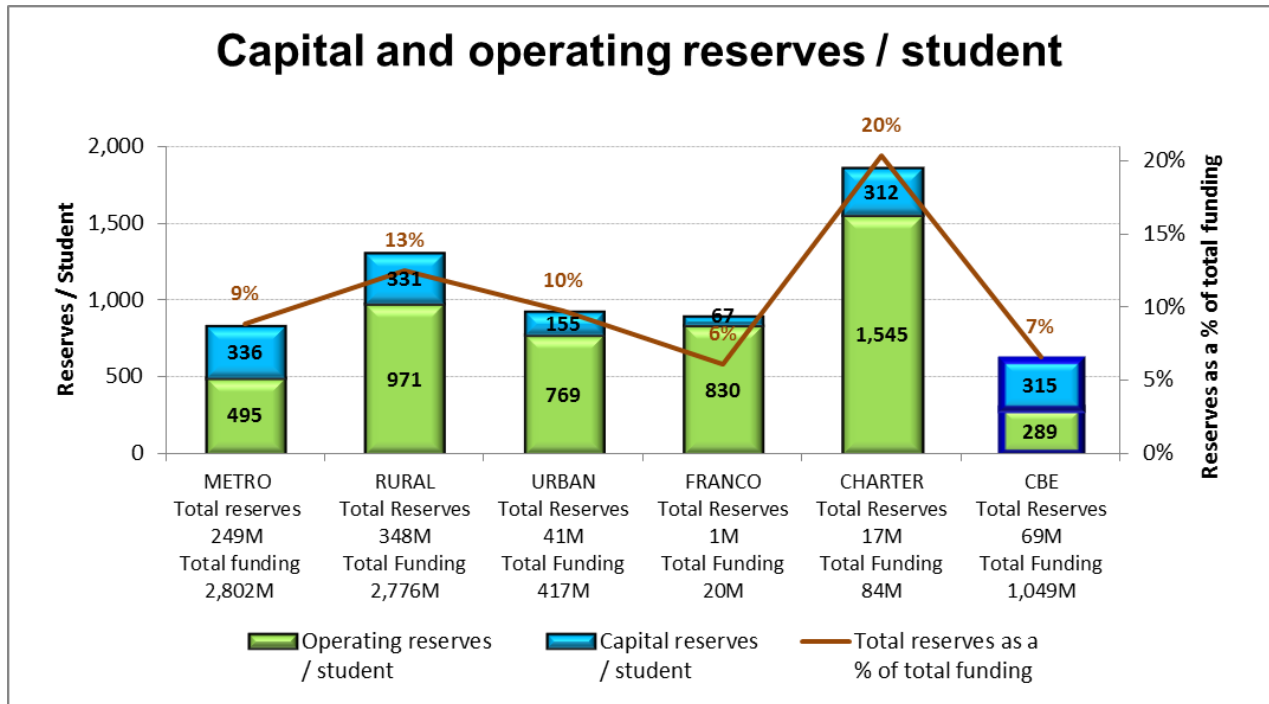
As a result of continued review and refinement of employee benefit accounting, certain CBE funded supplemental dental and extended health benefit liabilities were identified that needed correction. This has no impact on the provision of or entitlement to employee benefits. These benefits are administered through an Administrated Services Only plan.

The net effect of correcting this accounting error is an \$8.1 million increase to opening accumulated surplus for overstated expenses related to 2002 through to 2014.

**CALGARY BOARD OF EDUCATION  
 ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
 AUGUST 31, 2016  
 (In thousands)**

**Comparison to other Alberta school jurisdictions**

All types and sizes of school jurisdictions in Alberta have reserves. The following chart shows the quantity relative to size and as a percent of total funding as at Aug. 31, 2015.



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

The 2015-16 Budget was prepared and approved by the Board of Trustees in the spring of 2015 using projected numbers. The CBE's budget was updated in December 2015 for actual September 30 student enrolment with a planned operating deficit of \$17.9 million and net board-funded capital spending of \$23.7 million. In the budget the CBE planned to cover this operating deficit with reserve draws of \$41.7 million.

During the year spending targets were identified in order to keep spending in Service Units to a minimum. As well, significant time and effort was spent overseeing school construction and planning for the opening of 20 new and replacement schools and major modernizations. The focus devoted to these projects by CBE staff meant that other work activity had to slow down or be deferred to future years. As a result, and as forecasted in the third quarter, we spent less money than was originally budgeted.

### **Operating surplus**

With the realization of investment gains along with prudent spending, the CBE is reporting a surplus of \$14.6 million. The \$32.5 million variance from the fall budget update reflects:

- \$9.3 million higher realized investment income due to favorable market conditions and actual gains realized;
- \$9.6 million net savings in salaries and benefits due to lower actual rates than estimated for the budget as well as savings resulting from position vacancies during the year;
- \$3.0 million in savings from resourcing efficacy reviews with existing staff;
- \$3.5 million net savings on contracts, system accounts and service unit spending;
- \$2.6 million in lower utility costs than budgeted due to both a reduction in usage and lower energy rates than anticipated;
- (\$2.4 million) in spending associated with an unanticipated increase in refugee students;
- \$6.9 million for projects budgeted in 2015-16 that were incomplete at year-end and the budget will be carried forward to 2016-17.

### **Use of surplus**

The CBE has applied prudent financial management practices due to concerns about future pressures and realized a surplus of \$14.6 million. This amount is transferred to and from reserves as follows:

- transfer (to) and from operating reserves totalling \$1.1 million:
  - \$8.2 million from unrestricted operating surplus;
  - \$(3.5) million to fiscal stability reserve;
  - \$(0.1) million from the transportation fee stabilization reserve;
  - \$(3.2) million to designated funds;
  - \$(0.3) million to the EducationMatters Endowment Fund.
- investment of \$(15.7) million in board-funded capital.

The surplus means that the CBE's reliance on funding from operating reserves in 2015-16 was less than anticipated, making the reserves available to fund projects already planned, committed and in progress.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

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## Financial Position

As at Aug. 31, 2016, the CBE has an accumulated surplus balance of \$234.0 million, reflecting net financial debt of (\$873.9) million and non-financial assets of \$1,107.9 million. Net debt includes \$943.9 million of deferred revenue already expended on the acquisition of capital assets. That deferred revenue will be recognized and brought into income over the useful life of the related assets. If the deferred revenue were fully recognized, the Aug. 31, 2016 financial position would result in net financial assets of \$70.0 million.

The CBE had a combined total of \$281.3 million in cash, cash equivalents and portfolio investments as at Aug. 31, 2016. The amount held is determined by the timing of operational and capital spending and by the savings achieved through prudent fiscal management.

Cash related to CBE's daily operations reflects the outstanding payments owed to vendors. Cash related to capital are the funds received from the province for capital construction that have not yet been spent. Lastly, the CBE's cash related to savings is the cash based on available for use reserves, surplus, designated funds and capital reserves (see below).

## Accumulated Surplus

	<b>Actuals</b>	
	<b>Aug. 31, 2016</b>	<b>Aug. 31, 2015 (recast)</b>
	(in \$ thousands)	
Available for use reserves, surplus and designated funds		
Committed for use in 2016-17	33,040	-
Committed for use in 2017-18	15,115	-
Available for use	-	49,753
	<u>48,155</u>	<u>49,753</u>
Capital reserves		
Committed for use in 2016-17	25,929	-
Committed for use in 2017-18	13,289	-
Available for use	-	36,215
	<u>39,218</u>	<u>36,215</u>
Restricted reserves	(8,352)	(8,485)
Endowments	3,856	3,520
Remeasurement gains	3,728	9,681
Investment in capital assets	147,373	134,685
<b>Total accumulated surplus</b>	<b><u>233,978</u></b>	<b><u>225,369</u></b>



## **Capital Expenditures**

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

Capital reserves have increased \$3.0 million from 2014-15 due to the number of capital projects that were not complete at year-end. The related unused funding has been carried forward to 2016-17. A few examples of these projects include the implementation of a new student information system, a number of enhancements planned for school facilities as well as wireless network upgrades and technology replacements.

Investment in capital assets increased by \$12.7 million due to:

- Board-funded capital additions of \$34.5 million for purchases such as CTS/CTF equipment, new school furniture and equipment and replacement vehicles;
- debt repayment of \$1.1 million related to energy efficiency retrofit work; and
- (\$22.9) million amortization of board-funded capital assets.

There was a significant amount of non board-funded capital activity underway in 2015-16. 26 new schools, modernizations and replacement schools were under construction incurring \$273 million in construction costs during the year. Of those projects, eight new schools opened in Sept. 2016 and two modernizations were complete. Another 10 new school facilities will open in spring 2017 and the remainder in 2017-18 and 2018-19. See the table on the next page summarizing new school construction.

The CBE is grateful for the many new schools the Province has committed to funding but is challenged with the costs of managing construction and commissioning these schools. In 2015-16, the CBE spent over \$20 million of reserves and operating funds on these activities with more planned for 2016-17 and beyond.

Another challenge the CBE faces is providing the resources for maintenance and renewal work necessary for established school facilities. 57 per cent of CBE schools were built prior to 1970 which means that the majority of our facilities are more than 40 years old.

Meanwhile the CBE continues to develop appropriate strategies for the additional space created in some schools as a result of new school openings in the 2016-17 school year. No decisions have been made to date and public engagement is underway. Strategies could include program consolidation, expanding programs of choice, and leasing unused space.

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

School facility projects

#	School (*yet to be officially named)	Project type	Status
1	Kenneth D. Taylor School ES	New school	Opened September 2016
2	Peter Lougheed School MS	New school	Opened September 2016
3	Copperfield School ES	New school	Opened September 2016
4	New Brighton School ES	New school	Opened September 2016
5	William D. Pratt School MS	New school	Opened September 2016
6	Buffalo Rubbing Stone ES	New school	Opened September 2016
7	Auburn Bay ES	New school	Opened September 2016
8	Nelson Mandela High School	New school	Opened September 2016
9	Bowness HS	Modernization	Opened September 2016
10	Jack James HS	Modernization	Opened September 2016
11	Aboriginal Learning Centre	Modernization, new school community	Opening 2016-17
12	Christine Meikle	Replacement school	Opening 2016-17
13	Elbow Park School	Replacement school (flood)	Opening 2016-17
14	Eric Harvie ES	New school	Opening 2016-17
15	McKenzie Highlands School MS	New school	Opening 2016-17
16	Dr. Martha Cohen School MS	New school	Opening 2016-17
17	West Ridge School MS	New school	Opening 2016-17
18	Dr. George Stanley School MS	New school	Opening 2016-17
19	Hugh A. Bennett School ES	New school	Opening 2016-17
20	Dr. Roberta Bondar School ES	New school	Opening 2016-17
21	Marshall Springs MS	New school	Opening 2017-18
22	Ron Southern School ES	New school	Opening 2017-18
23	Griffith Woods School K-9	New school	Opening 2017-18
24	Manmeet Singh Bhullar School ES	New school	Opening 2017-18
25	Southeast High School	New school	Opening 2018-19
26	James Fowler HS	Modernization	Expected completion fall 2018
27	Lord Beaverbrook HS	Modernization	Expected completion fall 2018

## Outlook for 2016-17

The provincial budget announced in April 2016 made it possible for the CBE to prepare a budget that supports the stability we need as we educate 119,147 students in 2016-17, open 15 new schools, modernize and replace other schools and plan for the opening of several more schools in 2017-18 and beyond. As 2016 unfolds the Province of Alberta is still facing a challenging economic environment. We will continue to review our programs and operations and make changes where necessary in order to maximize efficiency and resources. The CBE continues to achieve great results for students by making operating decisions that are consistent with our values. The favourable financial results in 2015-16 demonstrate the CBE's prudent financial management.

The CBE will continue to be challenged by the large number of capital projects underway including the continued construction and opening of new schools. These new schools will come with commissioning costs to get them furnished and ready for students. Less reliance on reserves in 2015-16, as forecasted in the third quarter, means that the CBE has opportunity to use these reserves for more commissioning in future years.

The 2016-17 operating budget was prepared with guidance from the CBE's Results, Three Year Education Plan, Governance Policies and Budget 2016 (the Alberta Government's Fiscal plan for 2016).

**CALGARY BOARD OF EDUCATION  
ADMINISTRATION'S DISCUSSION AND ANALYSIS OF FINANCIAL OPERATIONS  
AUGUST 31, 2016  
(In thousands)**

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The 2016-17 budget includes maintained funding rates that make it possible for the CBE to maintain school-based staff to student ratios and centrally provided services. The budget also has capital provisions for the replacement of equipment, technology enhancement and maintenance projects as well as school facility enhancements. The budget was balanced with the use of \$28.3 million in operating and capital reserves.

In 2016-17 we will focus on:

- Implementing new literacy and math strategies
- Working with indigenous learners to enhance their educational outcomes
- Opening 20 new, replacement and modernized schools
- Constructing and planning for the opening of five more new schools
- Increasing support for student learning complexity within our increased enrolment
- Implementing an expanded public engagement framework
- Developing our *Fostering a Positive Workplace Environment* strategy

Student success is at the center of every budget-related decision we make. Our values guide our work: students come first, learning is our central purpose and public education serves the common good.

## **Compliance**

For the year ended Aug. 31, 2016, the CBE was in full compliance with the provincial funding framework. In addition, all transfers of funds affecting the CBE's operating and capital reserves were made in accordance with provincial regulations and the Board of Trustees' direction and approval.

# Summary of Third Party Invoices by Total Value Group

Appendix I

For the year ending August 31, 2016

Category	Number of Suppliers	% of Suppliers	Total Amount	% of Total Amount
1. Third Parties with total invoices amount greater than \$250,000	165	4%	817,463,211	96%
2. Third Parties with total invoices amount between \$200,000 and \$250,000	18	0%	4,006,042	0%
3. Third Parties with total invoices amount between \$100,000 and \$200,000	83	2%	11,682,475	1%
4. Third Parties with total invoices amount between \$50,000 and \$100,000	103	2%	7,262,053	1%
5. Third Parties with total invoices amount less than \$50,000	3,952	91%	12,944,491	2%
<b>Grand Total</b>	<b>4,321</b>		<b>853,358,272</b>	

# Accounts for Third Parties with total Invoices Value > \$250K

Appendix I

For the Year ending August 31, 2016

Category	Number of Vendor	Total Invoices Amount	% of Total Amount
1 SALARIES & BENEFITS	12	402,950,760	49.3%
2 TANGIBLE CAPITAL ASSETS	40	244,069,773	29.9%
3 SUPPLIES (SUPP)	49	59,963,989	7.3%
4 TRANSPORTATION OF PUPILS (TRSP)	5	45,041,382	5.5%
5 UTILITIES	6	23,227,467	2.8%
6 MAINTENANCE & REPAIR	38	21,661,085	2.6%
7 RENTAL EQUIPMENT & FACILITY	2	13,524,284	1.7%
8 PROFESSIONAL & TECHNICAL SERVICES (P&T)	5	3,405,744	0.4%
9 DUES & FEES (D&F)	3	938,364	0.1%
10 FLOW THROUGH FROM AB ED	1	764,768	0.1%
11 DONATIONS	1	697,075	0.1%
12 EMPLOYEE FUTURE BENEFITS	1	524,718	0.1%
13 MINOR EQUIPMENT <\$5000	1	420,802	0.1%
14 POSTAGE	1	273,000	0.0%
<b>Grand Total</b>	<b>165</b>	<b>817,463,211</b>	

# Third Parties Payments with Total Payments Value >\$250,000\*

Appendix I

For the Year ending August 31, 2016

Category	Total Invoices Amount	% of Total Amount
<b>SALARIES &amp; BENEFITS</b>	<b>402,950,760</b>	<b>49.3%</b>
RECEIVER GENERAL FOR CANADA**	209,789,520	
BOARD OF ADMINISTRATORS**	80,764,651	
SUN LIFE ASSURANCE COMPANY OF CANADA**	40,328,330	
ALBERTA PENSIONS ADMINISTRATION CORP.**	40,282,035	
ASEBP - ALBERTA SCHOOL EMPLOYEE BENEFIT PLAN**	15,096,836	
ALBERTA TEACHERS ASSOCIATION**	10,408,432	
WORKERS' COMPENSATION BOARD**	2,233,111	
CBE STAFF ASSOCIATION**	1,671,351	
ALBERTA BLUE CROSS**	863,334	
CANADIAN UNION OF PUBLIC EMPLOYEES LOCAL 40**	636,337	
LONDON LIFE INSURANCE CO.**	525,949	
LONDON LIFE/CAPITAL ESTATE PLANNING CORP.**	350,874	
<b>TANGIBLE CAPITAL ASSETS</b>	<b>244,069,777</b>	<b>29.9%</b>
LEAR CONSTRUCTION MANAGEMENT LTD.	28,822,444	
CHANDOS CONSTRUCTION LTD.	26,358,767	
MAPLE REINDERS INC.	25,128,648	
STARCRAFT CONSTRUCTION LTD.	18,065,018	
TRIBUILD CONTRACTING (CALGARY) LTD.	16,881,052	
EVEREST CONSTRUCTION MANAGEMENT LTD.	12,901,804	
DELNOR CONSTRUCTION 2012 LTD.	12,523,339	
BCT STRUCTURES, INC.	11,074,192	
BIRD CONSTRUCTION GROUP	9,679,203	
WESTCOR CONSTRUCTION LTD.	8,849,080	
SPACEMAKERS CONSTRUCTION SERVICES INC.	8,473,201	
CARBON CONSTRUCTORS INC.	8,387,571	
APM CONSTRUCTION SERVICES INC.	7,429,162	
PC CORP INC.	6,121,482	
STUART OLSON CONSTRUCTION LTD.	6,007,998	
SHARP'S AUDIO-VISUAL LTD.	3,580,582	
APPLE CANADA INC.	3,389,626	
GIBBS GAGE ARCHITECTS	2,859,298	
WESTERN WEATHER PROTECTOR LTD.	2,748,123	
ENMAX POWER SERVICES CORPORATION	2,246,583	
LYNNWOOD ROOFING (1991) INC.	2,117,963	
CHARTER TELECOM, INC.	2,019,620	
ECOSYSTEM ENERGY SERVICES	1,864,095	
S.I. SYSTEMS LTD.	1,834,473	
KAMEX CONSTRUCTION LTD.	1,740,475	
CONCEPT ELECTRIC LTD.	1,713,485	
WREM BUILDING SYSTEMS LTD.	1,536,758	
WILLIAM MORRIS OFFICE SOLUTIONS INC.	1,322,627	
TRU-CO STRUCTURES INC.	1,256,678	
RIDDELL KURCZABA ARCHITECTURE ENGINEERING INTERIOR DESIGN LTD.	1,039,759	
GROUP2 ARCHITECTURE INTERIOR DESIGN LTD.	920,677	
SAHURI + PARTNERS ARCHITECTURE INC.	918,120	
CDI SPACES	903,906	
COLLIERS PROJECT LEADERS INC.	707,026	
HBI - HERITAGE BUSINESS INTERIORS	699,730	
MHPM PROJECT MANAGERS INC.	574,706	
ONX ENTERPRISE SOLUTIONS LTD.	393,724	

# Third Parties Payments with Total Payments Value >\$250,000\*

Appendix I

For the Year ending August 31, 2016

Category	Total Invoices Amount	% of Total Amount
TRIUNE WOOD INDUSTRIES LTD.	349,879	
W.E. GREER LTD.	316,721	
EDUCAN INSTITUTIONAL FURNITURE LTD.	312,182	
<b>SUPPLIES (SUPP)</b>	<b>59,963,991</b>	<b>7.3%</b>
BANK OF MONTREAL	10,183,582	
HULL SERVICES	3,690,230	
TELUS SOURCING SOLUTIONS PARTNERSHIP	3,339,640	
SWISH MAINTENANCE LIMITED	2,774,525	
LASERNETWORKS INC.	2,536,761	
GRAND & TOY	2,509,896	
WOOD'S HOMES	2,196,074	
MARSH CANADA LIMITED	2,135,374	
CHISHOLM INDUSTRIES LTD.	1,980,142	
URBAN SCHOOLS INSURANCE CONSORTIUM	1,945,599	
VECTUS INC.	1,682,658	
ST. JOHN'S MUSIC LTD.	1,504,677	
ORACLE CANADA ULC	1,462,540	
SYNCON MANAGEMENT LTD	1,442,430	
UNITED LIBRARY SERVICES INC.	1,363,439	
DELL CANADA INC.	1,340,393	
ALBERTA HEALTH SERVICES-CHR	1,158,340	
TREND MICRO CANADA TECHNOLOGIES, INC.	1,104,484	
ALBERTA FIRE & FLOOD LTD.	1,088,014	
SOCIETY FOR TREATMENT OF AUTISM	1,052,772	
SUPREME OFFICE PRODUCTS LTD	1,046,063	
WASTE MANAGEMENT OF CANADA CORP.	947,278	
SPICERS CANADA ULC	894,273	
DATA GROUP OF COMPANIES	686,341	
D2L CORPORATION	679,745	
ACRODEX INC.	594,106	
LONG & MCQUADE LTD.	578,007	
MAPLEWOOD COMPUTING LTD	566,206	
DBI SYSTEMS INTEGRATION INC	530,248	
BIG KAHUNA SPORT COMPANY	470,300	
SYSCO CALGARY, A DIVISION OF SYSCO CANADA INC.	467,881	
PEARSON EDUCATION CANADA	460,504	
INTERNATIONAL BACCALAUREATE ORGANIZATION	447,036	
NELSON EDUCATION LTD.	421,279	
WOLSELEY CANADA INC.	396,602	
WEST CANADIAN DIGITAL IMAGING INC.	388,874	
INGLE INTERNATIONAL	380,434	
SPECTRUM EDUCATIONAL SUPPLIES LIMITED	362,941	
SKYLINE ATHLETICS INC.	332,063	
IMPERIAL OIL LTD.	329,662	
MAINLAND INFORMATION SYSTEMS LTD. cob SCALAR DECISIONS	318,781	
SHAW TELECOM G.P.	310,807	
ACME VISIBLE	281,453	
SPALDING HARDWARE SYSTEMS	277,067	
GEOREF SYSTEMS LTD.	273,982	
ACKLANDS-GRAINGER INC.	267,569	
MCGRAW-HILL RYERSON LTD.	259,102	

# Third Parties Payments with Total Payments Value >\$250,000\*

Appendix I

For the Year ending August 31, 2016

Category	Total Invoices Amount	% of Total Amount
KMS TOOLS AND EQUIPMENT LTD.	252,173	
SCHOOLLOGIC	251,644	
<b>TRANSPORTATION OF PUPILS (TRSP)</b>	<b>45,041,381</b>	<b>5.5%</b>
SOUTHLAND TRANSPORTATION LTD.	22,673,360	
CARDINAL COACH LINES ULC	20,632,397	
CHECKER CABS LTD.	853,820	
SPECIAL NEEDS ACCOMPANIMENT SERVICE LTD.	606,610	
DREAMS TRANSPORTATION LTD.	275,194	
<b>UTILITIES</b>	<b>23,227,467</b>	<b>2.8%</b>
ENMAX ENERGY CORPORATION	9,888,461	
DIRECT ENERGY BUSINESS SERVICES	4,506,395	
CITY OF CALGARY	3,838,168	
AXIA SUPERNET LTD.	3,417,990	
TELUS COMMUNICATIONS INC.	1,074,291	
BELL MOBILITY INC.	502,162	
<b>MAINTENANCE &amp; REPAIR</b>	<b>21,661,085</b>	<b>2.6%</b>
COBRA CORPORATE MANAGEMENT INC.	999,609	
UPA CONSTRUCTION GROUP (AB) LTD.	870,920	
NOSE CREEK ELECTRICAL SERVICES	862,975	
MJS MECHANICAL LTD.	859,581	
GATEWAY MECHANICAL SERVICES INC.	848,477	
FLYNN CANADA LTD.	793,789	
TAFF ARCHITECTURE LTD.	774,487	
ZEIDLER BKDI ARCHITECTS	768,951	
PEDDIE ROOFING & WATERPROOFING LTD.	758,730	
RUSSPET CONSTRUCTION LTD.	750,023	
OFFICE SOLUTIONS (ALBERTA) INC.	745,770	
CEI ARCHITECTURE PLANNING INTERIORS	733,170	
BIG COUNTRY PLASTERING LTD.	731,803	
PIVOTAL PROJECTS INC.	719,293	
FREEZE MAXWELL ROOFING (CALGARY) LTD.	708,454	
MODUS STRUCTURES INC.	690,215	
ELLISDON CONSTRUCTION SERVICES INC.	638,878	
REGGIN TECHNICAL SERVICES LTD.	609,739	
QUALIMECH COMMERCIAL SERVICES LTD.	558,911	
SOLARIS ELECTRIC INC.	546,351	
BLACK & MCDONALD LTD.	509,873	
STATE GROUP INC. (THE)	498,790	
MARSHALL TITTEMORE ARCHITECTS	479,683	
WEST SOURCE ENTERPRISES INC.	472,859	
FOOTHILLS DECORATING LTD.	462,022	
BMP MECHANICAL LTD.	455,148	
CLEAN AIR SERVICES INC.	427,391	
MANASC ISAAC ARCHITECTS LTD.	411,779	
RYDON CONSTRUCTION INC.	347,985	
DONE RITE JANITORIAL SALES & SERVICE	331,891	
D. OWEN CONSTRUCTION LTD.	306,933	
UNITED ROOFING INC.	305,550	
WESTERN ROOFING AND CONTRACTING INC.	303,053	
DIALOG ALBERTA ARCHITECTURE ENGINEERING INTERIOR DESIGN PLANNING INC. o/a DIALOG ALBERTA INC.	283,053	
STANTEC CONSULTING LTD.	283,024	



# Third Parties Payments with Total Payments Value >\$250,000\*

Appendix I

For the Year ending August 31, 2016

Category	Total Invoices Amount	% of Total Amount
SPRUCE PARK ELECTRIC INC.	273,599	
EMM DECORATING & GRAFFITI REMOVAL LTD.	269,486	
SEBRING CONSTRUCTION LTD.	268,840	
<b>RENTAL EQUIPMENT &amp; FACILITY</b>	<b>13,524,281</b>	<b>1.7%</b>
BENTALL KENNEDY (CANADA) LP	13,234,663	
20 VIC MANAGEMENT INC.	289,618	
<b>PROFESSIONAL &amp; TECHNICAL SERVICES (P&amp;T)</b>	<b>3,405,742</b>	<b>0.4%</b>
AMERESCO CANADA, INC.	1,096,078	
VECOVA	771,510	
DLA PIPER (CANADA) LLP	683,324	
IMPERIAL PARKING CANADA CORP.	542,880	
GALILEO EDUCATIONAL NETWORK	311,950	
<b>DONATIONS</b>	<b>697,075</b>	<b>0.1%</b>
EDUCATIONMATTERS	697,075	
<b>FLOW THROUGH FROM AB ED</b>	<b>764,768</b>	<b>0.1%</b>
TSUUT'INA NATION	764,768	
<b>EMPLOYEE FUTURE BENEFITS</b>	<b>524,718</b>	<b>0.1%</b>
STANDARD LIFE**	524,718	
<b>MINOR EQUIPMENT &lt;\$5000</b>	<b>420,802</b>	<b>0.1%</b>
SCHOOLHOUSE PRODUCTS INC.	420,802	
<b>POSTAGE</b>	<b>273,000</b>	<b>0.0%</b>
POSTAGE BY PHONE/PITNEYWORKS PREPAID	273,000	
<b>DUES &amp; FEES (D&amp;F)</b>	<b>938,364</b>	<b>0.1%</b>
UNIVERSITY OF CALGARY	388,312	
CALGARY SENIOR HIGH SCHOOL ATHLETIC ASSOCIATION	296,820	
ALBERTA SCHOOL BOARDS ASSOCIATION	253,232	
<b>Grand Total</b>	<b>817,463,211</b>	

\* disclosure made on cash basis

\*\* payment includes both employee and employer amounts



**Financial Statements**  
**December 31, 2015**



Collins Barrow Calgary LLP  
1400 First Alberta Place  
777 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta, Canada  
T2P 3R5

T. 403.298.1500  
F. 403.298.5814

e-mail: calgary@collinsbarrow.com

## **Independent Auditors' Report**

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To the Board of Governors  
EducationMatters, Calgary's Public Education Trust

We have audited the accompanying financial statements of EducationMatters, Calgary's Public Education Trust, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in fund balances 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 accounting standards for not-for-profit organizations, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 EducationMatters, Calgary's Public Education Trust as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Collins Barrow Calgary LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada  
March 10, 2016

**EducationMatters, Calgary's Public Education Trust**  
**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents (notes 3 and 6)	\$ 2,281,640	\$ 1,954,955
Goods and Services Tax recoverable	655	1,401
Prepaid expenses	<u>-</u>	<u>4,400</u>
	2,282,295	1,960,756
Investments (notes 4 and 6)	4,534,126	3,998,032
Property and equipment (note 5)	<u>31,632</u>	<u>32,488</u>
	<u>\$ 6,848,053</u>	<u>\$ 5,991,276</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 27,846	\$ 25,337
Deferred operating contributions (note 7)	<u>440,000</u>	<u>440,000</u>
	<u>467,846</u>	<u>465,337</u>
<b>Funds</b>		
Operating funds (including investment in capital assets)	774,197	707,463
Flow-through funds	941,345	725,289
Endowment funds (note 6)	<u>4,664,665</u>	<u>4,093,187</u>
	<u>6,380,207</u>	<u>5,525,939</u>
	<u>\$ 6,848,053</u>	<u>\$ 5,991,276</u>

Commitments (note 8)

See accompanying notes to the financial statements

On behalf of the Board,

  
 \_\_\_\_\_, Governor

  
 \_\_\_\_\_, Governor

**EducationMatters, Calgary's Public Education Trust**  
**Statement of Operations**  
**Year Ended December 31, 2015**

	2015				2014
	Operating Funds	Flow-Through Funds	Endowment Funds	Total	
Revenue					
Contributions	\$ 679,672	\$ 901,258	\$ 335,633	\$ 1,916,563	\$ 2,543,386
Interfund fees	96,892	(36,299)	(60,593)	-	-
Gains (losses) on investments	(1,377)	-	305,281	303,904	338,336
Interest and dividend revenue	<u>22,027</u>	<u>-</u>	<u>150,701</u>	<u>172,728</u>	<u>107,153</u>
	<u>797,214</u>	<u>864,959</u>	<u>731,022</u>	<u>2,393,195</u>	<u>2,988,875</u>
Expenditures					
Grants (notes 7 and 10)	-	645,307	161,052	806,359	1,279,260
Salaries and benefits (note 10)	490,862	-	-	490,862	437,363
Communications	1,556	-	-	1,556	2,929
Fund development (note 10)	16,673	-	-	16,673	49,534
Office	39,964	-	-	39,964	40,444
Professional fees	61,318	188	1,329	62,835	58,917
Special events (note 10)	30,383	-	-	30,383	37,833
Computer applications & support	43,264	-	-	43,264	36,366
Rent	38,993	-	-	38,993	38,993
Amortization (note 10)	<u>8,038</u>	<u>-</u>	<u>-</u>	<u>8,038</u>	<u>2,272</u>
	<u>731,051</u>	<u>645,495</u>	<u>162,381</u>	<u>1,538,927</u>	<u>1,983,911</u>
Excess of revenue over expenditures	<u>\$ 66,163</u>	<u>\$ 219,464</u>	<u>\$ 568,641</u>	<u>\$ 854,268</u>	<u>\$ 1,004,964</u>

See accompanying notes to the financial statements

**EducationMatters, Calgary's Public Education Trust**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2015**

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	Operating Funds	Flow- Through Funds	Endowment Funds	Total
Fund balances, December 31, 2013	\$ 614,842	\$ 844,975	\$ 3,061,158	\$ 4,520,975
Excess (deficiency) of revenue over expenditures	103,802	(119,424)	1,020,586	1,004,964
Interfund transfers	<u>(11,181)</u>	<u>(262)</u>	<u>11,443</u>	<u>-</u>
Fund balances, December 31, 2014	707,463	725,289	4,093,187	5,525,939
Excess of revenue over expenditures	66,163	219,464	568,641	854,268
Interfund transfers	<u>571</u>	<u>(3,408)</u>	<u>2,837</u>	<u>-</u>
Fund balances, December 31, 2015	<u>\$ 774,197</u>	<u>\$ 941,345</u>	<u>\$ 4,664,665</u>	<u>\$ 6,380,207</u>

See accompanying notes to the financial statements

**EducationMatters, Calgary's Public Education Trust**  
**Statement of Cash Flows**  
**Year Ended December 31, 2015**

	2015	2014
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditures	\$ 854,268	\$ 1,004,964
Add (deduct) items not affecting cash		
Amortization	8,038	2,272
Unrealized gain on investments	<u>(279,330)</u>	<u>(332,753)</u>
	<u>582,976</u>	<u>674,483</u>
Changes in non-cash working capital		
Goods and Services Tax recoverable	746	(853)
Prepaid expenses	4,400	600
Accounts payable and accrued liabilities	<u>2,509</u>	<u>4,006</u>
	<u>7,655</u>	<u>3,753</u>
Cash provided by operating activities	<u>590,631</u>	<u>678,236</u>
Investing activities		
Purchase of equipment	(7,182)	(32,025)
Purchase of investments	(359,194)	(707,794)
Disposal of investments	<u>102,430</u>	<u>38,982</u>
Cash used in investing activities	<u>(263,946)</u>	<u>(700,837)</u>
Cash inflow (outflow)	326,685	(22,601)
Cash and cash equivalents, beginning of year	<u>1,954,955</u>	<u>1,977,556</u>
Cash and cash equivalents, end of year	<u>\$ 2,281,640</u>	<u>\$ 1,954,955</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 158,314	\$ 163,080
Treasury bills (note 3)	<u>2,123,326</u>	<u>1,791,875</u>
	<u>\$ 2,281,640</u>	<u>\$ 1,954,955</u>

See accompanying notes to the financial statements



**EducationMatters, Calgary's Public Education Trust**  
**Notes to Financial Statements**  
**December 31, 2015**

---

1. Nature of Trust

EducationMatters, Calgary's Public Education Trust, (the "Trust") was formed by way of a trust indenture on January 20, 2003. The Trust is a registered charity and a public trust under the *Income Tax Act* (Canada) and, accordingly, is exempt from income taxes and can issue donation receipts for income tax purposes. The Trust's mandate is to promote citizen engagement with and inspire passion for public education and to mobilize resources for programs that enhance public education.

The Board of Trustees of the Calgary Board of Education (the "CBE Board") appoints all Trust governors. At least two, but not more than 50%, of the Trust governors must be members of the CBE Board.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue

The Trust receives contributions in the form of donations to specified funds, operating grants and event funding.

The Trust recognizes contributions when the amounts can be reasonably estimated and collection is assured.

The Trust follows the deferral method of accounting for restricted contributions related to general operations of the Trust. These contributions are recognized as revenue in the operating fund in the period in which the related expenses are incurred.

The Trust recognizes interest, dividends and fee revenue when the amounts are earned.

(b) Trust funds

The Trust holds operating, flow-through and endowment funds. The Trust follows the deferral accounting method for the operating fund and the restricted fund accounting method for the flow-through and endowment funds.

The Trust restricts endowment fund grants in any fiscal period to a maximum of 4.5% of the market value of the endowment at the end of the prior fiscal year.

***Operating funds***

Operating fund contributions received that relate to a subsequent period are shown as deferred operating contributions on the statement of financial position.

**EducationMatters, Calgary's Public Education Trust**  
**Notes to Financial Statements**  
**December 31, 2015**

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*Flow-through funds*

Flow-through funds are spent during the year in which they are received or the year following to support a wide range of programs and projects.

*Endowment Funds*

Endowment funds are created by donors to provide long-term support for discretionary spending, general fields of interest or designated specific programs or projects.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term investments with a maturity date of three months or less.

(d) Property and equipment

The Trust capitalizes administrative assets, consisting of computer equipment and office equipment, at cost and amortizes them over their estimated useful lives of five years on a straight-line basis.

Property and equipment is evaluated for impairment when events or circumstances indicate its carrying value may not be recoverable. Any impairment is measured by comparing the carrying value of the assets to the fair value, based on the present value of future cash flows expected to be generated from the assets.

(e) Measurement uncertainty

The valuation of property and equipment is based on management's best estimates of the future recoverability of these assets and the determination of costs subject to classification as property and equipment. The amounts recorded for amortization of the property and equipment are based on management's best estimates of the remaining useful lives and period of future benefit of the related assets.

The valuation of accrued liabilities is based on management's best estimates of expenses incurred during the year that will be payable in future periods.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**EducationMatters, Calgary's Public Education Trust**  
**Notes to Financial Statements**  
**December 31, 2015**

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(f) Financial instruments

The Trust initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in pooled investment funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash and cash equivalents. The Trust's financial assets measured at fair value include the pooled investment funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in excess of revenue over expenditures.

The Trust recognizes its transaction costs in excess of revenue over expenditures in the period incurred for its equity investments and for all other financial assets and liabilities that are subsequently measured at fair value. Financial instruments that are subsequently measured at cost or amortized cost are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption.

(g) Expenditures

Administrative expenses are charged to endowment funds in accordance with donor agreements. Interest income earned on flow-through funds is allocated to the operating fund in lieu of an administration fee. Expenses incurred for a specific fund are charged to that fund.

(h) Donated services

Donated services are not recognized in the financial statements as there is no objective basis available to measure the value of such services.

## EducationMatters, Calgary's Public Education Trust

### Notes to Financial Statements

December 31, 2015

#### 3. Cash and cash equivalents

Cash and cash equivalents include short-term investments of \$2,123,326 (2014 - \$1,791,875) consisting entirely of investments in Canadian treasury bills with maturity dates of 90 days or less. Short-term investments yield an average interest rate of 0.63% (2014 - 1.01%).

#### 4. Investments

Investments include pooled investment funds that have a market-based unit value. Investments are comprised of \$4,534,126 (2014 - \$3,998,032) in pooled investment funds measured at fair value. The Trust's policy is to liquidate gifted shares on the same day as they are received. There were no gifted shares held at December 31, 2015 or 2014.

#### 5. Property and equipment

			Net Book Value	
	Cost	Accumulated Amortization	2015	2014
Computer equipment	\$ 54,156	\$ 23,594	\$ 30,562	\$ 30,705
Office equipment	<u>3,566</u>	<u>2,496</u>	<u>1,070</u>	<u>1,783</u>
	<u>\$ 57,722</u>	<u>\$ 26,090</u>	<u>\$ 31,632</u>	<u>\$ 32,488</u>

#### 6. Endowment funds

Endowment funds are invested to provide long-term support, and are comprised of the following:

	2015	2014
Cash	\$ 130,539	\$ 95,155
Investments	<u>4,534,126</u>	<u>3,998,032</u>
	<u>\$ 4,664,665</u>	<u>\$ 4,093,187</u>

#### 7. Related party transactions

The Trust is economically dependent on contributions from the Calgary Board of Education ("CBE") and is committed to provide services to CBE in fund development, grants and student awards. During the year, the Trust received \$660,000 (2014 - \$660,000) from the CBE. \$440,000 of the contributions received was deferred to 2016 in accordance with spending of the funds over a twelve-month period and is included in deferred operating contributions on the statement of financial position. The Trust rented office space and purchased services of \$38,993 (2014 - \$38,993) and \$6,442 (2014 - \$6,886), respectively, from the CBE. These transactions were recorded at the amounts established and agreed to by the parties.

**EducationMatters, Calgary's Public Education Trust**  
**Notes to Financial Statements**  
**December 31, 2015**

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Grants awarded to CBE schools by the Trust are distributed to recipients by way of the CBE. In 2015, this amount was \$360,320 (2014 - \$930,845).

8. Commitments

The Trust's office lease with the CBE was renewed in August 2015 for an additional one-year term to August 31, 2016 and requires monthly rental payments of \$3,249.

9. Financial instruments

The Trust is exposed to the following significant financial risks:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instrument that potentially subjects the Trust to significant concentration of credit risk consists primarily of cash and cash equivalents. The Trust mitigates its exposure to credit loss by placing its cash and cash equivalents with major financial institutions.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's investments in pooled investment funds expose the company to price risks as equity investments are subject to price changes in the open market.

10. Additional information on fund development

(a) Expenses incurred to raise funds

	<b>2015</b>	<b>2014</b>
Fundraising event	\$ 30,383	\$ 37,833
Fund development expenses	16,673	49,534
Fund development salaries and benefits	<u>133,835</u>	<u>105,809</u>
	<u>\$ 180,891</u>	<u>\$ 193,176</u>

(b) Funds raised during 2015 were \$1,236,891 (2014 - \$1,853,824).

(c) Summary of disbursements

	<b>2015</b>	<b>2014</b>
Grants	\$ 402,357	\$ 958,845
Scholarships	<u>404,002</u>	<u>320,415</u>
	<u>\$ 806,359</u>	<u>\$ 1,279,260</u>

**EducationMatters, Calgary's Public Education Trust**  
**Notes to Financial Statements**  
**December 31, 2015**

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In 2015 and 2014 there were no disbursements greater than 10% of the funds raised.

(d) Allocation of total expenditures and disbursements

Total expenditures and disbursements after allocation of salaries and benefits to the cost centres consist of the following:

	<b>2015</b>	<b>2014</b>
Grant disbursements	\$ 806,359	\$ 1,279,260
Communication expenses	1,556	2,929
Fund development expenses, excluding events	150,508	155,343
Events	30,383	37,833
Program expenses	542,083	506,274
Amortization expense	<u>8,038</u>	<u>2,272</u>
	<u>\$ 1,538,927</u>	<u>\$ 1,983,911</u>

Salary and benefit costs are incurred to operate the Trust and its programs in a cost-effective manner while maximizing all opportunities to further the Trust's mission. The Trust allocates salary and benefits based on the actual time spent in each cost centre by each staff person.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.



September 19, 2016

Board of Directors  
Urban Schools Insurance Consortium  
c/o Calgary Board of Education  
1221 – 8<sup>th</sup> Street SW  
Calgary AB T2R 0L4

Dear Sirs,

Enclosed please find the management financial statements for Urban Schools Insurance Consortium (“USIC”) for the eight months ended August 31, 2016, with comparative results for the eight months ended August 31, 2015.

## Highlights

Key financial activities and issues for the period are summarized as follows:

- USIC has recorded a net comprehensive loss of (\$211,266) for the eight month period ended August 31, 2016, compared to comprehensive income of \$341,997 for the same period in 2015 and compared to the eight month budgeted income for 2016 of \$430,429.
- USIC engaged PwC to complete a retention study, including reviewing overall premium requirements and allocation of premiums. The estimated cost for this study is \$39,000, before taxes and administrative costs. The amount was not included in the budget for 2016.
- In April, an RFP was issued for audit services for the next three years. KPMG was selected by the audit committee and appointed by the board as auditor for 2016, with an agreement for 3 years, with renewal options.
- With the occurrence of the Fort McMurray fire in May, USIC’s \$3,000,000 property limit on the policy year ending October 31, 2016 is fully reserved as at the end of August. The early expensing of this full limit has an effect of approximately \$430,000 negative variance in comparison to the budget and the prior year. The total reserve for the fire is currently estimated at over \$43 million.
- The investments held by USIC have shown a market recovery in the last few months, with an increase in market value of \$245,600 since the April 2016 reported results.

## Financial Review

USIC’s results of operation for the eight months ended August 31, 2016 show a net loss of (\$211,266) which is comprised of net premiums earned and investment income of \$3,814,461, offset by losses and operating expenses of \$4,025,727. The unfavourable variance from actual to budget is attributed to the losses incurred of \$0.9 million, reduced by the favourable variance on investment income of \$0.25 million.

Premium income is \$3,300,000 representing eight months of the 2015-16 policy premiums, which equals the premiums budgeted. The other insurance income is the commission income passed onto USIC from Marsh and is earned evenly over the policy period, which is slightly higher than the amount originally budgeted.



Premium taxes of 3% on the premiums written for the 2015-16 policies were paid in February and are expensed over the entire policy period. USIC can expect to pay 4% in premium taxes for its renewal later this year.

The losses incurred of \$3,511,179 is comprised of losses paid in the period, the change in the reported claim reserves (as determined by claims data reported at August 31, 2016 provided by the respective loss adjusters), and an adjustment to the incurred but not reported reserves ("IBNR"). The IBNR is calculated comparing the losses paid and the change in the known reserves, to the prorated estimate at August 31<sup>st</sup> based on the 2015/16 ultimate loss reserves per the 2015 actuarial report, adjusted for known differences (the Fort McMurray full limit loss and payments and known reserves exceeding the prior year actuarial estimate).

The losses incurred are higher than the budgeted amount by \$911,967. The following summarizes the particular policy years where the differences have occurred.

### **August 2016 variance to budget for Losses Incurred**

#### ***Property policy***

Early recognition of reserves during the year - due to reaching \$3M limit	
2015/16 policy year	\$ 429,533

#### ***Liability policy***

Actuarial evaluation difference in loss reserves from the 2015 report (used for 2016 calculations)	
versus the 2014 report (used for budget purposes)	219,686

Known loss reserves and paid losses exceeding ultimate reserves from the 2015 report	
2008/09 policy year - occurrence reserves	5,198
2011/12 policy year - occurrence reserves	75,542
2015/16 policy year - claims made reserves	182,008

	\$ 911,967
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Schedule 4 of the financial statement package reports net underwriting income by policy issued. While some losses are continuing to be paid out on the old auto policies, these payments are sufficiently covered by the established loss reserves. The most significant underwriting loss year to date occurred on the liability policies, with a loss ratio of 120.3%, with property lower at a 99.1% loss ratio. The variances listed above caused the negative underwriting result.

Comparing the eight months ended August 31, 2016 to 2015, the loss ratio is considerably higher. The losses paid out in 2016 are lower than in the first eight months of 2015, even though the losses incurred were higher. The result is that cash and investments remain higher than 2015 and the losses reserves have increased accordingly.





	YTD Jan - Aug 2016	YTD Jan - Aug 2015
Losses incurred:		
Paid	\$ 1,088,270	\$ 2,082,974
Outstanding loss reserves (case reserves)	2,476,546	(379,254)
Incurred but not reported reserves	(53,637)	1,035,045
	<b>\$ 3,511,179</b>	<b>\$ 2,738,765</b>
Loss ratio	106.4%	83.0%

General and administrative expenses are made up of accruals and actual costs for general operations, as detailed on Schedule 2 of the financial reporting package. The schedule lists major expenses in comparison to budgeted amounts and the prior year.

The most significant positive variance from budget is for the claims system expenses. When preparing the 2016 budget, it was anticipated that the remaining cost of the JLT program would be paid in 2016. However, part of that cost was paid in late 2015, resulting in the positive variance in 2016 from the budget. In addition, the annual maintenance cost was a little less than originally budgeted. In comparison to the prior year, there were no costs to August 2015 for the JLT system.

The audit fees are under budget and significantly less than 2015. The higher cost in 2015 was due to additional charges for the extra audit work on reviewing the actuarial report for the 2014 year end audit. When originally quoting the 2015 audit fee, that additional charge was included, and thus accrued for 2015 and budgeted for 2016. However, the extra work was not required and the audit fee adjusted downward, with the reduction reflected in 2016. USIC was successful with its RFP for audit services, and has engaged KPMG for the coming next three years, for a fee similar to the reduced 2015 fee.

As USIC engaged PwC to complete a retention study, premium valuation and allocation analysis, after the budget had been prepared, this amount will exceed the budget and the prior year throughout 2016. The positive variance to budget for the actuarial work on the ORSA project is a reflection of the timing of their work and at an amount lower than the budget.

USIC's investment portfolio includes marketable securities of low risk, government and corporate debt securities, and investments in equity mutual funds. The financial assets are summarized in Schedule 1 of the financial reporting package. The investment income earned for the eight month period was \$353,781 including interest earned, realized and unrealized market gains and losses, and is net of investment management fees. This compares favourably to the budgeted amount of \$105,434, and favourably to the investment income to August 31, 2015 of \$78,583. The equities held by USIC experienced a healthy recovery since last reported at April 30<sup>th</sup>, with a \$245,600 recovery in unrealized gains. The largest increase was in the Canadian equities, with a calculated yield of over 10% for the year to date. USIC's calculated investment return for the period was 1.9% (2.8% annualized), compared to the annualized rate to August 31, 2015 of 0.7%. The calculation includes the cash held at the bank currently earning 0.95%.

A portion of USIC's cash and investments are restricted to comply with the Insurance Act's minimum reserve and guarantee fund requirements, ensuring sufficient funds are available to meet claim



obligations. At the reporting period end, USIC is in full compliance and meets this requirement as follows:

As at August 31,	2016	2015
Required cash and investment balance as required pursuant to the Act:		
Reserve fund	\$ 2,475,000	\$ 2,475,000
Guarantee fund	13,149,559	9,448,339
	15,624,559	11,923,339
Actual cash and investments	18,824,104	15,686,480
Excess over required balance	\$ 3,199,545	\$ 3,763,141

Preceding the financial reporting package, we have included a ratio analysis based on the current financial statements, in comparison to the eight months ended August 31, 2015 and 2014. Overall the ratios show a decline in the financial position in 2016 over 2015, with higher liquidity ratios, higher loss, expense and combined ratios, and a lower return on equity. The only ratios outside the benchmark are the loss, combined ratios, and the claim reserves to equity ratio. The loss ratio at 106.4% compared to the benchmark of 75% and the combined ratio at 122.0% compared to a 100% benchmark, are a result of the losses on the liability policies and early recognition of the current year property losses as discussed earlier.

The higher claim reserve to equity ratio is a result of the additional losses occurring (higher reserves) and a reflection of the timing of the payment of losses. The ratio would be lower if more losses had been paid out during the year to date. As USIC incurred a loss for the year to date, this reduces the equity additionally causing the ratio to move higher. The ratio at December 31, 2015 was 205.6%. This ratio should decrease if loss payments exceed the additional losses incurred during the remainder of the fiscal year.

The MCT calculation at August 31, 2016 is a little higher at 194.2% compared to the calculation at the end of 2015 of 185%, mainly due to the additional capital required at the end of year for the insurance balances receivable and for the premium liabilities portion of the unearned premiums. After the allowed phase-in from the old MCT calculation, it would put the MCT for USIC at 212% at August 2016. USIC is still above the internal target rate of capital of 180% as agreed by the Board and presented in the P&C-1 filed with the regulator for the year end 2015. However, it is lower than the MCT calculated at August 2015 caused by the higher reserves at the current reporting period end.

Please contact us if you have any questions.

Yours truly,  
**Aon Insurance Managers (Vancouver)**

*Marilyn Scott*

Marilyn Scott, CA  
 Senior Account Executive

**Urban Schools Insurance Consortium  
Management Financial Statements  
For the eight months ended August 31, 2016**

**Contents:**

Ratios  
Statement of Financial Position  
Statement of Comprehensive Income  
Statement of Changes in Subscribers' Surplus  
Statement of Cash Flows  
Notes  
Schedule 1: Cash and Cash Equivalents and Marketable Securities  
Schedule 2: General and Administrative Expenses  
Schedule 3: Equity allocation between Members  
Schedule 4: Net Underwriting Income - Year to Date

**Prepared by:**

Aon Global Risk Consulting | Captive & Insurance Management  
#1200 - 401 West Georgia Street, Box 3228  
Vancouver, BC V6B 3X8  
t 604.688.4442  
f 604.682-4026  
aon.ca

**Urban Schools Insurance Consortium**  
**Financial Performance Ratios**  
**Expressed in Canadian dollars**

	Benchmark	August 31 2016	August 31 2015	August 31 2014
<b>Liquidity Ratios</b>				
Total liabilities : Liquid assets ratio	< 100%	74.2%	65.4%	60.8%
	<b>OFSI Max 105%</b>			
Total reserves : Total investments ratio	< 100%	69.2%	59.5%	53.8%
<b>Solvency Ratios</b>				
Net retention		\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Retention : Equity ratio	< 100%	60.9%	54.6%	56.2%
<b>Profitability Ratios</b>				
Loss ratio	< 75%	106.4%	83.0%	92.7%
Expense ratio	< 25%	15.6%	13.5%	9.0%
Combined ratio	< 100%	122.0%	96.5%	101.7%
Investment return		2.8%	0.7%	2.3%
Return on equity	> 8%	-4.2%	6.4%	6.4%
	<b>OFSI Min 5.4%</b>			
<b>Leverage Ratios</b>				
Premiums : Equity ratio	< 400%	67.0%	60.0%	61.6%
	<b>OFSI Max 500%</b>			
<i>(Note: ratio changed to earned premiums rather than written for reporting periods during the year)</i>				
Claim reserves : Equity ratio	< 200%	263.6%	169.1%	134.9%
	<b>OFSI Max 200%</b>			
<b>Minimum Capital Test</b>				
Total available capital : minimum capital required	> 180%			<b>2013 Version</b>
2015 version of MCT calculation		194.2%	285.0%	
Phased in from 2013 MCT version		211.9%	353.1%	563.1%

**Urban Schools Insurance Consortium**  
**Statement of Financial Position**  
**Expressed in Canadian dollars**

As at August 31,		2016	2015
<b>Assets</b>			
	<i>Note</i>		
Cash and cash equivalents	7 & Schedule 1	\$ 3,494,663	\$ 2,287,598
Marketable securities	7 & Schedule 1	15,262,003	13,338,559
Accrued investment income	7 & Schedule 1	67,438	60,323
Claims recoverable	1	-	9,301
Deferred premium taxes	2	24,750	24,750
<b>Total Assets</b>		<b>\$ 18,848,854</b>	<b>\$ 15,720,531</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	3	\$ 77,026	\$ 66,653
Deferred revenue	4	40,151	37,128
Unearned premiums	5	825,000	825,000
Provision for unpaid claims and loss adjustment expenses	6	12,982,382	9,294,558
<b>Total Liabilities</b>		<b>13,924,559</b>	<b>10,223,339</b>
<b>Subscribers' Surplus</b>			
Subscribers' contributions		481,391	481,391
Retained Earnings		4,442,904	5,015,801
<b>Total Subscribers' Surplus</b>		<b>4,924,295</b>	<b>5,497,192</b>
<b>Total Liabilities and Subscribers' Surplus</b>		<b>\$ 18,848,854</b>	<b>\$ 15,720,531</b>

**Urban Schools Insurance Consortium**  
**Statement of Comprehensive (Loss) Income**  
**Expressed in Canadian dollars**

	Actual	Budget	Variance	Actual
For the eight months ended August 31,	2016	2016	Favourable / (Unfavourable)	2015
<b>Income</b>				
Gross premiums written	\$ -	\$ -	\$ -	\$ -
Change in unearned premium reserve	3,300,000	3,300,000	-	3,300,000
Premiums earned	3,300,000	3,300,000	-	3,300,000
Other insurance income	160,680	142,666	18,014	148,512
Investment income	194,590	105,434	89,156	187,737
Realized gains (losses) on investments	2,031	-	2,031	(28,390)
Unrealized (losses) gains on investments	157,160	-	157,160	(80,764)
Total income	3,814,461	3,548,100	266,361	3,527,095
<b>Expenses</b>				
Losses paid	1,088,270	-	-	2,082,974
Change in outstanding loss reserves	2,476,546	-	-	(379,254)
Change in incurred but not reported reserves	(53,637)	-	-	1,035,045
Losses incurred	3,511,179	2,599,212	(911,967)	2,738,765
Premium taxes	99,000	99,000	-	99,000
General and administrative expenses	415,548	419,459	3,911	347,333
Total expenses	4,025,727	3,117,671	(908,056)	3,185,098
<b>Total comprehensive (loss) income</b>	<b>\$ (211,266)</b>	<b>\$ 430,429</b>	<b>\$ (641,695)</b>	<b>\$ 341,997</b>

**Urban Schools Insurance Consortium**  
**Statement of Changes in Subscribers' Surplus**  
**Expressed in Canadian dollars**

	Retained Earnings	Subscribers' Contributions	Total Subscribers' Surplus
As at January 1, 2015	\$ 4,673,804	\$ 481,391	\$ 5,155,195
Total comprehensive income	341,997	-	341,997
As at August 31, 2015	\$ 5,015,801	\$ 481,391	\$ 5,497,192
As at January 1, 2016	\$ 4,654,170	\$ 481,391	\$ 5,135,561
Total comprehensive loss	(211,266)	-	(211,266)
As at August 31, 2016	\$ 4,442,904	\$ 481,391	\$ 4,924,295

**Urban Schools Insurance Consortium**  
**Statement of Cash Flows**  
**Expressed in Canadian dollars**

For the eight months ended August 31,	2016	2015
<b>Operating Activities</b>		
Total comprehensive (loss) income	\$ (211,266)	\$ 341,997
Items not involving cash:		
Net investment income	(353,781)	(78,583)
Change in non-cash operating accounts:		
Insurance balances receivable	1,237,787	-
Claims recoverable	11,149	76,874
Prepaid expenses	102,052	70,000
Commissions receivable	240,437	-
Deferred premium taxes	99,000	99,000
Accounts payable and accrued expenses	(32,538)	(20,724)
Deferred revenue	(160,213)	(148,512)
Premium tax payable	(148,500)	(148,500)
Unearned premiums	(3,300,000)	(3,300,000)
Provision for unpaid claims and loss adjustment expenses	2,422,908	655,790
	(92,965)	(2,452,658)
<b>Investing Activities</b>		
Investment income received	187,718	182,408
Investment management fees	(15,530)	(11,483)
Purchases of marketable securities	(7,566,320)	(12,554,015)
Proceeds from sales of marketable securities	5,842,738	8,411,278
	(1,551,394)	(3,971,812)
Decrease in cash and cash equivalents	(1,644,359)	(6,424,470)
Cash and cash equivalents, opening	5,139,022	8,712,068
<b>Cash and cash equivalents, ending</b>	<b>\$ 3,494,663</b>	<b>\$ 2,287,598</b>



**Urban Schools Insurance Consortium**  
**Notes**  
**Expressed in Canadian dollars**

As at August 31,	2016	2015		
<b>1 Claims recoverable</b>				
Crawford Canada - Garage auto deducted in error	\$ -	\$ 9,301		
<b>2 Deferred premium taxes</b>				
Premium Tax - 3%				
Property Contributions	\$ 16,250	\$ 16,000		
CGL & BOE Contributions	8,500	7,000		
Auto Loss Fund Contributions	-	1,750		
	<u>\$ 24,750</u>	<u>\$ 24,750</u>		
<b>3 Accounts payable and accrued expenses</b>				
Management fees - July and August 2016	\$ 8,013	\$ 7,914		
Audit & tax advisory fees	19,477	19,845		
Actuarial				
- Valuation	15,729	15,086		
- Premium Valuation	8,820	-		
Investment management fees	3,967	3,016		
Broker fees	11,667	11,667		
Attorney in Fact	9,353	9,125		
	<u>\$ 77,026</u>	<u>\$ 66,653</u>		
<b>4 Deferred revenue</b>				
Commissions	\$ 40,151	\$ 37,128		
<b>5 Unearned premium reserve</b>				
Property policy	\$ 541,667	\$ 533,333		
Liability policy	283,333	233,333		
Auto policy	-	58,334		
	<u>\$ 825,000</u>	<u>\$ 825,000</u>		
<b>6 Loss reserves</b>				
	OSLR	IBNR	Total	Total
Property	\$ 3,995,330	\$ 1,838,749	\$ 5,834,079	\$ 3,831,527
Liability	4,550,777	2,437,538	6,988,315	5,214,069
Auto	53,116	106,872	159,988	248,962
	<u>\$ 8,599,223</u>	<u>\$ 4,383,159</u>	<u>\$ 12,982,382</u>	<u>\$ 9,294,558</u>

**Urban Schools Insurance Consortium**  
**Notes**  
**Expressed in Canadian dollars**

As at August 31,	2016	2015
<b>7 Restricted cash and marketable securities</b>		
Reserve fund:		
50% of gross premiums written of policy yet to expire	\$ 2,475,000	\$ 2,475,000
Guarantee fund:		
Total liabilities (excluding upr) + \$50,000	13,149,559	9,448,339
Restricted cash and marketable securities	<u>\$ 15,624,559</u>	<u>\$ 11,923,339</u>
Cash and cash equivalents	\$ 3,494,663	\$ 2,287,598
Marketable securities	15,262,003	13,338,559
Accrued interest receivable	67,438	60,323
Total	<u>\$ 18,824,104</u>	<u>\$ 15,686,480</u>
Surplus	<u>\$ 3,199,545</u>	<u>\$ 3,763,141</u>

**Urban Schools Insurance Consortium**  
**Cash and Cash Equivalents and Marketable Securities**  
**Expressed in Canadian dollars**

**Schedule 1**

As at August 31, 2016	Cost	Market Value	Accrued Interest
<b>Cash and Cash Equivalents</b>			
Cash - [REDACTED]	\$ 3,330,416	\$ 3,330,416	\$ -
Cash held in trust - Crawford	146,705	146,705	-
Investment Cash - Scotia Assets Management	17,542	17,542	-
	<u>3,494,663</u>	<u>3,494,663</u>	<u>-</u>
<b>Marketable Securities</b>			
Bonds - maturing within 5 years	11,139,784	11,151,117	67,438
Equities	4,134,081	4,110,886	-
	<u>15,273,865</u>	<u>15,262,003</u>	<u>67,438</u>
<b>Total</b>	<u>\$ 18,768,528</u>	<u>\$ 18,756,666</u>	<u>\$ 67,438</u>
Restricted portion for Reserve & Guarantee Fund (see note 7 for calculation)		15,624,559	
Unrestricted cash , investments & accrued interest		<u>\$ 3,199,545</u>	

**Urban Schools Insurance Consortium**  
**General and Administrative Expenses**  
**Expressed in Canadian dollars**

**Schedule 2**

	Actual	Budget	Variance	Actual
For the eight months ended August 31,	2016	2016	Favourable/ (Unfavourable)	2015
Audit and tax advisory fees	\$ 14,516	\$ 23,334	\$ 8,818	\$ 24,255
Actuarial - Valuation	15,729	15,334	(395)	15,086
- ORSA	2,205	3,500	1,295	-
- Premium Valuation	8,820	-	(8,820)	-
- Retention Study	18,743	-	(18,743)	-
Management fees	31,874	32,000	126	31,540
Legal & government fees	-	2,000	2,000	-
Brokerage fees - Marsh	186,667	186,667	-	186,667
AIF fees - Axxima	73,864	74,666	802	72,996
Claims System				
JLT - Claims System	13,119	26,500	13,381	-
JLT - Claims System - Annual Maintenance	32,053	35,000	2,947	-
Travel, meeting and miscellaneous	5,458	7,333	1,875	4,289
Director and officer policy premium	12,500	13,125	625	12,500
	<b>\$ 415,548</b>	<b>\$ 419,459</b>	<b>\$ 3,911</b>	<b>\$ 347,333</b>

**URBAN SCHOOLS INSURANCE CONSORTIUM**  
**Calculation of Share of Consortium Pool Equity**

**Schedule 3**

as at August 31, 2016

Member	Percentage Share at Dec/15	Share of Equity at 31/12/15 (Note)	Contribution Written in 2015 Earned Jan - Aug 2016	Share of Contributions	Jan to Aug change in Equity	New Equity Balance	Share at August 31, 2016
Calgary Board of Education	31.4562%	1,615,450	1,199,453	36.3471%	(76,789)	1,538,659	31.2463%
Calgary Roman Catholic	12.2851%	630,907	430,051	13.0318%	(27,532)	603,375	12.2530%
Edmonton Public Schools	24.8723%	1,277,332	825,192	25.0058%	(52,829)	1,224,503	24.8666%
Fort McMurray S.D. No. 2833	2.0482%	105,186	73,302	2.2213%	(4,693)	100,493	2.0408%
Grande Prairie S.D. No. 2357	2.2637%	116,256	85,734	2.5980%	(5,489)	110,767	2.2494%
Grande Prairie Roman Catholic	1.1892%	61,073	44,245	1.3408%	(2,833)	58,240	1.1827%
Lethbridge S.D. No. 51	2.7131%	139,333	90,156	2.7320%	(5,772)	133,561	2.7123%
Holy Spirit Roman Catholic	1.7203%	88,345	51,255	1.5532%	(3,281)	85,064	1.7274%
Medicine Hat S.D. No. 76	2.5158%	129,203	71,203	2.1577%	(4,558)	124,645	2.5312%
Medicine Hat Catholic	1.3347%	68,544	29,576	0.8962%	(1,893)	66,651	1.3535%
Red Deer S.D. No. 104	3.0700%	157,663	96,654	2.9289%	(6,188)	151,475	3.0761%
Red Deer Catholic	2.1588%	110,867	68,639	2.0800%	(4,394)	106,473	2.1622%
Rocky View Schools (RVS)	10.1400%	520,744	172,860	5.2382%	(11,066)	509,678	10.3503%
St. Albert P.S.D. No. 5565	2.2327%	114,660	61,680	1.8691%	(3,949)	110,711	2.2483%
<b>TOTAL</b>	<b>100.0000%</b>	<b>5,135,561</b>	<b>3,300,000</b>	<b>100.0000%</b>	<b>(211,266)</b>	<b>4,924,295</b>	<b>100.0000%</b>

**Note:**

Equity calculated as follows:

	December 2015	August 2016	Change in Equity
Members Equity after Reserves For Claims	\$ 5,135,561	\$ 4,924,295	\$ (211,266)

**Urban Schools Insurance Consortium**  
**Net Underwriting Income - Year to Date**  
**Expressed in Canadian dollars**

**Schedule 4**

For the eight months ended August 31, 2016	Property	Liability	Auto	Total
<b>Underwriting</b>				
Gross premiums written	\$ -	\$ -	\$ -	\$ -
Change in unearned premium reserve	2,166,667	1,133,333	-	3,300,000
Premiums earned	2,166,667	1,133,333	-	3,300,000
Losses paid				
Paid Losses	783,141	259,835	45,294	1,088,270
Change in outstanding loss reserves	1,765,274	747,514	(36,242)	2,476,546
Change in incurred but not reported reserves	(400,753)	356,168	(9,052)	(53,637)
Losses incurred	2,147,662	1,363,517	-	3,511,179
Premium taxes	65,000	34,000	-	99,000
<b>Net underwriting income (loss)</b>	<b>\$ (45,995)</b>	<b>\$ (264,184)</b>	<b>\$ -</b>	<b>\$ (310,179)</b>
Loss ratio	99.1%	120.3%	0.0%	106.4%

## **INSTRUCTION**

Early Childhood Services and Grades 1 – 12 instruction is the provision of activities dealing directly with or aiding in the teaching of students or improving the quality of teaching. The costs of personnel, services, supplies, and furnishings and equipment are allocated to the program, along with capital equipment amortization on the basis of the direct benefit or service contributed. All academic, vocational and technical courses, along with organized instructional activities which may be remedial and/or developmental in nature are included in this definition. Support to instruction is classified in two groups:

### **School Administration and Instruction Support**

School administration and instruction support includes the provision of activities at school level that do not provide direct instruction to the student in the classroom. Costs for these activities include:

- Release time and allowances for principals, vice-principals, assistant principals, department heads and coordinators;
- Clerical and support staff (staff not working directly in classrooms in support of students, but in an administrative support role) remuneration;
- Library, counseling and testing services provided by school-based staff;
- Support services provided from outside the school (such as contracted services for assessments, therapy for students, etc.) at the school's discretion and supported by the school's budget;
- Communications and document reproduction equipment for instructional support staff;
- Administrative services, contracts and supplies.

### **System Instructional Support (SIS)**

SIS consists of activities of certificated and non-certified staff across the school jurisdiction for system-based instruction services to:

- Support the implementation of instruction and curriculum;
- Cover other boards' costs, paid to a hosting board in a consortia for services such as film libraries, regional assessment services and professional development consortiums;
- Audit School Generated Funds;
- Coordinate in-service instruction to school staff;
- Assist teachers with program delivery;
- Implement system-wide change initiatives (e.g., curriculum, library, counselling and testing services); and
- Liability insurance related to instructional personnel.

These activities are at the discretion of the board and are budgeted at the system level.

Generally, "school generated fund" revenues & expenses may be classified to instruction if it relates to broadening the educational experience of qualifying students.

## **PLANT OPERATIONS AND MAINTENANCE (PO & M)**

PO & M consist of activities that relate to the jurisdiction's responsibility for the construction, operation, maintenance, safety and security of all school buildings, including costs relating to the supervision of this program.

Costs associated with this program include:

- Remuneration expenses for the supervisor of operations and maintenance of school facilities and all clerical and support staff associated with this program;
- Repair, maintenance and security of school buildings, equipment and grounds including services, contracts and supplies;
- Costs related to cleaning and janitorial activities and supplies in school facilities;
- Costs of utilities for school and maintenance facilities;
- Liability insurance related to the proportion of maintenance personnel;
- Property insurance on school building and maintenance facilities;
- Amortization of school and shop facilities, and vehicles and equipment that was purchased with PO & M revenues, with a historic cost of \$5,000 or greater;
- General operational costs associated with the maintenance programs;
- Costs associated with maintenance supervisory staff involvement in the capital planning cycle;
- Costs associated with Occupational Health and Safety activities;
- Emergency planning; and
- Facilities Planning and Development – The entire planning, development and construction cycle for capital building projects carried out by central office.

## **TRANSPORTATION**

Activities related to the transportation of students to, from and between schools, and boarding of eligible students away from home.

Costs associated with this program include:

- Remuneration expenses for the supervision of student transportation and all clerical and support staff associated with the program, including bus aides;
- Conveyance of students to and from school whether buses are contracted or board operated;
- Repair and maintenance of transportation vehicles;
- Operating lease payments on transportation vehicles;
- Amortization of capital costs of transportation vehicles, equipment and shop facilities with a historic cost of \$5,000 or greater;
- Property insurance on bus shops and barns and equipment;
- Liability insurance related to the proportion of transportation personnel;
- Vehicle insurance on board owned vehicles used for student transportation;
- Amounts paid to third-party operators for the transportation of students to & from school;
- Utilities for transportation facilities;
- General operational costs associated with the transportation programs; and
- The sale (Fees) and cost (Services, contracts, and supplies) of public transit passes.

The use of transportation services for field trips, co-curricular trips and athletic trips are charged back to the appropriate program.



## **BOARD & SYSTEM ADMINISTRATION (BSA)**

BSA are system-wide activities for the purpose of general regulation and direction of the affairs of the school jurisdiction. Costs relate directly to the operation of the boards of trustees, superintendents, secretary-treasurers and their respective staffs, including supplies and amortization of administrative equipment and facilities. Categories include:

### **Board Governance**

Board Governance includes activities related to the work of the elected body responsible for all activities within the jurisdiction. All payments to trustees and for expenses incurred by the body for such things as travel, membership fees and school board elections.

### **Office of the Superintendent including Instructional Services / Educational Administration**

This category includes activities related to overall jurisdiction educational leadership and administration. This includes those performed by the superintendent of schools; deputy, associate and assistant superintendents. These duties are restricted to functions that may not be considered System Instructional Support. Note that for the purposes of the Unaudited Schedule of Central Administration Expenses, costs associated with the Superintendent's office (including administration staff) should be segregated from other instructional services.

Activities associated with educational administration include:

- System level planning;
- Instructional staffing allocations (human resource planning, and implementation);
- New programming implementation and review;
- Monitoring and evaluation of programs, schools, & the system; and
- Hiring, supervision and evaluation of principals and staff.

### **Business Administration (Office of the Secretary-Treasurer)**

Business administration includes activities related to the business and financial operations of the school system at the jurisdictional level, performed by the Secretary-Treasurer and related business/finance support staff including:

- Corporate budgeting;
- Financial accounting including accounts payable and receivable, and internal and external audits (excluding School Generated Fund audits which falls under SIS);
- Legal services;
- Liability insurance related to the proportion of central office administrative personnel;
- Property insurance for the administration facility;
- Activities related to the Corporate Secretary and Corporate Treasurers office;
- Corporate records management; and
- May include the payroll function.

**This program does not include support service activities based at the school level.**

### **General Services Management**

General services management are activities related to central support services such as:

- Human Resources – Personnel planning, employment and development on behalf of the school system as a whole;
- Central Purchasing – Purchasing of services, contracts and supplies on behalf of the school system and with the approval of department managers;

### **General Services Management (continued)**

- Communications, Public Relations and Marketing – Costs associated with system-wide communications and marketing activities;
- Information Technology; and
- May include the payroll function.

### **Administration Buildings**

These activities relate to the administration building of the division including:

- Operating costs;
- Operating lease payment;
- Interest expense on capital loan associated with the administration buildings;
- Amortization expense of administration buildings.

### **EXTERNAL SERVICES**

Includes services offered outside the board's regular educational programs for ECS children and students in grades one to 12 who are served by the board. Activities such as adult education, family school liaison programs and those of a cultural and recreational nature are included in this program.

Other costs associated with this program may include:

- Community services, and community use of schools (at cost recovery);
- Joint use agreements with municipalities (may also be classified as PO&M);
- Sales and services provided to external organizations and individuals;
- Administration costs associated with Regional Collaborative Service Delivery (RCSD) and the Regional Learning Consortia (for “banker boards” only);
- Cafeteria programs of a non-instructional nature;
- Noon-hour and lunch room supervision in schools (may also appear under instruction programs);
- Daycare & pre-kindergarten services;
- Any other activity that does not fall into regular programs; and
- Continuing education programs (see below);

Funding that has been provided to support ECS to Grade 12 programs cannot be used to support any adult programs. Programs and courses offered to adult students (20 years or older on September 1<sup>st</sup>) should be accounted for in a manner that separates them from ECS to Grade 12 funds. These programs must be offered on a cost-recovery basis.

**External services must not incur a deficit and funding from Alberta Education must be limited to targeted funding of such programs.**

Jurisdictions offering General Interest Courses, Adult Post-Secondary Programs leading to credentials and/or Adult Post-Secondary Upgrading Programs (which are included as an “External Service” in the Budget Report and AFS) must provide a full cost accounting for these programs or courses upon request. Jurisdictions must allocate overhead and indirect costs on the basis of student counts, program space requirements, staffing allocations, or another predetermined method that is reasonable. If the board incurs an accumulated deficit, it must be eliminated in the following year. A surplus generated by adult post-secondary programs may be carried forward or used at the board’s discretion.

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2016**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**Calgary School District No. 19 o/a Calgary Board of Education**

Legal Name of School Jurisdiction

**1221 8 Street SW Calgary AB T2R 0L4**

Mailing Address

**(403) 817-7900 (403) 294-8125 brgrundy@cbe.ab.ca**

Telephone & Fax Numbers, and Email Address

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

The financial statements of Calgary School District No. 19 o/a Calgary Board of Education 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**

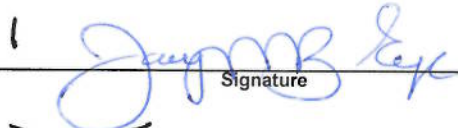
The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

**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**

Ms. Joy Bowen-Eyre  
Name

  
Signature

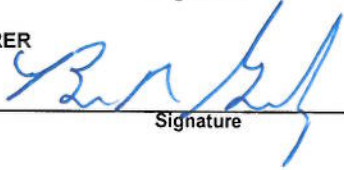
**SUPERINTENDENT**

Mr. David Stevenson  
Name

  
Signature

**SECRETARY-TREASURER OR TREASURER**

Mr. Bradley Grundy  
Name

  
Signature

November 29, 2016  
Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch  
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5  
EMAIL: mei-ling.irwin@gov.ab.ca AND robert.mah@gov.ab.ca  
PHONE: Mei-Ling: (780) 415-8940; Robert: (780) 427-3855 FAX: (780) 422-6996

School Jurisdiction Code: 3030**TABLE OF CONTENTS**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>3</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>4</b>
<b>STATEMENT OF OPERATIONS</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)</b>	<b>7</b>
<b>STATEMENT OF REMEASUREMENT GAINS AND LOSSES</b>	<b>8</b>
<b>Schedule 1: SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS</b>	<b>9</b>
<b>Schedule 2: SCHEDULE OF CAPITAL REVENUE</b>	<b>11</b>
<b>Schedule 3: SCHEDULE OF PROGRAM OPERATIONS</b>	<b>12</b>
<b>Schedule 4: SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES</b>	<b>13</b>
<b>Schedule 5: SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS</b>	<b>14</b>
<b>Schedule 6: SCHEDULE OF CAPITAL ASSETS</b>	<b>15</b>
<b>Schedule 7: SCHEDULE OF REMUNERATION AND MONETARY INCENTIVES</b>	<b>16</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>17</b>
<b>Schedule 8: UNAUDITED SCHEDULE OF FEE REVENUES</b>	<b>18</b>
<b>Schedule 9: UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING</b>	<b>19</b>
<b>Schedule 10: UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES</b>	<b>20</b>



KPMG LLP  
3100, 205 5th Avenue SW  
Suite 3100  
Calgary AB  
T2P 4B9  
Canada  
Telephone (403) 691-8000  
Fax (403) 691-8008  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Calgary Board of Education

We have audited the accompanying consolidated financial statements of the Calgary Board of Education, which comprise the consolidated statement of financial position as at August 31, 2016, the consolidated statements of operations, changes in net debt, remeasurement gains and losses, and cash flows for the year then ended, which are presented in the format prescribed by Alberta Education, and accompanying schedules and notes comprising a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Calgary Board of Education as at August 31, 2016, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards and the presentation requirements of Alberta Education.

*KPMG LLP*

Chartered Professional Accountants

November 29, 2016  
Calgary, Canada

**STATEMENT OF FINANCIAL POSITION**  
As at August 31, 2016 (in dollars)

		2016	2015
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	(Schedule 5; Note 3)	\$ 184,493,000	\$ 231,853,000
Accounts receivable (net after allowances)	(Note 4)	\$ 52,877,000	\$ 20,779,000
Portfolio investments	(Schedule 5; Note 5)	\$ 96,850,000	\$ 106,941,000
Other financial assets	(Note 6)	\$ -	\$ -
<b>Total financial assets</b>		\$ 334,220,000	\$ 359,573,000
<b>LIABILITIES</b>			
Bank indebtedness	(Note 7)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 8)	\$ 90,744,000	\$ 76,421,000
Deferred revenue	(Note 9)	\$ 1,079,129,000	\$ 861,570,000
Employee future benefit liabilities	(Note 10)	\$ 24,828,000	\$ 25,428,000
Liability for contaminated sites	(Note 11)	\$ -	\$ -
Other liabilities	(Note 12)	\$ 327,000	\$ 327,000
Debt	(Note 13)		
Supported: Debentures and other supported debt		\$ 2,936,000	\$ 4,911,000
Unsupported: Debentures and capital loans		\$ -	\$ -
Mortgages		\$ -	\$ -
Capital leases	(Note 14)	\$ 10,181,000	\$ 8,088,000
<b>Total liabilities</b>		\$ 1,208,145,000	\$ 976,745,000
<b>Net financial assets (debt)</b>		\$ (873,925,000)	\$ (617,172,000)
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets	(Schedule 6)		
Land		\$ 2,711,000	\$ 2,711,000
Construction in progress		\$ 156,367,000	\$ 44,901,000
Buildings	\$ 1,368,739,000		
Less: Accumulated amortization	\$ (498,908,000)	\$ 869,831,000	\$ 720,122,000
Equipment	\$ 142,664,000		
Less: Accumulated amortization	\$ (106,237,000)	\$ 36,427,000	\$ 31,363,000
Vehicles	\$ 9,869,000		
Less: Accumulated amortization	\$ (6,225,000)	\$ 3,644,000	\$ 4,145,000
Computer Equipment	\$ 144,729,000		
Less: Accumulated amortization	\$ (112,241,000)	\$ 32,488,000	\$ 30,764,000
<b>Total tangible capital assets</b>		\$ 1,101,468,000	\$ 834,006,000
Prepaid expenses	(Note 15)	\$ 6,435,000	\$ 8,535,000
Other non-financial assets	(Note 16)	\$ -	\$ -
<b>Total non-financial assets</b>		\$ 1,107,903,000	\$ 842,541,000
<b>Accumulated surplus</b>	(Schedule 1; Note 17)	\$ 233,978,000	\$ 225,369,000
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 230,250,000	\$ 215,689,000
Accumulated remeasurement gains (losses)		\$ 3,728,000	\$ 9,680,000
		\$ 233,978,000	\$ 225,369,000
<b>Contractual obligations</b>	(Note 18)		
<b>Contingent liabilities</b>	(Note 19)		

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



**STATEMENT OF OPERATIONS**  
For the Year Ended August 31, 2016 (in dollars)

	Budget 2016	Actual 2016	Actual 2015
<b>REVENUES</b>			
Alberta Education	\$ 1,184,939,162	\$ 1,208,794,000	\$ 1,144,396,000
Other - Government of Alberta	\$ 846,443	\$ 733,000	\$ 1,108,000
Federal Government and First Nations	\$ 2,392,591	\$ 2,987,000	\$ 2,904,000
Other Alberta school authorities	\$ 522,000	\$ 648,000	\$ 832,000
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Schedule 8)	\$ 49,313,027	\$ 49,876,000	\$ 50,296,000
Other sales and services	\$ 23,628,426	\$ 27,272,000	\$ 24,329,000
Investment income	\$ 2,816,882	\$ 12,146,000	\$ 14,863,000
Gifts and donations	\$ 4,842,000	\$ 8,740,000	\$ 7,023,000
Rental of facilities	\$ 7,542,752	\$ 6,867,000	\$ 6,698,000
Fundraising	\$ 6,400,000	\$ 7,166,000	\$ 6,828,000
Gains on disposal of capital assets	\$ -	\$ 44,000	\$ 63,000
Other revenue	\$ 20,000	\$ 426,000	\$ 1,323,000
<b>Total revenues</b>	\$ 1,283,263,283	\$ 1,325,699,000	\$ 1,260,663,000
<b>EXPENSES</b>			
Instruction - ECS	\$ 46,663,988	\$ 49,003,000	\$ 49,136,000
Instruction - Grades 1 - 12	\$ 986,721,479	\$ 988,983,000	\$ 941,305,000
Plant operations and maintenance	\$ 149,215,131	\$ 167,923,000	\$ 157,489,000
Transportation	\$ 42,904,456	\$ 48,447,000	\$ 45,229,000
Board & system administration	\$ 35,049,461	\$ 33,548,000	\$ 33,917,000
External services	\$ 22,708,768	\$ 23,234,000	\$ 22,225,000
<b>Total expenses</b>	\$ 1,283,263,283	\$ 1,311,138,000	\$ 1,249,301,000
<b>Operating surplus (deficit)</b>	\$ -	\$ 14,561,000	\$ 11,362,000

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

		School Jurisdiction Code: <b>3030</b>	
<b>STATEMENT OF CASH FLOWS</b> For the Year Ended August 31, 2016 (in dollars)			
	2016	2015	
<b>CASH FLOWS FROM:</b>			
<b>A. OPERATING TRANSACTIONS</b>			
Operating surplus (deficit)	\$ 14,561,000	\$ 11,362,000	
Add (Deduct) items not affecting cash:			
Total amortization expense	\$ 52,092,000	\$ 51,644,000	
Gains on disposal of tangible capital assets	\$ (44,000)	\$ (63,000)	
Losses on disposal of tangible capital assets	\$ -	\$ -	
Expended deferred capital revenue recognition	\$ (29,221,000)	\$ (29,807,000)	
Deferred capital revenue write-down / adjustment	\$ -	\$ -	
Donations in kind	\$ -	\$ -	
Changes in:			
Accounts receivable	\$ (32,098,000)	\$ 40,436,000	
Prepays	\$ 2,100,000	\$ 3,053,000	
Other financial assets	\$ -	\$ -	
Non-financial assets	\$ -	\$ -	
Accounts payable, accrued and other liabilities	\$ 14,323,000	\$ 10,739,000	
Deferred revenue (excluding EDCR)	\$ 246,780,000	\$ 18,030,000	
Employee future benefit liabilities	\$ (600,000)	\$ (936,000)	
Other (describe)	\$ (1,975,000)	\$ (36,740,000)	
<b>Total cash flows from operating transactions</b>	<b>\$ 265,918,000</b>	<b>\$ 67,718,000</b>	
<b>B. CAPITAL TRANSACTIONS</b>			
Purchases of tangible capital assets			
Land	\$ -	\$ -	
Buildings	\$ (290,819,000)	\$ (49,597,000)	
Equipment	\$ (14,316,000)	\$ (7,744,000)	
Vehicles	\$ (348,000)	\$ (1,146,000)	
Computer equipment	\$ (14,072,000)	\$ (10,781,000)	
Net proceeds from disposal of unsupported capital assets	\$ 44,000	\$ 68,000	
Other (describe)		\$ 104,084,000	
<b>Total cash flows from capital transactions</b>	<b>\$ (319,511,000)</b>	<b>\$ 34,884,000</b>	
<b>C. INVESTING TRANSACTIONS</b>			
Purchases of portfolio investments	\$ (105,120,000)	\$ (81,791,000)	
Dispositions of portfolio investments	\$ 117,293,000	\$ 95,470,000	
Remeasurement (gains) losses reclassified to the statement of operations	\$ (8,034,000)	\$ (10,567,000)	
Change in endowments	\$ -	\$ 228,000	
Other (describe)		\$ -	
<b>Total cash flows from investing transactions</b>	<b>\$ 4,139,000</b>	<b>\$ 3,340,000</b>	
<b>D. FINANCING TRANSACTIONS</b>			
Issue of debt	\$ -	\$ -	
Repayment of debt	\$ (1,975,000)	\$ (9,148,000)	
Other factors affecting debt (describe)	\$ -	\$ -	
Issuance of capital leases	\$ 3,190,000	\$ -	
Repayment of capital leases	\$ (1,097,000)	\$ -	
Other factors affecting capital leases (describe)	\$ -	\$ -	
Other (describe)	\$ 1,976,000	\$ 36,739,000	
<b>Total cash flows from financing transactions</b>	<b>\$ 2,094,000</b>	<b>\$ 27,591,000</b>	
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ (47,360,000)</b>	<b>\$ 133,533,000</b>	
<b>Cash and cash equivalents, at beginning of year</b>	<b>\$ 231,853,000</b>	<b>\$ 98,320,000</b>	
<b>Cash and cash equivalents, at end of year</b>	<b>\$ 184,493,000</b>	<b>\$ 231,853,000</b>	

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, 2016 (in dollars)

	Budget 2016	2016	2015
Operating surplus (deficit)	\$ -	\$ 14,561,000	\$ 11,362,000
Effect of changes in tangible capital assets			
Acquisition of tangible capital assets	\$ (26,777,000)	\$ (319,555,000)	\$ (69,268,000)
Amortization of tangible capital assets	\$ 52,665,000	\$ 52,092,000	\$ 51,644,000
Net carrying value of tangible capital assets disposed of	\$ -	\$ -	\$ 5,000
Write-down carrying value of tangible capital assets	\$ -	\$ -	\$ -
Other changes	\$ (1,096,000)	\$ -	\$ -
<b>Total effect of changes in tangible capital assets</b>	<b>\$ 24,792,000</b>	<b>\$ (267,463,000)</b>	<b>\$ (17,619,000)</b>
Changes in:			
Prepaid expenses	\$ -	\$ 2,101,000	\$ 3,052,000
Other non-financial assets	\$ -	\$ -	\$ -
Net remeasurement gains and (losses)	\$ -	\$ (5,952,000)	\$ (3,673,000)
Endowments	\$ -	\$ -	\$ 228,000
<b>Increase (decrease) in net financial assets (net debt)</b>	<b>\$ 24,792,000</b>	<b>\$ (256,753,000)</b>	<b>\$ (6,650,000)</b>
<b>Net financial assets (net debt) at beginning of year</b>	<b>\$ 617,171,000</b>	<b>\$ (617,172,000)</b>	<b>\$ (610,522,000)</b>
<b>Net financial assets (net debt) at end of year</b>	<b>\$ 641,963,000</b>	<b>\$ (873,925,000)</b>	<b>\$ (617,172,000)</b>

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

## STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2016 (in dollars)

	2016	2015
<b>Accumulated remeasurement gains (losses) at beginning of year</b>	\$ 9,680,000	\$ 13,353,000
Prior Period Adjustment (Explain)	\$ -	\$ -
Prior Period Adjustment (Explain)	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ 2,082,000	\$ 6,894,000
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ (8,034,000)	\$ (10,567,000)
Other	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ (5,952,000)	\$ (3,673,000)
<b>Accumulated remeasurement gains (losses) at end of year</b>	\$ 3,728,000	\$ 9,680,000

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

**SCHEDULE 1**

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
for the Year Ended August 31, 2016 (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
<b>Balance at August 31, 2015</b>	\$ 217,287,000	\$ 9,680,000	\$ 207,607,000	\$ 134,684,000	\$ 3,520,000	\$ 104,000	\$ 33,083,000	\$ 36,216,000
<b>Prior period adjustments:</b>								
Benefits expense overstated in prior years	\$ 8,082,000	\$ -	\$ 8,082,000		\$ -	\$ 8,082,000	\$ -	\$ -
	\$ -	\$ -	\$ -				\$ -	\$ -
<b>Adjusted Balance, August 31, 2015</b>	\$ 225,369,000	\$ 9,680,000	\$ 215,689,000	\$ 134,684,000	\$ 3,520,000	\$ 8,186,000	\$ 33,083,000	\$ 36,216,000
Operating surplus (deficit)	\$ 14,561,000		\$ 14,561,000			\$ 14,561,000		
Board funded tangible capital asset additions				\$ 34,464,000		\$ (34,464,000)	\$ -	\$ -
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	\$ (5,952,000)	\$ (5,952,000)						
Endowment expenses & disbursements	\$ -		\$ -		\$ -	\$ -		
Endowment contributions	\$ -		\$ -		\$ 336,000	\$ (336,000)		
Reinvested endowment income	\$ -		\$ -		\$ -	\$ -		
Direct credits to accumulated surplus (Describe)	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -			\$ (52,092,000)		\$ 52,092,000		
Capital revenue recognized	\$ -			\$ 29,221,000		\$ (29,221,000)		
Debt principal repayments (unsupported)	\$ -			\$ 1,096,000		\$ (1,096,000)		
Additional capital debt or capital leases	\$ -			\$ -				
Net transfers to operating reserves	\$ -					\$ (15,129,000)	\$ 15,129,000	
Net transfers from operating reserves	\$ -					\$ 8,409,000	\$ (8,409,000)	
Net transfers to capital reserves	\$ -					\$ (23,729,000)		\$ 23,729,000
Net transfers from capital reserves	\$ -					\$ 20,727,000		\$ (20,727,000)
Assumption/transfer of other operations' surplus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Changes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance at August 31, 2016</b>	\$ 233,978,000	\$ 3,728,000	\$ 230,250,000	\$ 147,373,000	\$ 3,856,000	\$ -	\$ 39,803,000	\$ 39,218,000

**SCHEDULE 1**

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
for the Year Ended August 31, 2016 (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
<b>Balance at August 31, 2015</b>	\$ 21,614,000	\$ 26,576,000	\$ 5,213,000	\$ 1,802,000	\$ 4,541,000	\$ 7,638,000	\$ 122,000	\$ -	\$ 1,593,000	\$ 200,000
<b>Prior period adjustments:</b>										
Benefits expense overstated in prior years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Adjusted Balance, August 31, 2015</b>	\$ 21,614,000	\$ 26,576,000	\$ 5,213,000	\$ 1,802,000	\$ 4,541,000	\$ 7,638,000	\$ 122,000	\$ -	\$ 1,593,000	\$ 200,000
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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										
Reinvested endowment income										
Direct credits to accumulated surplus (Describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets										
Capital revenue recognized										
Debt principal repayments (unsupported)										
Additional capital debt or capital leases										
Net transfers to operating reserves	\$ 14,962,000		\$ 40,000		\$ 127,000		\$ -		\$ -	
Net transfers from operating reserves	\$ (7,370,000)		\$ (256,000)		\$ (661,000)		\$ (122,000)		\$ -	
Net transfers to capital reserves		\$ -		\$ 23,729,000		\$ -		\$ -		\$ -
Net transfers from capital reserves		\$ (9,658,000)		\$ (4,185,000)		\$ (6,884,000)		\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ 18,782,000	\$ -	\$ (4,957,000)	\$ -	\$ (12,232,000)	\$ -	\$ -	\$ -	\$ (1,593,000)	\$ -
Other Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance at August 31, 2016</b>	\$ 47,988,000	\$ 16,918,000	\$ 40,000	\$ 21,346,000	\$ (8,225,000)	\$ 754,000	\$ -	\$ -	\$ -	\$ 200,000

## SCHEDULE 2

**SCHEDULE OF CAPITAL REVENUE**  
**(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)**  
for the Year Ended August 31, 2016 (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>	
<b>Balance at August 31, 2015</b>	\$ 91,350,000	\$ -	\$ 12,851,000	\$ -	\$ 691,173,000
Prior period adjustments	\$ 4,193,000	\$ -	\$ (4,222,000)		\$ 29,000
Adjusted balance, August 31, 2015	\$ 95,543,000	\$ -	\$ 8,629,000	\$ -	\$ 691,202,000
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ 225,025,000				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ 36,055,000				
Other sources:	\$ -			\$ -	
Other sources:	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ 937,000	\$ -	\$ -	\$ -	
Other unexpended capital revenue:				\$ -	
Proceeds on disposition of supported capital			\$ -	\$ -	
Insurance proceeds (and related interest)      Indicate sources of original funding			\$ 3,677,000	\$ -	
Donated tangible capital assets:					
Alberta Infrastructure managed projects					\$ -
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (281,902,000)	\$ -	\$ -	\$ -	\$ 281,902,000
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments:	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Deduct:</u>					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments:		\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 29,221,000
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
<b>Balance at August 31, 2016</b>	\$ 75,658,000	\$ -	\$ 12,306,000	\$ -	\$ 943,883,000
	(A)	(B)	(C)	(D)	
<b>Balance of Unexpended Deferred Capital Revenue at August 31, 2016 (A) + (B) + (C) + (D)</b>				\$ 87,964,000	

**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. Please specify department if funds received from a source other than Alberta Education.

(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, 2016 (in dollars)

REVENUES	2016							2015
	Instruction		Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
	ECS	Grades 1 - 12						
(1) Alberta Education	\$ 51,856,000	\$ 925,487,000	\$ 152,907,000	\$ 35,027,000	\$ 43,517,000	\$ -	\$ 1,208,794,000	\$ 1,144,396,000
(2) Other - Government of Alberta	\$ -	\$ 200,000	\$ 463,000	\$ -	\$ -	\$ 70,000	\$ 733,000	\$ 1,108,000
(3) Federal Government and First Nations	\$ -	\$ 997,000	\$ -	\$ -	\$ 20,000	\$ 1,970,000	\$ 2,987,000	\$ 2,904,000
(4) Other Alberta school authorities	\$ -	\$ 376,000	\$ 272,000	\$ -	\$ -	\$ -	\$ 648,000	\$ 832,000
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ 158,000	\$ 27,888,000		\$ 8,173,000		\$ 13,657,000	\$ 49,876,000	\$ 50,296,000
(9) Other sales and services	\$ 579,000	\$ 19,910,000	\$ 852,000	\$ -	\$ 1,095,000	\$ 4,836,000	\$ 27,272,000	\$ 24,329,000
(10) Investment income	\$ -	\$ 324,000	\$ 258,000	\$ -	\$ 154,000	\$ 11,410,000	\$ 12,146,000	\$ 14,863,000
(11) Gifts and donations	\$ -	\$ 8,698,000	\$ -	\$ -	\$ -	\$ 42,000	\$ 8,740,000	\$ 7,023,000
(12) Rental of facilities	\$ -	\$ -	\$ 2,054,000	\$ -	\$ 445,000	\$ 4,368,000	\$ 6,867,000	\$ 6,698,000
(13) Fundraising	\$ -	\$ 7,166,000	\$ -	\$ -	\$ -	\$ -	\$ 7,166,000	\$ 6,828,000
(14) Gains on disposal of tangible capital assets	\$ -	\$ 44,000	\$ -	\$ -	\$ -	\$ -	\$ 44,000	\$ 63,000
(15) Other revenue	\$ -	\$ 426,000	\$ -	\$ -	\$ -	\$ -	\$ 426,000	\$ 1,323,000
(16) <b>TOTAL REVENUES</b>	\$ 52,593,000	\$ 991,516,000	\$ 156,806,000	\$ 43,200,000	\$ 45,231,000	\$ 36,353,000	\$ 1,325,699,000	\$ 1,260,663,000
<b>EXPENSES</b>								
(17) Certificated salaries	\$ 27,072,000	\$ 598,485,000			\$ 1,153,000	\$ 375,000	\$ 627,085,000	\$ 594,041,000
(18) Certificated benefits	\$ 3,020,000	\$ 139,510,000			\$ 84,000	\$ 173,000	\$ 142,787,000	\$ 134,485,000
(19) Non-certificated salaries and wages	\$ 12,464,000	\$ 108,011,000	\$ 49,774,000	\$ 2,152,000	\$ 14,542,000	\$ 13,760,000	\$ 200,703,000	\$ 197,091,000
(20) Non-certificated benefits	\$ 3,127,000	\$ 26,026,000	\$ 12,959,000	\$ 563,000	\$ 3,174,000	\$ 2,783,000	\$ 48,632,000	\$ 47,608,000
(21) SUB - TOTAL	\$ 45,683,000	\$ 872,032,000	\$ 62,733,000	\$ 2,715,000	\$ 18,953,000	\$ 17,091,000	\$ 1,019,207,000	\$ 973,225,000
(22) Services, contracts and supplies	\$ 2,595,000	\$ 101,458,000	\$ 70,078,000	\$ 44,171,000	\$ 11,611,000	\$ 3,217,000	\$ 233,130,000	\$ 217,688,000
(23) Amortization of supported tangible capital assets	\$ -	\$ -	\$ 29,221,000	\$ -	\$ -	\$ -	\$ 29,221,000	\$ 29,807,000
(24) Amortization of unsupported tangible capital assets	\$ 666,000	\$ 14,201,000	\$ 5,171,000	\$ -	\$ 2,827,000	\$ 6,000	\$ 22,871,000	\$ 21,837,000
(25) Supported interest on capital debt	\$ -	\$ -	\$ 463,000	\$ -	\$ -	\$ -	\$ 463,000	\$ 560,000
(26) Unsupported interest on capital debt	\$ -	\$ -	\$ 257,000	\$ -	\$ -	\$ -	\$ 257,000	\$ -
(27) Other interest and finance charges	\$ 8,000	\$ 211,000	\$ -	\$ 202,000	\$ 111,000	\$ 261,000	\$ 793,000	\$ 1,478,000
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ 51,000	\$ 1,081,000	\$ -	\$ 1,359,000	\$ 46,000	\$ 2,659,000	\$ 5,196,000	\$ 4,706,000
(30) <b>TOTAL EXPENSES</b>	\$ 49,003,000	\$ 988,983,000	\$ 167,923,000	\$ 48,447,000	\$ 33,548,000	\$ 23,234,000	\$ 1,311,138,000	\$ 1,249,301,000
(31) <b>OPERATING SURPLUS (DEFICIT)</b>	\$ 3,590,000	\$ 2,533,000	\$ (11,117,000)	\$ (5,247,000)	\$ 11,683,000	\$ 13,119,000	\$ 14,561,000	\$ 11,362,000



Audited Financial Statements (for Alberta Education submission)

SCHEDULE 4

School Jurisdiction Code: 3030

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES  
for the Year Ended August 31, 2016 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	Supported Capital & Debt Services	2016 TOTAL Operations and Maintenance	2015 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 31,197,000	\$ 9,495,000	\$ -	\$ 1,937,000	\$ 7,145,000			\$ 49,774,000	\$ 50,056,000
Uncertificated benefits	\$ 8,135,000	\$ 2,510,000	\$ -	\$ 22,000	\$ 2,292,000			\$ 12,959,000	\$ 12,424,000
Sub-total Remuneration	\$ 39,332,000	\$ 12,005,000	\$ -	\$ 1,959,000	\$ 9,437,000			\$ 62,733,000	\$ 62,480,000
Supplies and services	\$ 4,890,000	\$ 8,625,000	\$ 152,000	\$ 35,598,000	\$ 1,110,000			\$ 50,375,000	\$ 39,342,000
Electricity			\$ 9,584,000					\$ 9,584,000	\$ 9,812,000
Natural gas/heating fuel			\$ 4,370,000					\$ 4,370,000	\$ 4,713,000
Sewer and water			\$ 2,409,000					\$ 2,409,000	\$ 2,255,000
Telecommunications			\$ 165,000					\$ 165,000	\$ 187,000
Insurance					\$ 2,994,000			\$ 2,994,000	\$ 3,151,000
ASAP maintenance & renewal payments							\$ -	\$ -	\$ -
Amortization of tangible capital assets									
Supported							\$ 29,221,000	\$ 29,221,000	\$ 29,807,000
Unsupported						\$ 5,171,000		\$ 5,171,000	\$ 4,413,000
Total Amortization						\$ 5,171,000	\$ 29,221,000	\$ 34,392,000	\$ 34,220,000
Interest on capital debt									
Supported							\$ 463,000	\$ 463,000	\$ 560,000
Unsupported						\$ -		\$ -	\$ 30,000
Lease payments for facilities				\$ 181,000				\$ 181,000	\$ 179,000
Other interest charges						\$ 257,000		\$ 257,000	\$ 560,000
Losses on disposal of capital assets						\$ -		\$ -	\$ -
<b>TOTAL EXPENSES</b>	<b>\$ 44,222,000</b>	<b>\$ 20,630,000</b>	<b>\$ 16,680,000</b>	<b>\$ 37,738,000</b>	<b>\$ 13,541,000</b>	<b>\$ 5,428,000</b>	<b>\$ 29,684,000</b>	<b>\$ 167,923,000</b>	<b>\$ 157,489,000</b>

SQUARE METRES									
School buildings								0.0	1,288,516.0
Non school buildings								0.0	15,878.0

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 Pmts:** 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.

**Unsupported Amortization & Other Expenses:** All expenses related to unsupported capital assets amortization and interest on unsupported capital debt.

**Supported Capital & Debt Services:** All expenses related to supported capital assets amortization and interest on supported capital debt.

**SCHEDULE 5**School Jurisdiction Code: 3030

**SCHEDULE OF CASH, CASH EQUIVALENTS, AND PORTFOLIO INVESTMENTS**  
for the Year Ended August 31, 2016 (in dollars)

<b>Cash &amp; Cash Equivalents</b>	<b>2016</b>			<b>2015</b>
	<b>Average Effective (Market) Yield</b>	<b>Cost</b>	<b>Amortized Cost</b>	<b>Amortized Cost</b>
Cash		\$ 127,827,000	\$ 127,827,000	\$ 72,005,000
Cash equivalents				
Government of Canada, direct and guaranteed	0.00%	-	-	-
Provincial, direct and guaranteed	0.00%	-	-	-
Corporate	0.00%	-	-	-
Municipal	0.00%	-	-	-
Pooled investment funds	0.00%	-	-	-
Other, including GIC's	1.40%	56,666,000	56,666,000	159,848,000
Total cash and cash equivalents	<u>0.43%</u>	<u>\$ 184,493,000</u>	<u>\$ 184,493,000</u>	<u>\$ 231,853,000</u>

See Note 3 for additional detail.

<b>Portfolio Investments</b>	<b>2016</b>			<b>2015</b>	
	<b>Average Effective (Market) Yield</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Balance</b>	<b>Balance</b>
Long term deposits	0.00%	\$ -	\$ -	\$ -	\$ -
Guaranteed interest certificates	1.94%	10,561,000	10,561,000	10,561,000	18,203,000
Fixed income securities					
Government of Canada, direct and guaranteed	0.00%	\$ -	\$ -	\$ -	25,696,000
Provincial, direct and guaranteed	0.00%	-	-	-	-
Municipal	0.00%	-	-	-	-
Corporate	1.74%	53,773,000	53,842,000	53,842,000	27,507,000
Pooled investment funds	0.00%	-	-	-	-
Total fixed income securities	<u>1.74%</u>	<u>53,773,000</u>	<u>53,842,000</u>	<u>53,842,000</u>	<u>53,203,000</u>
Equities					
Canadian	1.83%	\$ 10,282,000	\$ 11,096,000	\$ 11,096,000	12,678,000
Foreign	2.14%	12,984,000	14,791,000	14,791,000	17,040,000
Total equities	<u>2.01%</u>	<u>23,266,000</u>	<u>25,887,000</u>	<u>25,887,000</u>	<u>29,718,000</u>
Supplemental integrated pension plan assets	0.00%	\$ 5,522,000	\$ 6,560,000	\$ 6,560,000	
Restricted investments	1.74%	-	-	-	5,817,000
Other (Specify)	0.00%	-	-	-	-
Other (Specify)	0.00%	-	-	-	-
Total portfolio investments	<u>1.83%</u>	<u>\$ 93,122,000</u>	<u>\$ 96,850,000</u>	<u>\$ 96,850,000</u>	<u>\$ 106,941,000</u>

See Note 5 for additional detail.

The following represents the maturity structure for portfolio investments based on principal amount:

	<b>2016</b>	<b>2015</b>
Under 1 year	0.0%	0.0%
1 to 5 years	100.0%	100.0%
6 to 10 years	0.0%	0.0%
11 to 20 years	0.0%	0.0%
Over 20 years	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

**SCHEDULE 6**

School Jurisdiction Code: 3030

**SCHEDULE OF CAPITAL ASSETS  
for the Year Ended August 31, 2016 (in dollars)**

	2016						2015
	Land	Construction In Progress	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			25-50 Years	5-10 Years	5-10 Years	3-5 Years	
<b>Historical cost</b>							
Beginning of year	\$ 2,711,000	\$ 44,901,000	\$ 1,189,386,000	\$ 130,385,000	\$ 9,616,000	\$ 130,665,000	\$ 1,507,664,000
Prior period adjustments	-	-	-	-	-	-	-
Additions	-	273,252,000	17,567,000	14,316,000	348,000	14,072,000	319,555,000
Transfers in (out)	-	(161,786,000)	161,786,000	-	-	-	-
Less disposals including write-offs	-	-	-	(2,037,000)	(95,000)	(8,000)	(2,140,000)
	\$ 2,711,000	\$ 156,367,000	\$ 1,368,739,000	\$ 142,664,000	\$ 9,869,000	\$ 144,729,000	\$ 1,825,079,000
<b>Accumulated amortization</b>							
Beginning of year	\$ -	\$ -	\$ 469,264,000	\$ 99,022,000	\$ 5,471,000	\$ 99,901,000	\$ 673,658,000
Prior period adjustments	-	-	-	-	-	-	-
Amortization	-	-	29,644,000	9,252,000	849,000	12,348,000	52,093,000
Other additions	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(2,037,000)	(95,000)	(8,000)	(2,140,000)
	\$ -	\$ -	\$ 498,908,000	\$ 106,237,000	\$ 6,225,000	\$ 112,241,000	\$ 723,611,000
<b>Net Book Value at August 31, 2016</b>	\$ 2,711,000	\$ 156,367,000	\$ 869,831,000	\$ 36,427,000	\$ 3,644,000	\$ 32,488,000	\$ 1,101,468,000
<b>Net Book Value at August 31, 2015</b>	\$ 2,711,000	\$ 44,901,000	\$ 720,122,000	\$ 31,363,000	\$ 4,145,000	\$ 30,764,000	\$ 834,006,000

	2016	2015
Total cost of assets under capital lease	\$ 36,573,000	\$ 33,383,824
Total amortization of assets under capital lease	\$ 12,962,000	\$ 10,751,318

Assets under capital Lease includes buildings with a total cost of \$36,573,000 and accumulated amortization of \$12,962,000.

**SCHEDULE 7**

**SCHEDULE OF REMUNERATION AND MONETARY INCENTIVES  
for the Year Ended August 31, 2016 (in dollars)**

<b>Board Members:</b>	<b>FTE</b>	<b>Remuneration</b>	<b>Benefits</b>	<b>Negotiated Allowances</b>	<b>Performance Bonuses</b>	<b>ERIP's / Other Paid</b>	<b>Other Accrued Unpaid Benefits (1)</b>	<b>Expenses</b>
Joy Bowen-Eyre	1.00	\$59,280	\$6,980	\$4,100			\$0	\$5,905
Lynn Ferguson	1.00	\$45,000	\$6,979	\$4,100			\$0	\$2,087
Judy Hehr	1.00	\$46,731	\$6,840	\$4,100			\$0	\$798
Julie Hrdlicka	1.00	\$45,865	\$6,979	\$4,100			\$0	\$2,223
Trina Hurdman (Vice Chair)	1.00	\$47,673	\$7,002	\$4,100			\$0	\$263
Pamela King	1.00	\$45,000	\$6,979	\$4,100			\$0	\$4,915
Amber Stewart	1.00	\$50,981	\$7,111	\$4,100			\$0	\$4,225
	-	\$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
<b>Subtotal</b>	<b>7.00</b>	<b>\$340,530</b>	<b>\$48,870</b>	<b>\$28,700</b>			<b>\$0</b>	<b>\$20,416</b>
David Stevenson, Chief Superintendent	1.00	\$295,300	\$32,195	\$15,000	\$0	\$0	\$147,831	\$5,166
Brad Grundy, Chief Financial Officer	1.00	\$237,000	\$34,616	\$7,000	\$0	\$0	\$72,476	\$7,703
Janice Barkway, Corporate Secretary	1.00	\$165,691	\$34,220	\$0	\$0	\$0	\$59,130	\$715
		\$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
Certificated teachers	6,230.70	\$626,799,590	\$142,726,473	\$14,000	\$0	\$0	\$0	\$0
Non-certificated - other	3,376.10	\$199,948,033	\$47,224,125	\$18,962	\$0	\$1,235,282	\$0	\$0
<b>TOTALS</b>	<b>9,616.80</b>	<b>\$827,786,144</b>	<b>\$190,100,499</b>	<b>\$83,662</b>	<b>\$0</b>	<b>\$1,235,282</b>	<b>\$279,437</b>	<b>\$34,000</b>

(1) Other Accrued Unpaid Benefits Include: Please describe Other Accrued Unpaid Benefits

**SCHEDULE 8**

**UNAUDITED SCHEDULE OF FEE REVENUES  
for the Year Ending August 31, 2016 (in dollars)**

	Actual 2016	Actual 2015
<b>FEES</b>		
Transportation fees	\$8,172,000	\$8,777,000
Basic instruction supplies (text books, including lost or replacement fees, course materials)	\$10,395,000	\$10,746,000
Technology user fees	\$0	\$0
Alternative program fees	\$408,000	\$0
Fees for optional courses (band, art, etc.)	\$2,501,000	\$6,618,000
Fees for students from other boards	\$0	\$0
Tuition fees (international & out of province)	\$0	\$0
Kindergarten & preschool	\$0	\$0
Extracurricular fees (sports teams and clubs)	\$3,769,000	\$675,000
Field trips (related to curriculum)	\$10,290,000	\$9,445,000
Lunch supervision fees (Mandatory & Optional)	\$13,440,000	\$12,482,000
Locker rental; locks; student ID; uniforms; library, student union, and fitness fees	\$0	\$0
Other (describe)* Incidental activity fees	\$901,000	\$810,000
Other (describe)* Blanket Activity Fees	\$0	\$743,000
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
Other (describe)*	\$0	\$0
<b>TOTAL FEES</b>	<b>\$49,876,000</b>	<b>\$50,296,000</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):	Actual 2016	Actual 2015
Cafeteria sales, hot lunch, milk programs	\$0	\$0
Special events, graduation, tickets	\$0	\$0
Student travel (international, recognition trips, non-curricular)	\$1,659,000	\$0
Sales or rentals of other supplies/services (clothing, agendas, yearbooks)	\$0	\$0
Adult education revenue	\$3,018,000	\$3,256,000
Child care & before and after school care	\$0	\$0
Other (describe) Foreign Tuition	\$9,196,000	\$9,183,000
Other (describe) Music Instruments, library fees, commissions	\$307,000	\$442,000
Other (describe)	\$0	\$0
<b>TOTAL</b>	<b>\$14,180,000</b>	<b>\$12,881,000</b>

UNAUDITED SCHEDULE OF DIFFERENTIAL FUNDING for the Year Ended August 31, 2016 (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>	4,508	677	23,087		
<b>Federally Funded Students</b>					
<b>REVENUES</b>					
Alberta Education allocated funding	\$ 4,787,000	\$ 13,510,000	\$ 23,272,000	\$ 70,806,000	\$ -
Other funding allocated by the board to the program	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ 4,787,000	\$ 13,510,000	\$ 23,272,000	\$ 70,806,000	\$ -
<b>EXPENSES (Not allocated from BASE, Transportation, or other funding)</b>					
Instructional certificated salaries & benefits	\$ 4,754,000	\$ 1,070,000	\$ 25,052,000	\$ -	
Instructional non-certificated salaries & benefits	\$ 113,000	\$ 4,544,000	\$ 2,907,000	\$ -	
<b>SUB TOTAL</b>	\$ 4,867,000	\$ 5,614,000	\$ 27,959,000	\$ -	
Supplies, contracts and services	\$ 73,000	\$ 6,826,000	\$ 31,000	\$ -	
Program planning, monitoring & evaluation	\$ -	\$ -	\$ -	\$ -	
Facilities (required specifically for program area)	\$ -	\$ -	\$ -	\$ -	
Administration (administrative salaries & services)	\$ 266,000	\$ 374,000	\$ -	\$ -	
Contracted services and staffing charged centrally	\$ 1,614,000	\$ 816,000	\$ 902,000	\$ -	
All other expenses	\$ -	\$ -	\$ -	\$ 1,261,797,000	
<b>TOTAL EXPENSES</b>	\$ 6,820,000	\$ 13,630,000	\$ 28,892,000	\$ 1,261,797,000	
<b>NET FUNDING SURPLUS (SHORTFALL)</b>	\$ (2,033,000)	\$ (120,000)	\$ (5,620,000)	\$ (1,190,991,000)	

**SCHEDULE 10**

<b>UNAUDITED SCHEDULE OF CENTRAL ADMINISTRATION EXPENSES</b> for the Year Ended August 31, 2016 (in dollars)								
<b>EXPENSES</b>	<b>Allocated to Board &amp; System Administration</b>				<b>Allocated to Other Programs</b>			<b>TOTAL</b>
	<b>Salaries &amp; Benefits</b>	<b>Supplies &amp; Services</b>	<b>Other</b>	<b>TOTAL</b>	<b>Salaries &amp; Benefits</b>	<b>Supplies &amp; Services</b>	<b>Other</b>	
Office of the superintendent	\$ 866,000	\$ 24,000	\$ -	\$ 890,000	\$ -	\$ 83,000	\$ -	\$ 973,000
Educational administration (excluding superintendent)	\$ 529,000	\$ 59,000	\$ -	\$ 588,000	\$ 23,149,000	\$ 3,482,000	\$ -	\$ 27,219,000
Business administration	\$ 4,857,000	\$ 571,000	\$ 46,000	\$ 5,474,000	\$ 4,120,000	\$ (187,000)	\$ 5,150,000	\$ 14,557,000
Board governance (Board of Trustees)	\$ 430,000	\$ 879,000	\$ -	\$ 1,309,000	\$ -	\$ -	\$ -	\$ 1,309,000
Information technology	\$ 3,543,000	\$ 1,114,000	\$ -	\$ 4,657,000	\$ 11,137,000	\$ 8,963,000	\$ -	\$ 24,757,000
Human resources	\$ 5,981,000	\$ 4,661,000	\$ -	\$ 10,642,000	\$ 6,529,000	\$ 1,697,000	\$ -	\$ 18,868,000
Central purchasing, communications, marketing	\$ 2,384,000	\$ 63,000	\$ -	\$ 2,447,000	\$ 1,422,000	\$ 459,000	\$ -	\$ 4,328,000
Payroll			\$ -	\$ -			\$ -	\$ -
Administration - insurance			\$ 110,000	\$ 110,000			\$ 4,463,000	\$ 4,573,000
Administration - amortization			\$ 2,827,000	\$ 2,827,000			\$ 49,265,000	\$ 52,092,000
Administration - other (admin building, interest)			\$ 4,051,000	\$ 4,051,000			\$ 10,685,000	\$ 14,736,000
Facilities	\$ 260,000	\$ 269,000	\$ -	\$ 529,000	\$ 29,133,000	\$ 109,085,000	\$ -	\$ 138,747,000
Schools & Areas	\$ -	\$ 24,000	\$ -	\$ 24,000	\$ 924,157,000	\$ 84,510,000	\$ -	\$ 1,008,691,000
EducationMatters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,000	\$ 288,000
<b>TOTAL EXPENSES</b>	<b>\$ 18,850,000</b>	<b>\$ 7,664,000</b>	<b>\$ 7,034,000</b>	<b>\$ 33,548,000</b>	<b>\$ 999,647,000</b>	<b>\$ 208,092,000</b>	<b>\$ 69,851,000</b>	<b>\$ 1,311,138,000</b>