

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Medicine Hat School District No.76

Legal Name of School Jurisdiction

601 1st Ave SW, Medicine Hat, AB, T1A 4Y7

Mailing Address

(403)528-6744 & (403)528-6571

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of **Medicine Hat School District No.76** presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

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

Board of Trustees Responsibility

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

External Auditors

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

Declaration of Management and Board Chairman

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

BOARD CHAIR

Mr. Terry Riley

Name

Original Copy Signed

Signature

SUPERINTENDENT

Dr. Grant Henderson

Name

Original Copy Signed

Signature

SECRETARY TREASURER OR TREASURER

Mr. Jerry Labossiere

Name

Original Copy Signed

Signature

15-Nov-11

Board-approved Release Date

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AUDITORS' REPORT

TO THE BOARD OF TRUSTEES MEDICINE HAT SCHOOL DISTRICT NO. 76

We have audited the statement of financial position of the Medicine Hat School District No. 76 as at August 31, 2011 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Medicine Hat School District No. 76** as at August 31, 2011 and the results of its operations, changes in cash flows, net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter & Co. Professional Corporation

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
NOVEMBER 15, 2011

STATEMENT OF FINANCIAL POSITION
as at August 31, 2011

(in dollars)

	2011	2010
ASSETS		
Current assets		
Cash and temporary investments (Note 4)	\$8,981,787	\$9,786,808
Accounts receivable (net after allowances) (Note 5)	\$3,319,093	\$720,205
Prepaid expenses	\$300,790	\$344,156
Other current assets (Note 6)	\$419,090	\$490,169
Total current assets	\$13,020,760	\$11,341,338
School generated assets	\$1,368,007	\$1,196,574
Trust assets (Note 11)	\$1,815,719	\$1,838,736
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Capital assets (Note 7)		
Land	\$1,962,982	\$1,962,982
Construction in progress	\$0	\$0
Buildings	\$51,932,392	
Less: accumulated amortization	(\$29,023,107)	\$22,919,167
Equipment	\$6,595,333	
Less: accumulated amortization	(\$2,971,590)	\$3,172,412
Vehicles	\$546,174	
Less: accumulated amortization	(\$372,602)	\$145,618
Total capital assets	\$28,669,582	\$28,200,179
TOTAL ASSETS	\$44,874,068	\$42,576,827
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities (Note 8)	\$3,202,946	\$2,634,406
Deferred revenue (Note 9)	\$1,931,246	\$1,837,669
Deferred capital allocations (Note 10)	\$231,592	\$18,746
Current portion of long term debt	\$677,392	\$669,487
Total current liabilities	\$6,043,176	\$5,160,308
School generated liabilities	\$1,368,007	\$1,196,574
Trust liabilities (Note 11)	\$1,815,719	\$1,838,736
Employee future benefit liabilities	\$0	\$0
Long term debt (Note 12)		
Supported: Debentures and other supported debt	\$1,080,823	\$1,555,512
Less: Current portion	(\$474,689)	(\$474,689)
Unsupported: Debentures and capital loans	\$0	\$0
Capital leases	\$633,121	\$827,920
Mortgages	\$0	
Less: Current portion	(\$202,703)	(\$194,798)
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 13)	\$21,750,954	\$21,116,676
Total long term liabilities	\$25,971,232	\$25,865,931
TOTAL LIABILITIES	\$32,014,408	\$31,026,239
NET ASSETS		
Unrestricted net assets	\$1,407,834	\$479,517
Operating reserves	\$4,088,543	\$3,941,000
Accumulated operating surplus (deficit)	\$5,496,377	\$4,420,517
Investment in capital assets	\$5,204,683	\$4,700,071
Capital reserves	\$2,158,600	\$2,430,000
Total capital funds	\$7,363,283	\$7,130,071
Total net assets	\$12,859,660	\$11,550,588
TOTAL LIABILITIES AND NET ASSETS	\$44,874,068	\$42,576,827

Note: Please input "(Restated)" in 2010 column heading where comparatives are not taken from the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2011

(in dollars)

	Actual 2011	Budget 2011 Note 19	Actual 2010 Restated
REVENUES			
Government of Alberta	\$65,458,962	\$64,409,900	\$61,159,091
Federal Government and First Nations	\$0	\$0	\$0
Other Alberta school authorities	\$0	\$0	\$1,194
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$612,075	\$624,500	\$652,152
Transportation fees	\$0	\$0	\$0
Other sales and services	\$1,424,985	\$1,212,100	\$1,441,613
Investment income	\$130,695	\$39,800	\$49,088
Gifts and donations	\$126,026	\$0	\$162,007
Rental of facilities	\$146,091	\$112,200	\$62,137
Gross school generated funds	\$3,077,739	\$1,500,000	\$2,996,807
Gains on disposal of capital assets	\$0	\$0	\$1,904
Amortization of capital allocations	\$1,031,462	\$1,025,200	\$961,494
Other revenue	\$0	\$0	\$0
Total Revenues	\$72,008,035	\$68,923,700	\$67,487,487
EXPENSES			
Certificated salaries (Note 22)	\$35,321,173	\$35,459,900	\$33,963,429
Certificated benefits (Note 22)	\$5,145,689	\$5,683,600	\$4,975,103
Non-certificated salaries and wages (Note 22)	\$10,194,303	\$10,454,700	\$9,707,741
Non-certificated benefits (Note 22)	\$2,606,556	\$2,528,600	\$2,411,284
Services, contracts and supplies	\$12,350,471	\$11,291,600	\$11,224,404
Gross school generated funds	\$3,077,739	\$1,500,000	\$2,996,807
Capital and debt services			
Amortization of capital assets			
Supported	\$1,031,462	\$1,025,200	\$961,494
Unsupported	\$786,721	\$800,000	\$725,607
Total Amortization of capital assets	\$1,818,183	\$1,825,200	\$1,687,101
Interest on capital debt			
Supported	\$133,067	\$146,500	\$195,493
Unsupported	\$25,692	\$33,600	\$37,693
Total Interest on capital debt	\$158,759	\$180,100	\$233,186
Other interest and charges	\$3,333	\$0	\$0
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
Total Expenses	\$70,676,206	\$68,923,700	\$67,199,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$1,331,829	\$0	\$288,432
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$1,331,829	\$0	\$288,432

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education. Budget 2011 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS

for the Year Ended August 31, 2011

(in dollars)

	2011	2010
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	\$1,331,829	\$288,432
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$1,031,462)	(\$961,494)
Total amortization expense	\$1,818,183	\$1,687,101
Gains on disposal of capital assets	\$0	(\$1,904)
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	(\$2,598,888)	\$814,734
Prepays and other current assets	\$114,445	(\$103,428)
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Accounts payable and accrued liabilities	\$568,540	(\$192,073)
Deferred revenue	\$93,577	\$347,185
Employee future benefit liabilities	\$0	\$0
Other (describe) Capital Allocation Adjustment	(\$5,714)	\$0
Total cash flows from Operations	\$290,510	\$1,878,553
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	\$0	\$0
Buildings	(\$970,090)	(\$940,994)
Equipment	(\$1,250,441)	(\$912,407)
Vehicles	(\$67,055)	(\$42,153)
Net proceeds from disposal of capital assets	\$0	\$1,904
Other (describe)	\$0	\$0
Total cash flows from Investing activities	(\$2,287,586)	(\$1,893,650)
C. FINANCING ACTIVITIES		
Capital allocations	\$1,409,611	\$1,049,866
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$669,488)	(\$699,430)
Add back: supported portion	\$474,689	\$512,229
Other (describe) Education Foundation transfer	(\$22,757)	\$0
Total cash flows from financing activities	\$1,192,055	\$862,665
Net cash flows from during the year	(\$805,021)	\$847,568
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$9,786,808	\$8,939,240
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	\$8,981,787	\$9,786,808

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2011**

School Jurisdiction Code: 3050

(in dollars)

	(1)	(2)	(3)	(4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15)											
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS											
				TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services	
				Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2010	\$11,550,588	\$4,700,071	\$479,517	\$3,941,000	\$2,430,000	\$1,944,600	\$1,569,400	\$49,900	\$346,600	\$1,867,500	\$481,700	\$40,300	\$0	\$38,700	\$32,300
Prior period adjustments (describe)															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2010	\$11,550,588	\$4,700,071	\$479,517	\$3,941,000	\$2,430,000	\$1,944,600	\$1,569,400	\$49,900	\$346,600	\$1,867,500	\$481,700	\$40,300	\$0	\$38,700	\$32,300
Excess (deficiency) of revenues over expenses	\$1,331,829		\$1,331,829												
Board funded capital additions		\$1,128,868	(\$1,128,868)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0		\$0
Direct credits to net assets	\$0	(\$32,333)	\$32,333												
Amortization of capital assets		(\$1,818,183)	\$1,818,183												
Amortization of capital allocations		\$1,031,462	(\$1,031,462)												
Debt principal repayments (unsupported)		\$194,798	(\$194,798)												
Net transfers to operating reserves			(\$318,100)	\$318,100		\$150,700		\$155,100		\$0		\$6,200		\$6,100	
Net transfers from operating reserves			\$147,800	(\$147,800)		\$0		\$0		(\$147,800)		\$0		\$0	
Net transfers to capital reserves			(\$599,600)		\$599,600		\$444,300		\$97,500		\$49,000		\$0		\$8,800
Net transfers from capital reserves			\$871,000		(\$871,000)		(\$678,000)		(\$193,000)		\$0		\$0		\$0
Assumption/transfer of other operations' net assets	(\$22,757)	\$0	\$0	(\$22,757)	\$0	(\$22,757)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2011	\$12,859,660	\$5,204,683	\$1,407,834	\$4,088,543	\$2,158,600	\$2,072,543	\$1,335,700	\$205,000	\$251,100	\$1,719,700	\$530,700	\$46,500	\$0	\$44,800	\$41,100

**STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)**

for the Year Ended August 31, 2011

(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2010	\$18,746	\$21,116,676
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2010	\$18,746	\$21,116,676
Add:		
Restricted capital allocations from:		
Alberta Education school building and modular projects	\$1,405,654	
Other Government of Alberta		
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$3,957	
Other capital grants and donations	\$0	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
P3, other ASAP and Alberta Infrastructure managed projects		\$0
Transferred in capital assets (amortizable, @ net book value)		\$0
Current year supported debenture principal repayment		\$474,689
Expended capital allocations - current year	(\$1,158,717)	\$1,158,717
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$38,048	(\$32,334)
Capital allocations amortized to revenue		\$1,031,462
Balance at August 31, 2011	\$231,592	\$21,750,954

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

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

1. AUTHORITY AND PURPOSE

Medicine Hat School District No. 76 ("the District") delivers education programs under the authority of the School Act, Revised Statutes of Alberta 2000, Chapter S-3.

The District receives instruction and support allocations under Regulation 77/2003. The regulation allows for the setting of conditions and use of grant monies. The District is limited on certain funding allocations and administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

i. PREPAID EXPENSES

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

ii. INVENTORY

Inventories are valued at the lower of cost (cost determined on an average basis) and net realizable value.

iii. CAPITAL ASSETS

Capital assets are recorded at cost. No amortization is recorded in the year of acquisition. Donated assets are recorded at fair market value at the time of the donation. Amortization of the cost is calculated over estimated useful lives on a straight-line basis over the assets' useful lives, at the following rates:

Buildings	25 - 40 years
Equipment	5 - 10 years
Vehicles	5 years

Only capital assets with costs in excess of \$5,000 are capitalized. Any capital allocations received for asset additions are amortized into revenue over the same period as the amortization expense.

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv. VACATION PAY

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

v. SCHOOL GENERATED FUNDS

These are funds raised in the community, which come under the control and responsibility of the school principal and are for school activities. These funds are usually collected, retained and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.)

vi. TRUST ASSETS

Trust assets include scholarship funds and endowment funds which are recorded at fair market value where the asset cost is updated to reflect the fair market value at year end. Investment income includes dividend and interest income and realized gains and losses. Unrealized gains and losses on available for sale financial assets are included in trust liabilities.

vii. REVENUE RECOGNITION

Revenue is recognized as follows:

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.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with.

Externally restricted capital allocations from the province or other agencies are recorded as deferred capital allocations until the amount is invested in capital assets. Amounts invested representing funded capital assets are then transferred to unamortized capital allocations. Unamortized capital allocations are recognized as amortization of capital allocations revenue in the periods which the related amortization expense of the funded capital asset is recorded.

viii. CONTRIBUTED SERVICES

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

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ix. PENSIONS

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

The current service and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the District does not make pension contributions for certified staff.

The school board participates in the multi-employer pension plan, Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$500,705 for the year ended August 31, 2011 (2010 - \$449,283). At December 31, 2010, the Local Authorities Pension Plan reported an actuarial deficiency of \$4,635,250,000 (2009 - \$3,998,614,000).

The District participates in the Alberta School Boards Association Supplemental Integrated Pension Plan (SIPP) for Senior Management. The expenses for this pension plan are equivalent to the annual contributions of \$25,330 for the year ended August 31, 2011 (2010 - \$24,778).

x. FINANCIAL INSTRUMENTS

The District classifies its financial instruments into one of the following categories: held for trading (assets and liabilities), assets available for sale, loans and receivables, assets held to maturity and other financial liabilities. Held for trading financial assets and financial liabilities are acquired for resale prior to maturity or are financial assets and liabilities, designed as such by the District. Held to maturity assets are non-derivative financial assets with a fixed maturity, which the District intends to hold to maturity. Available for sale financial assets are those non-derivative financial assets, which are so designated by the District or that do not fall into another category. All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for held for trading items in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets and liabilities held for trading are subsequently measured at fair value with changes in fair value recognized in net income. Financial assets available for sale are subsequently measured at fair value with changes in fair value recognized in changes in net assets.

Assets held to maturity, loans and receivables and other financial liabilities are subsequently amortized using the effective interest rate method.

The District has classified its cash and cash equivalents as held for trading, which are measured at fair value. Accounts receivable are classified as loans and receivables and after initial fair value measurement; they are measured at amortized cost. Accounts payable and other liabilities, and long-term debt are classified as other financial liabilities.

As permitted for not-for-profit organizations, the District has elected to not apply the standards on derivatives embedded in non-financial contracts, and elected to continue to follow CICA 3861: Disclosure and Presentation.

**MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The jurisdiction has invested surplus funds in accordance with Section 60 of the School Act.

xi. OPERATING AND CAPITAL RESERVES

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

xii. CAPITAL DISCLOSURES

The District defines its capital as the amounts included in deferred capital allocations, trusts (endowments) and unrestricted net assets. A significant portion of the District's capital is externally restricted. The District's unrestricted capital is funded primarily by Alberta Education. The District has investment policies, spending policies and cash management procedures to ensure it can meet its capital obligations.

3. FINANCIAL RISK MANAGEMENT

The District's activities expose it to a variety of financial risks. The District's overall business strategies, tolerance of risk and general risk management philosophy are determined by directors in accordance with prevailing economic and operating conditions.

The financial instruments of the company consist of cash and temporary investments, accounts receivable, trust assets, accounts payable and accrued liabilities, trust liabilities and long term debt. The business risks associated with financial instruments are categorized as price, credit, liquidity and cash flow risks. It is management's opinion that the District is not exposed to significant price (comprised of currency, interest rate, and market risk), credit, and liquidity or cash flow risks arising from these financial instruments.

4. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments consist of cash on hand.

5. ACCOUNTS RECEIVABLE

	2011	2010
Alberta Education	\$2,604,441	\$355,910
Alberta Finance	28,327	41,714
Other Alberta School Jurisdictions	-	-
Post Secondary Institutions	36,250	-
Other	650,075	322,581
Total	3,319,093	720,205

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

6. OTHER CURRENT ASSETS

	2011	2010
Inventories	\$419,070	\$490,149
Alberta Capital Finance Authority Share	20	20
Total	\$419,090	\$490,169

7. CAPITAL ASSETS

	Land	Buildings	Equipment - Computer Hardware & Software	Equipments	Vehicles	Total Aug. 31, 2011	Total Aug. 31, 2010
Estimated Useful Life		25-40 Years	5 Years	5-10 Years	5 Years		
Historical cost							
September 1, 2010	\$1,962,982	\$50,962,302	\$4,299,989	\$1,044,903	\$519,638	58,789,814	\$56,894,260
Additions	-	970,090	1,133,322	117,118	67,055	2,287,585	1,895,554
Transfers in (out)	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	(40,519)	(40,519)	-
August 31, 2011	\$1,962,982	\$51,932,392	\$5,433,311	\$1,162,021	\$546,174	\$61,036,880	\$58,789,814
Accumulated amortization							
September 1, 2010	-	\$28,043,135	\$1,615,863	\$556,617	\$374,020	30,589,635	\$28,902,534
Amortization expense	-	979,972	717,822	81,287	39,101	1,818,182	1,687,101
Transfers in (out)	-	-	-	-	-	-	-
Effect of disposals	-	-	-	-	(40,519)	(40,519)	-
August 31, 2011	-	\$29,023,107	\$2,333,685	\$637,904	\$372,602	\$32,367,298	\$30,589,635
Net Book Value at August 31, 2011	\$1,962,982	\$22,909,285	\$3,099,626	\$524,117	\$173,572	\$28,669,582	\$28,200,179

Included in capital assets are assets under capital leases as follows:

	2011	2010
Computer Equipment		
Cost	\$929,844	\$929,844
Accumulated Amortization	(371,938)	(185,969)
Net Book Value	\$557,906	\$743,875

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011	2010
Alberta Education	\$430,072	-
Alberta Finance	28,327	41,714
Other Trade Payables and Accrued Liabilities	2,744,547	2,592,692
Total	\$3,202,946	\$2,634,406

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

9. DEFERRED REVENUE

Source and Grant or Fund Type	Deferred Revenue as at August 31, 2010	ADD: Restricted Funds Received/ Receivable	DEDUCT: Restricted Funds Expended (Paid/Payable)	DEFERRED REVENUE as at August 31, 2011
Alberta Education Restricted Operational Funding				
Alberta Initiative for School Improvement	\$ 206,393	\$ 890,278	\$ (841,634)	\$ 255,037
Infrastructure Maintenance Renewal	1,276,452	1,323,921	(1,141,131)	1,459,242
Other Alberta Education Deferred Revenue	62,940	50,000	(69,640)	43,300
Other Government of Alberta Restricted Funding				
CTS Grant	54,532	157,983	(125,672)	86,843
School Technology Leadership Grant	158,965	1,098	(140,566)	19,497
Other Government of Alberta Deferred Revenue		3,000	(1,060)	1,940
Other Deferred Revenue				
International Student Tuition	40,010	19,961	(40,010)	19,961
Alberta Healthy Schools Grant	-	50,000	(50,000)	-
Alberta Summer Games Donation for CHHS Track	37,393	8,630	(7,437)	38,586
Other Deferred Revenue	984	6,391	(535)	6,840
Total	\$ 1,837,669	\$ 2,511,262	\$ (2,417,685)	\$ 1,931,246

10. DEFERRED CAPITAL ALLOCATIONS

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

11. TRUST ASSETS AND LIABILITIES

These balances represent cash, investments and other assets that are held by the jurisdiction for the disbursements of scholarships.

	2011 FMV	2011 Cost	2010 FMV	2010 Cost
Cash	232,760	232,760	\$385,164	\$385,163
Interest Receivable	228	228	179	179
Stocks	1,159,089	1,086,353	890,480	824,581
Bonds	420,142	377,381	559,413	517,766
Mineral Rights	3,500	3,500	3,500	3,500
Total	\$1,815,719	\$1,700,222	\$1,838,736	\$1,731,189

The bonds held bear interest between 4% and 5.2%, with maturity dates ranging from March 2014 to June 2018.

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

12. LONG TERM DEBT

i. Debenture Debt – Supported

The debenture debt bears interest at rates varying between 7.375% and 10.25%, due May 2012 to March 2015. Security is represented by school buildings held by the District. The debenture debt is fully supported by Alberta Finance. Debenture payments due over the next five years and beyond are:

	Principal	Interest	Total
2011-2012	474,689	101,395	576,084
2012-2013	354,939	56,337	411,276
2013-2014	225,779	23,552	249,331
2014 to maturity	25,416	2,351	27,767
Total	\$1,080,823	\$183,635	\$1,264,458

ii. Capital Leases

The capital leases bear interest at 4.058%, with a due date of September 2013. Security is represented by the leased equipment. The lease payments due over the next five years and beyond are:

	Principal	Interest	Total
2011-2012	202,703	25,692	228,395
2012-2013	210,929	17,466	228,395
2013-2014	219,489	8,905	228,395
2014 to maturity	-	-	-
Total	\$633,121	\$52,063	\$913,580

13. UNAMORTIZED CAPITAL ALLOCATIONS

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

14. SUPPLEMENTAL CASH FLOW INFORMATION

	2011	2010
Interest Paid	\$180,050	\$244,644

**MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

15. RELATED PARTY TRANSACTIONS

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

The following transactions are recorded at the exchange amount which represents the amount of consideration paid or received as established and agreed to by related parties:

i. ALBERTA GOVERNMENT DEPARTMENTS

	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
2010/2011				
Government of Alberta (GOA): Education	\$2,582,423	\$2,312,780	\$64,406,927	-
Education (Deferred Capital Allocations)	N/A	231,593	N/A	N/A
Infrastructure	-	-	-	-
Finance and Enterprise	28,327	28,327	133,066	133,066
Health and Wellness	281,803	28,636	537,978	516,847
Employment and Immigration	-	-	-	-
Other GOA departments	24,136	1,940	350,565	923,304
Other:				
Health authorities	-	-	-	-
Post-secondary institutions	36,250	14,730	405,833	68,734
Other Alberta school jurisdictions	-	-	113,968	55,665
Other related parties	-	-	-	-
TOTAL 2010/2011	\$2,952,939	\$2,618,006	\$65,948,337	\$1,697,616
TOTAL 2009/2010	\$420,860	\$1,767,223	\$62,455,724	\$628,047

ii. MEDICINE HAT PUBLIC SCHOOLS' EDUCATION FOUNDATION

The District provides certain administrative services and occupancy at no cost to the Medicine Hat Public Schools' Education Foundation.

16. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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

**MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

17. CONTINGENCIES

- i. The District is a member of an Urban School Insurance Consortium. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenses in the financial statements as the value of equity is subject to liability claims. As at August 31, 2011 the District's equity portion is \$203,933 (2010 – \$183,127)
- ii. The District, in conduct of its normal activities, is a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the District's administration that adequate provision for these proceedings has been made in the District accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the District; however, should any additional losses result from the resolutions of these proceedings, such amounts would be expensed as the related amounts become known to the District.
- iii. The District is contingently liable for corporate credit cards issued with a combined authorized credit limit of \$696,110 (2010 - \$566,850).

18. COMMITMENTS

The District has outstanding commitments at August 31, 2011 for construction and service contracts as follows:

2012	\$3,703,480
2013	1,945,420
2014	1,917,165

19. BUDGET AMOUNTS

The budget was prepared by the District and approved by the Board of Trustees on November 16, 2010. It is presented for information purposes only and has not been audited.

20. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2010/11 presentation.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Trustees.

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

22. REMUNERATION AND MONETARY INCENTIVES

The District had paid or accrued expenses for the year ended August 31, 2011 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits		Performance Bonuses	Negotiated Allowances	Expenses
				ERIP's / Other			
Chair:							
Terry Riley	1.0	\$ 24,750	\$ 1,653	\$ -	\$ -	\$ -	\$ 10,570
Other members:							
Greg Bender	1.0	19,313	2,143	-	-	-	4,990
Deborah Forbes	1.0	15,900	2,029	-	-	-	1,913
Rick Massini	1.0	18,523	2,144	-	-	-	10,005
Roy Wilson	1.0	26,127	5	-	-	-	6,087
Subtotal	5.0	\$ 104,613	\$ 7,974	\$ -	\$ -	\$ -	\$ 33,565
Superintendent:							
Grant Henderson	1.0	173,775	28,090	-	-	6,000	13,886
Secretary Treasurer:							
Jerry Labossiere	1.0	157,550	38,729	-	-	3,300	6,470
Certificated Teachers	392.7	35,147,398	5,044,452	73,147	-	19,657	71,361
Non-certificated - Other	276.9	9,932,140	2,559,853	-	-	14,611	\$ 23,127
TOTALS	676.6	\$ 45,515,476	\$ 7,679,098	\$ 73,147	\$ -	\$ 43,568	\$ 148,409
Total Certificated Salaries:		35,321,173					
Total non-certificated Salaries:		10,194,303					
Total Certificated Benefits:				5,145,689			
Total non-certificated Benefits:				2,606,556			
Total Remuneration and Monetary Incentives:		\$45,515,476		\$7,752,245			

UNAUDITED SCHEDULES
 TO THE
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2011
 [School Act, Section 276]

Medicine Hat School District No.76

Legal Name of School Jurisdiction

601 1st Ave SW, Medicine Hat, AB, T1A 4Y7

Mailing Address

(403)528-6744 & (403)528-6571

Telephone and Fax Numbers

Declaration of Secretary-Treasurer / Chief Financial Officer

To the best of my knowledge and belief, these unaudited schedules have been prepared following Alberta Education's reporting requirements for Alberta school jurisdictions. These schedules were submitted to the board for information purposes.

SECRETARY TREASURER OR TREASURER

Jerry Labossiere

Name

Original Copy Signed

Signature

15-Nov-11

Dated

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
 8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
 EMAIL: Cindy.Wang@gov.ab.ca
 PHONE: (780) 644-5672 FAX: (780) 422-6996

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SCHEDULE A

School Jurisdiction Code: 3050

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2010/2011

REVENUES	ECS Instruction	Grades 1-12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Administration	External Services	TOTAL
(1) Alberta Education	7,098,479.00	46,211,538	6,426,845	2,091,565	2,578,500	-	\$64,406,927
(2) Other - Government of Alberta	-	-	133,066	-	36,800	882,169	\$1,052,035
(3) Federal Government and First Nations	-	-	-	-	-	-	\$0
(4) Other Alberta school authorities	-	-	-	-	-	-	\$0
(5) Out of province authorities	-	-	-	-	-	-	\$0
(6) Alberta Municipalities-special tax levies	-	-	-	-	-	-	\$0
(7) Instruction resource fees	37,681.00	574,394					\$612,075
(8) Transportation fees-ECS				-			\$0
(9) Transportation fees-Grades 1-12				-			\$0
(10) Other sales and services	8,316.00	165,304	22,137	-	172,023	1,057,205	\$1,424,985
(11) Investment income	7,386.00	73,862	12,589	2,904	33,954	-	\$130,695
(12) Gifts and donations	2,168.00	24,892	-	-	23,417	75,549	\$126,026
(13) Rental of facilities	-	-	110,507	-	35,584	-	\$146,091
(14) Gross school generated funds	279,794.00	2,797,945	-	-	-	-	\$3,077,739
(15) Gains on disposal of capital assets	-	-	-	-	-	-	\$0
(16) Amortization of capital allocations	-	106,910	924,552	-			\$1,031,462
(17) Other revenue	-	-	-	-	-	-	\$0
(18) TOTAL REVENUES	\$7,433,824	\$49,954,845	\$7,629,696	\$2,094,469	\$2,880,278	\$2,014,923	\$72,008,035
EXPENSES							
(19) Certificated salaries	2,626,102	32,069,664			414,684	210,723	\$35,321,173
(20) Certificated benefits	411,378	4,637,848			55,433	41,030	\$5,145,689
(21) Non-certificated salaries and wages	1,569,740	4,055,072	2,743,185	52,059	780,281	993,966	\$10,194,303
(22) Non-certificated benefits	419,937	1,222,332	739,075	14,946	92,246	118,020	\$2,606,556
(23) SUB - TOTAL	\$5,027,157	\$41,984,916	\$3,482,260	\$67,005	\$1,342,644	\$1,363,739	\$53,267,721
(24) Services, contracts and supplies	2,073,115	3,261,197	3,850,349.00	1,833,445.00	689,722.00	642,643.00	\$12,350,471
(25) Gross school generated funds	279,794	2,797,945					\$3,077,739
(26) Amortization of capital assets	57,181	678,725	1,024,452	-	49,020	8,805	\$1,818,183
(27) Interest and charges	2,336	23,357	133,066	-	3,333	-	\$162,092
(28) Losses on disposal of capital assets		-	-	-	-	-	\$0
(29) Other expense	-	-	-	-	-	-	\$0
(30) TOTAL EXPENSES	\$7,439,583	\$48,746,140	\$8,490,127	\$1,900,450	\$2,084,719	\$2,015,187	\$70,676,206
(31) EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$5,759)	\$1,208,705	(\$860,431)	\$194,019	\$795,559	(\$264)	\$1,331,829

**SCHEDULE B
SCHOOL GENERATED FUNDS (SGF) - 2010/2011**

Unexpended SGF - Opening Balance August 31, 2010 (Note 1)			\$1,196,574
Sources of School Generated Funds:	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$651,027	\$253,302	\$397,725
Student fees (non-instructional) (note 1)	\$1,984,044	\$1,075,065	\$908,979
Donations and grants to schools	\$252,523	\$68,441	\$184,082
Other (describe):	\$361,579	\$480,233	(\$118,654)
Net Additions to SGF	\$3,249,173	\$1,877,041	\$1,372,132
Net SGF Available			\$2,568,706
Uses of Net School Generated Funds:			
Extra-curricular activities			\$555,148
Field trips			\$357,338
Other (describe):			\$288,213
Total Uses of Net SGF (Note 2)			\$1,200,699
Unexpended SGF - Closing Balance August 31, 2011 (Note 3)			\$1,368,007
<p>School Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include any other funds collected at the school but remitted to central office and accounted for by central office (facility rentals, capital assets purchases, etc.)</p> <p>Notes:</p> <ol style="list-style-type: none"> Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees related to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Fees charged for CEU-related activities are recorded as instruction resource fees, not SGF. The sum of "total related expenses" and "total uses of net SGF" is reported as "gross school generated funds" in the Statement of Revenues & Expenses. Unexpended SGF is reported as SGF assets and SGF liabilities in the Statement of Financial Position. 			

**SCHEDULE C
OPERATIONS AND MAINTENANCE OF SCHOOLS & MAINTENANCE SHOPS PROGRAM EXPENSE DETAILS - 2010/2011**

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR & Modular Unit Relocations	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$1,882,474	697,214.00	\$0	\$0	\$163,497		\$2,743,185		\$2,743,185
Uncertificated benefits	\$497,563	163,117.00	\$0	\$0	\$78,395		\$739,075		\$739,075
Sub-total Remuneration	\$2,380,037	\$860,331	\$0	\$0	\$241,892		\$3,482,260		\$3,482,260
Supplies and services	\$159,252	1,019,944.00	\$32,788	\$1,141,131	\$69,240		\$2,422,355		\$2,422,355
Electricity			\$645,892				\$645,892		\$645,892
Natural gas/heating fuel			\$354,934				\$354,934		\$354,934
Sewer and water			\$226,210				\$226,210		\$226,210
Telecommunications			\$0				\$0		\$0
Insurance					\$200,957		\$200,957		\$200,957
Amortization of capital assets									
Supported								924,552.00	\$924,552
Unsupported				\$0		\$99,901	\$99,901		\$99,901
Total Amortization				\$0		\$99,901	\$99,901	\$924,552	\$1,024,453
Interest on capital debt									
Supported								\$133,066	\$133,066
Unsupported				\$0		\$0	\$0		\$0
Other interest charges						\$0	\$0		\$0
Losses on disposal of capital assets						\$0	\$0		\$0
TOTAL EXPENSES	\$2,539,289	\$1,880,275	\$1,259,824	\$1,141,131	\$512,089	\$99,901	\$7,432,509	\$1,057,618	\$8,490,127
SQUARE METRES									
School buildings									87,230.1
Non school buildings									6,241.0

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 Relocations: All operational expenses associated with non-capitalized Infrastructure Maintenance Renewal projects (AKA IMP and BQRP) and modular unit (portable) relocations.

Facility Planning & Operations Administration: All expenses related to the administration of operations and maintenance including (but not limited to) contract administration, clerical functions, negotiations, supervision of employees & contractors, school facility planning & project administration; administration of joint-use agreements, and all expenses related to ensuring compliance with health and safety standards, codes and government regulations.

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