

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Medicine Hat School District No.76

Legal Name of School Jurisdiction

601-1 Ave SW, Medicine Hat, AB, T1A4Y7

Mailing Address

403-528-6744 & 403-528-6571

Telephone & Fax Numbers, and Email Address

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 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

Mr. Terry Riley

Name

Signature

SUPERINTENDENT

Dr. Grant Henderson

Name

Signature

SECRETARY-TREASURER OR TREASURER

Mr. Jerry Labossiere

Name

Signature

November 25, 2014

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
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DRAFT

INDEPENDENT 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, 2014 and the statement of operations, cash flows, changes in net debt, remeasurement gains and losses, changes in accumulated surplus, schedule of capital revenue, schedule of program operations and schedule of plant operations and maintenance expenses for the year ended August 31, 2014 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 government 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 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, 2014 and the results of its operations, changes in cash flows, changes in net debt, remeasurement gains and losses, changes in accumulated surplus, schedule of capital revenue, schedule of program operations and schedule of plant operations and maintenance expenses for the year ended August 31, 2014 in accordance with Canadian accounting standards for government not-for-profit organizations.

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA

NOVEMBER 25, 2014

STATEMENT OF FINANCIAL POSITION
As at August 31, 2014 (in dollars)

		2014	2013 Restated
FINANCIAL ASSETS			
Cash and cash equivalents	(Note 3)	\$ 16,630,488	\$ 13,698,777
Accounts receivable (net after allowances)	(Note 4)	\$ 1,278,057	\$ 1,499,256
Portfolio investments	(Note 5)	\$ 1,787,203	\$ 1,605,370
Other financial assets		\$ -	\$ -
Total financial assets		\$ 19,695,748	\$ 16,803,403
LIABILITIES			
Bank indebtedness		\$ -	\$ -
Accounts payable and accrued liabilities	(Note 6)	\$ 3,948,167	\$ 2,297,039
Deferred revenue	(Note 7)	\$ 45,736,984	\$ 32,775,868
Employee future benefit liabilities	(Note 8)	\$ 774,541	\$ 817,134
Other liabilities		\$ -	\$ -
Debt	(Note 9)		
Supported: Debentures and other supported debt		\$ 25,417	\$ 251,195
Unsupported: Debentures and capital loans		\$ -	\$ -
Capital leases		\$ 616,001	\$ 219,489
Mortgages		\$ -	\$ -
Total liabilities		\$ 51,101,110	\$ 36,360,725
Net financial assets (debt)		\$ (31,405,362)	\$ (19,557,322)
NON-FINANCIAL ASSETS			
Tangible capital assets	(Note 10)		
Land		\$ 1,933,849	\$ 1,933,849
Construction in progress		\$ 506,951	\$ 10,151,792
Buildings	\$ 75,890,296		
Less: Accumulated amortization	\$ (32,067,512)	\$ 43,822,784	\$ 21,499,187
Equipment	\$ 2,387,177		
Less: Accumulated amortization	\$ (868,494)	\$ 1,518,683	\$ 523,666
Vehicles	\$ 612,491		
Less: Accumulated amortization	\$ (479,500)	\$ 132,991	\$ 175,418
Computer Equipment	\$ 7,149,106		
Less: Accumulated amortization	\$ (4,327,934)	\$ 2,821,172	\$ 2,623,779
Total tangible capital assets		\$ 50,736,430	\$ 36,907,691
Prepaid expenses		\$ 306,270	\$ 343,754
Other non-financial assets	(Note 11)	\$ 20	\$ 20
Total non-financial assets		\$ 51,042,720	\$ 37,251,465
Accumulated surplus	(Note 12)	\$ 19,637,358	\$ 17,694,143
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 19,473,986	\$ 17,685,813
Accumulated remeasurement gains (losses)		\$ 163,372	\$ 8,330
		\$ 19,637,358	\$ 17,694,143
Contractual obligations	(Note 14)		
Contingent liabilities	(Note 15)		

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

STATEMENT OF OPERATIONS
For the Year Ended August 31, 2014 (in dollars)

	Budget 2014	Actual 2014	Actual 2013 Restated
REVENUES			
Alberta Education	\$ 73,879,500	\$ 74,655,853	\$ 75,048,010
Other - Government of Alberta	\$ 781,400	\$ 1,080,452	\$ 782,506
Federal Government and First Nations	\$ -	\$ -	\$ -
Other Alberta school authorities	\$ 185,000	\$ 144,048	\$ 160,950
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Note 16)	\$ 1,741,500	\$ 1,733,006	\$ 1,396,061
Other sales and services	\$ 1,266,100	\$ 1,724,306	\$ 1,742,453
Investment income	\$ 137,100	\$ 196,683	\$ 119,484
Gifts and donations	\$ 303,700	\$ 310,086	\$ 290,834
Rental of facilities	\$ 61,000	\$ 55,574	\$ 142,112
Fundraising	\$ 995,400	\$ 829,935	\$ 1,128,549
Gains on disposal of capital assets	\$ -	\$ 802	\$ 443,434
Other revenue	\$ -	\$ -	\$ -
Total revenues	\$ 79,350,700	\$ 80,730,745	\$ 81,254,393
EXPENSES			
Instruction (ECS - Grade 12)	\$ 65,436,000	\$ 64,568,869	\$ 65,251,307
Plant operations and maintenance	\$ 7,687,200	\$ 7,991,741	\$ 8,388,983
Transportation	\$ 2,170,300	\$ 2,103,839	\$ 2,072,404
Board & system administration	\$ 2,517,800	\$ 2,259,567	\$ 2,189,407
External services	\$ 1,784,600	\$ 2,039,486	\$ 1,927,968
Total expenses	\$ 79,595,900	\$ 78,963,502	\$ 79,830,069
Operating surplus (deficit)	\$ (245,200)	\$ 1,767,243	\$ 1,424,324

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

School Jurisdiction Code: 3050		
STATEMENT OF CASH FLOWS For the Year Ended August 31, 2014 (in dollars)		
	2014	2013 Restated
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 1,767,243	\$ 1,424,324
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 2,162,241	\$ 2,071,004
Gains on disposal of tangible capital assets	\$ (802)	\$ (443,434)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (1,136,278)	\$ (1,101,366)
Deferred capital revenue write-off	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ 221,199	\$ 29,513
Prepays	\$ 37,484	\$ (48,944)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ -	\$ 377,505
Accounts payable and accrued liabilities	\$ 1,651,128	\$ (282,784)
Deferred revenue (excluding EDCR)	\$ 2,814,661	\$ (317,434)
Employee future benefit liabilities	\$ (42,593)	\$ (93,941)
Other (describe)	\$ -	\$ -
Total cash flows from operating transactions	\$ 7,474,283	\$ 1,614,443
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (2,442,034)	\$ (151,518)
Equipment	\$ (1,088,555)	\$ (59,674)
Vehicles	\$ -	\$ (44,748)
Computer equipment	\$ (1,177,658)	\$ (779,029)
Net proceeds from disposal of unsupported capital assets	\$ 802	\$ 472,567
Other (describe)	\$ -	\$ -
Total cash flows from capital transactions	\$ (4,707,445)	\$ (562,402)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ (26,791)	\$ 9,080
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement gains (losses) reclassified to the statement of operations	\$ -	\$ -
Other (describe) Change in Endowment (Net Asset) balance	\$ 20,930	\$ (3,127)
Total cash flows from investing transactions	\$ (5,861)	\$ 5,953
D. FINANCING TRANSACTIONS		
Issue of debt	\$ 643,107	\$ -
Repayment of debt	\$ (472,373)	\$ (565,868)
Other (describe)		\$ -
Total cash flows from financing transactions	\$ 170,734	\$ (565,868)
Increase (decrease) in cash and cash equivalents	\$ 2,931,711	\$ 492,126
Cash and cash equivalents, at beginning of year	\$ 13,698,777	\$ 13,206,651
Cash and cash equivalents, at end of year	\$ 16,630,488	\$ 13,698,777

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

STATEMENT OF CHANGE IN NET DEBT
For the Year Ended August 31, 2014

	2014	2013 Restated
Operating surplus (deficit)	\$ 1,767,243	\$ 1,424,324
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	\$ (15,990,980)	\$ (11,186,761)
Amortization of tangible capital assets	\$ 2,162,241	\$ 2,071,004
Net carrying value of tangible capital assets disposed of	\$ -	\$ 29,133
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ (13,828,739)	\$ (9,086,624)
Changes in:		
Prepaid expenses	\$ 37,484	\$ (48,944)
Other non-financial assets	\$ -	\$ 377,505
Net remeasurement gains and (losses)	\$ 155,042	\$ 8,330
Endowments	\$ 20,930	\$ (3,127)
Decrease (increase) in net debt	\$ (11,848,040)	\$ (7,328,536)
Net debt at beginning of year	\$ (19,557,322)	\$ (12,228,786)
Net debt at end of year	\$ (31,405,362)	\$ (19,557,322)

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended August 31, 2014 (in dollars)

	2014	2013
Accumulated remeasurement gains (losses) at beginning of year	\$ 8,330	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ 155,042	\$ 8,330
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ 155,042	\$ 8,330
Accumulated remeasurement gains (losses) at end of year	\$ 163,372	\$ 8,330

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

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2014 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REMEASUREMENT GAINS (LOSSES)	ACCUMULATED OPERATING SURPLUS	INVESTMENT IN TANGIBLE CAPITAL ASSETS	ENDOWMENTS	UNRESTRICTED SURPLUS	INTERNALLY RESTRICTED	
							TOTAL OPERATING RESERVES	TOTAL CAPITAL RESERVES
Balance at August 31, 2013	\$ 17,694,143	\$ 8,330	\$ 17,685,813	\$ 5,655,713	\$ 1,700,111	\$ 2,046,156	\$ 5,772,500	\$ 2,511,333
Prior period adjustments:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2013	\$ 17,694,143	\$ 8,330	\$ 17,685,813	\$ 5,655,713	\$ 1,700,111	\$ 2,046,156	\$ 5,772,500	\$ 2,511,333
Operating surplus (deficit)	\$ 1,767,243		\$ 1,767,243			\$ 1,767,243		
Board funded tangible capital asset additions				\$ 1,775,561		\$ (341,928)	\$ -	\$ (1,433,633)
Disposal of unsupported tangible capital assets	\$ -		\$ -	\$ -		\$ -		\$ -
Disposal of supported tangible capital assets (board funded portion)	\$ -		\$ -	\$ -		\$ -		\$ -
Write-down of unsupported tangible capital assets	\$ -		\$ -	\$ -		\$ -		\$ -
Write-down of supported tangible capital assets (board funded portion)	\$ -		\$ -	\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year	\$ 155,042	\$ 155,042						
Endowment expenses	\$ -		\$ -		\$ -	\$ -		
Direct credits to accumulated surplus	\$ 20,930	\$ -	\$ 20,930	\$ -	\$ 20,930	\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -			\$ (2,162,241)		\$ 2,162,241		
Capital revenue recognized	\$ -			\$ 1,136,278		\$ (1,136,278)		
Debt principal repayments (unsupported)	\$ -			\$ 246,595		\$ (246,595)		
Externally imposed endowment restrictions	\$ -				\$ -	\$ -	\$ -	
Net transfers to operating reserves	\$ -					\$ (1,868,988)	\$ 1,868,988	
Net transfers from operating reserves	\$ -					\$ 24,500	\$ (24,500)	
Net transfers to capital reserves	\$ -					\$ (839,933)		\$ 839,933
Net transfers from capital reserves	\$ -					\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2014	\$ 19,637,358	\$ 163,372	\$ 19,473,986	\$ 6,651,906	\$ 1,721,041	\$ 1,566,418	\$ 7,616,988	\$ 1,917,633

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
for the Year Ended August 31, 2014 (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
Balance at August 31, 2013	\$ 3,089,900	\$ 1,176,200	\$ 210,600	\$ 202,000	\$ 2,368,800	\$ 1,076,833	\$ 52,600	\$ -	\$ 50,600	\$ 56,300
Prior period adjustments:										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2013	\$ 3,089,900	\$ 1,176,200	\$ 210,600	\$ 202,000	\$ 2,368,800	\$ 1,076,833	\$ 52,600	\$ -	\$ 50,600	\$ 56,300
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$ -	\$ (1,127,600)	\$ -	\$ (87,600)	\$ -	\$ (218,433)	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets		\$ -		\$ -		\$ -		\$ -		\$ -
Disposal of supported tangible capital assets (board funded portion)		\$ -		\$ -		\$ -		\$ -		\$ -
Write-down of unsupported tangible capital assets		\$ -		\$ -		\$ -		\$ -		\$ -
Write-down of supported tangible capital assets (board funded portion)		\$ -		\$ -		\$ -		\$ -		\$ -
Net remeasurement gains (losses) for the year										
Endowment expenses										
Direct credits to accumulated surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets										
Capital revenue recognized										
Debt principal repayments (unsupported)										
Externally imposed endowment restrictions	\$ -		\$ -		\$ -		\$ -		\$ -	
Net transfers to operating reserves	\$ 1,863,688						\$ 5,300			
Net transfers from operating reserves	\$ -		\$ (18,900)		\$ (900)		\$ -		\$ (4,700)	
Net transfers to capital reserves		\$ 639,100		\$ 145,600		\$ 48,833		\$ -		\$ 6,400
Net transfers from capital reserves		\$ -				\$ -		\$ -		
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2014	\$ 4,953,588	\$ 687,700	\$ 191,700	\$ 260,000	\$ 2,367,900	\$ 907,233	\$ 57,900	\$ -	\$ 45,900	\$ 62,700

SCHEDULE OF CAPITAL REVENUE
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)
for the Year Ended August 31, 2014 (in dollars)

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects ^(A)	Surplus from Provincially Approved Projects ^(B)	Proceeds on Disposal of Provincially Funded Tangible Capital Assets ^(C)	Unexpended Deferred Capital Revenue from Other Sources ^(D)	
Balance at August 31, 2013	\$ 121	\$ -	\$ -	\$ -	\$ 31,032,489
Prior period adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted balance, August 31, 2013	\$ 121	\$ -	\$ -	\$ -	\$ 31,032,489
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ 1,661,713				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ -				
Other sources: <i>(Describe)</i> Donations for MHHS Capital Modernization	\$ -			\$ 6,666	
Other sources <i>(Describe)</i> :	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ 738,846				
Other sources: <i>(Describe)</i>	\$ -			\$ -	
Other sources: <i>(Describe)</i>	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ -	\$ -	\$ -	\$ -	
Other unexpended capital revenue: <i>(Describe)</i>				\$ -	
Net proceeds on disposal of supported tangible capital assets			\$ -	\$ -	
Insurance proceeds (and related interest)			\$ -	\$ -	
Donated tangible capital assets (Explain):					\$ -
Alberta Schools Alternative Program (ASAP), Building Alberta School Construction Program, (BASCP) and other Alberta Infrastructure managed projects					\$ 11,282,733
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (2,289,576)	\$ -	\$ -	\$ -	\$ 2,289,576
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments (Explain):	\$ -	\$ -	\$ -		\$ -
Deduct:					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments (Explain): Insignificant adjustment	\$ 121	\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 1,136,278
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2014	\$ 110,983	\$ -	\$ -	\$ 6,666	\$ 43,468,520
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2014 (A) + (B) + (C) + (D)				\$ 117,649	

Unexpended Deferred Capital Revenue

- (A) - Represents funding received from the Government of Alberta to be used toward the acquisition of new approved tangible capital assets with restricted uses only.
(B) - Represents any surplus of funding over costs from column (A) approved by Minister for future capital expenditures with restricted uses only.
(C) - Represents proceeds on disposal of provincially funded restricted-use capital assets to be expended on approved capital assets per 10(2)(a) of Disposition of Property Reg. 181/2010.
(D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

SCHEDULE OF PROGRAM OPERATIONS
for the Year Ended August 31, 2014 (in dollars)

REVENUES	2014						2013 Restated
	Instruction (ECS- Grade 12)	Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
(1) Alberta Education	\$ 62,307,856	\$ 7,231,350	\$ 2,282,282	\$ 2,834,365	\$ -	\$ 74,655,853	\$ 75,048,010
(2) Other - Government of Alberta	\$ -	\$ 19,457	\$ -	\$ 32,100	\$ 1,028,895	\$ 1,080,452	\$ 782,506
(3) Federal Government and First Nations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Other Alberta school authorities	\$ -	\$ -	\$ -	\$ 5,186	\$ 138,862	\$ 144,048	\$ 160,950
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ 1,733,006		\$ -		\$ -	\$ 1,733,006	\$ 1,396,061
(9) Other sales and services	\$ 443,670	\$ 30,147	\$ -	\$ 341,024	\$ 909,465	\$ 1,724,306	\$ 1,742,453
(10) Investment income	\$ 120,535	\$ 18,224	\$ 4,032	\$ 53,892	\$ -	\$ 196,683	\$ 119,484
(11) Gifts and donations	\$ 308,062	\$ -	\$ -	\$ 1,783	\$ 241	\$ 310,086	\$ 290,834
(12) Rental of facilities	\$ -	\$ 55,574	\$ -	\$ -	\$ -	\$ 55,574	\$ 142,112
(13) Fundraising	\$ 829,935	\$ -	\$ -	\$ -	\$ -	\$ 829,935	\$ 1,128,549
(14) Gains on disposal of tangible capital assets	\$ -	\$ 773	\$ -	\$ 29	\$ -	\$ 802	\$ 443,434
(15) Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(16) TOTAL REVENUES	\$ 65,743,064	\$ 7,355,525	\$ 2,286,314	\$ 3,268,379	\$ 2,077,463	\$ 80,730,745	\$ 81,254,393
EXPENSES							
(17) Certificated salaries	\$ 37,491,384			\$ 511,537	\$ 58,517	\$ 38,061,438	\$ 38,456,002
(18) Certificated benefits	\$ 9,859,623			\$ 85,450	\$ 23,281	\$ 9,968,354	\$ 9,837,218
(19) Non-certificated salaries and wages	\$ 6,586,357	\$ 2,941,625	\$ 54,047	\$ 787,950	\$ 1,166,680	\$ 11,536,659	\$ 11,206,155
(20) Non-certificated benefits	\$ 1,700,172	\$ 709,375	\$ 16,690	\$ 247,977	\$ 164,580	\$ 2,838,794	\$ 3,188,699
(21) SUB - TOTAL	\$ 55,637,536	\$ 3,651,000	\$ 70,737	\$ 1,632,914	\$ 1,413,058	\$ 62,405,245	\$ 62,688,074
(22) Services, contracts and supplies	\$ 7,940,127	\$ 3,194,827	\$ 2,033,102	\$ 570,006	\$ 620,015	\$ 14,358,077	\$ 15,011,144
(23) Amortization of supported tangible capital assets	\$ 155,463	\$ 980,815	\$ -	\$ -	\$ -	\$ 1,136,278	\$ 1,101,366
(24) Amortization of unsupported tangible capital assets	\$ 825,123	\$ 145,642	\$ -	\$ 48,785	\$ 6,413	\$ 1,025,963	\$ 969,638
(25) Supported interest on capital debt	\$ -	\$ 19,457	\$ -	\$ -	\$ -	\$ 19,457	\$ 46,551
(26) Unsupported interest on capital debt	\$ 10,620	\$ -	\$ -	\$ -	\$ -	\$ 10,620	\$ 8,907
(27) Other interest and finance charges	\$ -	\$ -	\$ -	\$ 7,862	\$ -	\$ 7,862	\$ 4,389
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) TOTAL EXPENSES	\$ 64,568,869	\$ 7,991,741	\$ 2,103,839	\$ 2,259,567	\$ 2,039,486	\$ 78,963,502	\$ 79,830,069
(31) OPERATING SURPLUS (DEFICIT)	\$ 1,174,195	\$ (636,216)	\$ 182,475	\$ 1,008,812	\$ 37,977	\$ 1,767,243	\$ 1,424,324

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES
for the Year Ended August 31, 2014 (in dollars)

EXPENSES	Custodial	Maintenance	Utilities and Telecomm.	Expensed IMR, Modular Unit Relocations & Lease Payments	Facility Planning & Operations Administration	Unsupported Amortization & Other Expenses	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	2014 TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$ 1,850,767	\$ 959,124	\$ -	\$ -	\$ 131,734		\$ 2,941,625		\$ 2,941,625
Uncertificated benefits	\$ 507,586	\$ 169,305	\$ -	\$ -	\$ 32,484		\$ 709,375		\$ 709,375
Sub-total Remuneration	\$ 2,358,353	\$ 1,128,429	\$ -	\$ -	\$ 164,218		\$ 3,651,000		\$ 3,651,000
Supplies and services	\$ 168,362	\$ 571,443	\$ 25,362	\$ 909,705	\$ -		\$ 1,674,872		\$ 1,674,872
Electricity			\$ 675,857				\$ 675,857		\$ 675,857
Natural gas/heating fuel			\$ 367,996				\$ 367,996		\$ 367,996
Sewer and water			\$ 236,615				\$ 236,615		\$ 236,615
Telecommunications			\$ -				\$ -		\$ -
Insurance					\$ 213,985		\$ 213,985		\$ 213,985
Amortization of tangible capital assets									
Supported								\$ 980,815	\$ 980,815
Unsupported						\$ 145,642	\$ 145,642		\$ 145,642
Total Amortization						\$ 145,642	\$ 145,642	\$ 980,815	\$ 1,126,457
Interest on capital debt									
Supported								\$ 19,457	\$ 19,457
Unsupported						\$ -	\$ -		\$ -
Lease payments for facilities				\$ 25,502			\$ 25,502		\$ 25,502
Other interest charges						\$ -	\$ -		\$ -
Losses on disposal of capital assets						\$ -	\$ -		\$ -
TOTAL EXPENSES	\$ 2,526,715	\$ 1,699,872	\$ 1,305,830	\$ 935,207	\$ 378,203	\$ 145,642	\$ 6,991,469	\$ 1,000,272	\$ 7,991,741

SQUARE METRES									
School buildings									90,255.0
Non school buildings									2,922.0

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.

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

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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 funding for instruction and support under Education Grants Regulation (AR 120/2008). The regulation allows for the setting of conditions and use of grant monies. The 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 CICA Canadian PSAS. 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. CASH AND CASH EQUIVALENTS

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

ii. ACCOUNTS RECEIVABLE

Accounts receivable are shown net of allowance for doubtful accounts.

iii. PORTFOLIO INVESTMENTS

The District has investments in mutual funds that have no maturity date or a maturity greater than three months. Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Statement of 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 is defined as a loss in value of a portfolio investment that is other than a temporary decline 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 Statement of Remeasurement Gains and Losses. A subsequent increase in value would be recognized on the Statement of Remeasurement Gains and Losses and realized on the Statement of Operations only when sold.

Detailed information regarding portfolio investments is disclosed in Note 5.

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv. TANGIBLE CAPITAL ASSETS

The following criteria apply:

- Tangible capital assets acquired or constructed are recorded at cost, including amounts directly related to the acquisition, design, construction, development, or betterment of the asset. Cost also includes overhead directly attributable to construction as well as interest costs that are directly attributable to the acquisition or construction of the asset.
- Donated tangible capital assets are recorded at their fair market value at the date of donation, except in circumstances where fair value cannot be reasonably determined, when they are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at original cost less accumulated amortization.
- Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.
- Sites and buildings are written down to residual value when conditions indicate they no longer contribute to the ability of the School District 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.
- Tangible capital assets with costs in excess of \$5,000 are capitalized.
- Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the Board are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, e.g., insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the District's rate for incremental borrowing or the interest rate implicit in the lease. A schedule of repayments and amount of interest on the leases is provided in Note 9.
- Tangible capital assets are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Buildings	25 – 50 years
Equipment	5 – 10 years
Vehicles	5 – 10 years
Computer Hardware & Software	3 to 10 years

v. DEFERRED REVENUE

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per *Public Sector Accounting Standard (PSAS) PS 3200*. These contributions are recognized by the District 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:

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

vi. EMPLOYEE FUTURE BENEFITS

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

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

vii. ASSET RETIREMENT OBLIGATIONS

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

viii. 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.

ix. REVENUE RECOGNITION

Revenue is recognized on an accrual basis as follows:

Instruction and support allocations are recognized in the year to which they relate.

**MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

x. 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.

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xi. 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 Government portion of the current service contribution to the Alberta Teachers Retirement Fund on behalf of the District is included in both revenues and expenses. For the school year ended August 31, 2014, the amount contributed by the Government was \$4,468,306 (2013 - \$4,137,742).

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 \$605,381 for the year ended August 31, 2014 (2013 - \$604,538). At December 31, 2013, the Local Authorities Pension Plan reported an actuarial deficiency of \$4,861,516,000 (2012 deficiency of \$4,977,303,000).

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 \$27,456 for the year ended August 31, 2014 (2013 - \$27,003).

xii. PROGRAM REPORTING

The District's operations have been segmented as follows:

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

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

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xiii. SCHOLARSHIP ENDOWMENT FUNDS

Contributions to scholarship endowment funds must be held in perpetuity in accordance with the agreement with the donor.

Reinvestment of the endowment principal represents a direct increase to accumulated surplus. The remaining income earned on endowment principal is recognized as deferred revenue or as revenue in the year to the extent that stipulations have been met.

Unrealized gains and losses associated with the endowment are recorded in the Statement of Remeasurement Gains and Losses.

xiv. TRUSTS UNDER ADMINISTRATION

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

Trusts under administration have been excluded from the financial reporting of the District. Trust balances can be found in Note 17.

xv. FINANCIAL INSTRUMENTS

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

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.

The financial instruments of the District consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, deferred revenue, employee future benefits liabilities and 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, liquidity or cash flow risks arising from these financial instruments.

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

xvi. MEASUREMENT UNCERTAINTY

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

3. CASH AND CASH EQUIVALENTS

	2014			2013
	Average Effective (Market) Yield	Cost	Amortized Cost	Amortized Cost
Cash	1.125%	\$ 15,280,930	\$ 15,280,930	\$ 12,374,707
School Generated Funds	1.125%	1,349,558	1,349,558	1,324,070
Total cash and cash equivalents		<u>\$ 16,630,488</u>	<u>\$ 16,630,488</u>	<u>\$ 13,698,777</u>

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

4. ACCOUNTS RECEIVABLE

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants	\$ 76,232	\$ -	\$ 76,232	\$ 335,697
Alberta Education - Capital	738,846	-	738,846	-
Alberta Education - Supernet	28,800	-	28,800	-
Other Alberta school jurisdictions	16,956	-	16,956	20,832
Treasury Board and Finance - Supported debenture principal	25,417	-	25,417	251,195
Treasury Board and Finance - Accrued interest on supported debentures	1,089	-	1,089	5,183
Alberta Health Services	-	-	-	14,968
Post-secondary institutions	40,800	-	40,800	39,579
Government of Alberta Ministry	-	-	-	16,881
Federal government	147,968	-	147,968	81,097
Other	201,949	-	201,949	733,824
Total	<u>\$1,278,057</u>	<u>\$ -</u>	<u>\$1,278,057</u>	<u>\$1,499,256</u>

5. PORTFOLIO INVESTMENTS

	2014				2013
	Average Effective (Market) Yield	Cost	Fair Value	Balance	Balance
Fixed income securities					
Pooled investment funds	8.12%	\$1,208,936	\$1,302,442	\$1,302,442	\$ 1,360,940
Total fixed income securities		<u>1,208,936</u>	<u>1,302,442</u>	<u>1,302,442</u>	<u>1,360,940</u>
Equities					
Canadian investment pools	8.68%	173,480	197,870	197,870	79,536
Foreign investment pools	5.00%	237,915	283,391	283,391	161,394
Total equities		<u>411,395</u>	<u>481,261</u>	<u>481,261</u>	<u>240,930</u>
Other - Mineral Rights		3,500	3,500	3,500	3,500
Total portfolio investments		<u>\$1,623,831</u>	<u>\$1,787,203</u>	<u>\$1,787,203</u>	<u>\$ 1,605,370</u>

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Alberta Education	\$ 1,057,210	\$ 17,732
Other Alberta school jurisdictions	26,805	11,065
Alberta Capital Finance Authority (Interest on long-term debt - Supported)	1,089	5,183
Alberta Health Services	6,091	12,561
Post-secondary institutions	1,711	870
Federal government	(20,680)	676,243
First Nations	-	-
Other interest on long-term debt	-	9,807
Accrued vacation pay liability	202,866	371,017
Other trade payables and accrued liabilities	2,673,075	1,192,561
Total	\$ 3,948,167	\$ 2,297,039

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

7. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2013	ADD: 2013/2014 Restricted Funds Received Receivable	DEDUCT: 2013/2014 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2013/2014 Adjustments for Returned Funds	DEFERRED REVENUE as at Aug. 31, 2014
Unexpended deferred operating revenue	Restated				
Alberta Education:					
Regional Collaborative Service Delivery	\$ -	\$ -	\$ -	\$ -	\$ -
Children and Youth with Complex Needs	-	-	-	-	-
Student Health Initiative (School Authorities)	-	-	-	-	-
Infrastructure Maintenance Renewal	1,436,484	1,093,071	(909,706)	-	1,619,849
Other Alberta Education Deferred Revenue	19,958	-	(11,878)	-	8,080
Other Government of Alberta:					
Playground Equipment Grant	-	75,000	-	-	75,000
Parents as Teachers Grant	83,506	192,203	(182,375)	-	93,334
Other Deferred Revenue:					
School Generated Funds	33,552	19,609	(33,552)	-	19,609
Fees	1,800	1,350	(1,800)	-	1,350
International Student Tuition	76,061	102,775	(76,061)	-	102,775
AB Summer Games Donation for CHHS Track	38,586	-	-	-	38,586
Cenovus Literacy Donation	-	150,000	(11,090)	-	138,910
Other: Scholarship Income	20,809	-	-	-	20,809
Other: Mitchell Donation	32,502	397	(386)	-	32,513
Total unexpended deferred operating revenue	\$1,743,258	\$ 1,634,405	\$ (1,226,848)	\$ -	\$ 2,150,815
Unexpended deferred capital revenue	121	13,689,958	(13,572,430)	-	117,649
Expended deferred capital revenue	31,032,489	13,572,309	(1,136,278)	-	43,468,520
Total	\$ 32,775,868	\$ 28,896,672	\$ (15,935,556)	\$ -	\$ 45,736,984

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

8. EMPLOYEE FUTURE BENEFIT LIABILITIES

	2014	2013
Accumulating sick pay liability (non-vested)	\$ 334,900	\$ 331,600
Personal professional development fund	439,641	485,534
Total	<u>\$ 774,541</u>	<u>\$ 817,134</u>

The District offers an early retirement incentive plan to all eligible Teachers to a maximum of \$25,000. To be eligible, teachers must have been under contract for a minimum of 10 consecutive years and have achieved a Teacher Retirement Fund Index of 85 after turning 55 years of age. If the 85 factor is reached prior to age 55, they become eligible at age 55. This is an event driven termination benefit and as such, no accrual is required.

The District's contract with the Teachers Union allows for an auto renew 90 day sick plan policy. As the sick leave automatically renews, there is no accrual as it is an event driven compensated absence that does not vest or accumulate.

Effective September 1, 2013, the contract for the Educational Assistants, Custodial and Clerical staff came into effect which has an accrual of sixty-five days.

9. LONG TERM DEBT

i. DEBENTURE DEBT – SUPPORTED

The debenture debt bears interest at 9.250% due 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
2014-2015	\$ 25,417	\$ 2,351	\$ 27,768

ii. CAPITAL LEASES

The capital leases bear interest at 6.900%, with a due date of May 2019. Security is represented by the leased equipment with a carrying value of \$643,107 (2013 - \$185,967). The lease payments due over the next five years and beyond are:

	Principal	Interest	Total
2014-2015	\$ 103,776	\$ 35,621	\$ 139,397
2015-2016	111,169	28,228	139,397
2016-2017	119,087	20,310	139,397
2017-2018	127,569	11,828	139,397
2018-2019	154,400	2,945	157,345
Total	<u>\$ 616,001</u>	<u>\$ 98,932</u>	<u>\$ 714,933</u>

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

10. TANGIBLE CAPITAL ASSETS

	2014							2013
	Land	Construction In Progress - Buildings	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total	Total
Estimated useful life			25-50 Years	5-10 Years	5-10 Years	3-10 Years		
Historical cost								
Beginning of year	\$ 1,933,849	\$10,151,792	\$52,520,688	\$ 1,298,622	\$ 632,304	\$ 6,746,360	\$73,283,615	\$62,125,987
Prior period adjustments	-	-	-	-	-	-	-	-
Additions	-	506,951	13,217,816	1,088,555	-	1,177,658	15,990,980	11,186,761
Transfers in (out)		(10,151,792)	10,151,792	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	(19,813)	(774,912)	(794,725)	(29,133)
	<u>\$ 1,933,849</u>	<u>\$ 506,951</u>	<u>\$75,890,296</u>	<u>\$ 2,387,177</u>	<u>\$ 612,491</u>	<u>\$ 7,149,106</u>	<u>\$88,479,870</u>	<u>\$73,283,615</u>
Accumulated amortization								
Beginning of year	\$ -	\$ -	\$31,021,501	\$ 774,956	\$ 456,886	\$ 4,122,581	\$36,375,924	\$34,304,920
Prior period adjustments	-	-	-	-	-	-	-	-
Amortization	-	-	1,046,011	93,538	42,427	980,265	2,162,241	2,071,004
Other additions	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	(19,813)	(774,912)	(794,725)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$32,067,512</u>	<u>\$ 868,494</u>	<u>\$ 479,500</u>	<u>\$ 4,327,934</u>	<u>\$37,743,440</u>	<u>\$36,375,924</u>
Net Book Value at End of Year	<u>\$ 1,933,849</u>	<u>\$ 506,951</u>	<u>\$43,822,784</u>	<u>\$ 1,518,683</u>	<u>\$ 132,991</u>	<u>\$ 2,821,172</u>	<u>\$50,736,430</u>	<u>\$36,907,691</u>

The cost of computer equipment under capital lease is \$643,107 (2013: \$929,844) with total amortization of \$0 (2013: \$743,877)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

11. OTHER NON-FINANCIAL ASSETS

	2014	2013
Alberta Capital Finance Authority Share	\$ 20	\$ 20

12. ACCUMULATED SURPLUS

Detailed information related to accumulated surplus is available on the Schedule of Changes in Accumulated Surplus.

	2014	2013 Restated
Unrestricted surplus	\$ 1,566,418	\$ 2,046,156
Operating reserves	7,616,988	5,772,500
Accumulated surplus (deficit) from operations	9,183,406	7,818,656
Investment in tangible capital assets	6,651,906	5,655,713
Capital reserves	1,917,633	2,511,333
Endow ments ⁽¹⁾	1,721,041	1,700,111
Accumulated remeasurement gains (losses)	163,372	8,330
Accumulated surplus (deficit)	\$ 19,637,358	\$ 17,694,143

The District 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 (deficit) may be adjusted as follows:

	2014	2013
Accumulated surplus (deficit) from operations	\$ 9,183,406	\$ 7,818,656
Deduct:		
School generated funds included in accumulated surplus (Note 18)	1,329,949	1,290,518
School Decentralized Budget Surplus	489,600	328,100
Medicine Hat High School modernization committed funds	1,007,000	656,900
Employee future benefits	(334,900)	(331,600)
Fundraising account surplus	493,739	464,039
Adjusted accumulated surplus (deficit) from operations ⁽²⁾	\$ 6,198,018	\$ 5,410,699

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⁽¹⁾ Terms of the endowments stipulate that the principal balance be maintained permanently. Investment income of \$20,809 (2013 - \$20,809) is externally restricted for scholarships and is included in deferred revenue.

⁽²⁾ Adjusted accumulated surplus represents unspent funding available to support the District's operations for the 2013-2014 year.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	2014	2013
Interest Paid	43,078	73,803

14. CONTRACTUAL OBLIGATIONS

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

	Building Projects	Building Leases (1)	Service Providers (2)	Total
2014-15	\$ 2,015,779	\$ 52,955	\$ 3,735,380	\$ 5,804,114
2015-16	1,123,928	25,872	3,381,752	4,531,552
2016-17	-	-	1,875,048	1,875,048
2017-18	-	-	1,912,199	1,912,199
2018-19	-	-	1,950,086	1,950,086
	<u>3,139,707</u>	<u>78,827</u>	<u>12,854,465</u>	<u>16,072,999</u>

Building projects: The District is also committed to further capital expenditure for the addition of the Medicine Hat High School Modernization Project. However, this will be fully funded through Alberta Infrastructure.

⁽¹⁾ Building leases: The District is committed to lease office space

⁽²⁾ Service Providers: As at August 31, 2014 the District has \$12,854,465 in commitments relating to service and grant contracts.

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NOTES TO THE FINANCIAL STATEMENTS
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15. CONTINGENT LIABILITIES

- i. The District is a member of an Urban School Insurance Consortium (USIC). 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, 2014 the District's equity portion is \$133,719 (2013 – \$99,987)
- 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 \$520,650 (2013 - \$506,650).

16. FEES

	2014	2013
Fees charged for instruction material and supplies ⁽²⁾	\$ 1,046,391	\$ 817,555
Fees charged for extracurricular activities	578,819	464,985
Other fees	107,796	113,521
Total	<u>1,733,006</u>	<u>1,396,061</u>

Charged under School Act, Section 51 (3)
Charged under School Act Section 60 (2) (j).

17. TRUSTS UNDER ADMINISTRATION

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

	2014	2013
Scholarship trusts	\$ 84,051	\$ 84,461
South East Regional Collaborative Service Delivery (Banker Board)	125,633	100,000
Total	<u>\$ 209,684</u>	<u>\$ 184,461</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

18. SCHOOL GENERATED FUNDS

	2014	2013
School Generated Funds, Beginning of Year	\$ 1,324,070	\$ 1,262,634
Gross Receipts:		
Fees	830,460	681,994
Fundraising	815,992	1,127,585
Gifts and donations	145,813	200,721
Grants to schools	101,019	70,244
Other sales and services	197,515	129,567
Total gross receipts	2,090,799	2,210,111
Total Related Expenses and Uses of Funds	1,125,002	1,344,072
Total Direct Costs Including Cost of Goods Sold to Raise Funds	940,309	804,603
School Generated Funds, End of Year	<u>\$ 1,349,558</u>	<u>\$ 1,324,070</u>
Balance included in Deferred Revenue	\$ 19,609	\$ 33,552
Balance included in Accumulated Surplus (Operating Reserves)	\$ 1,329,949	\$ 1,290,518

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

19. RELATED PARTY TRANSACTIONS

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	
	Financial Assets (at cost or net realizable value)	Liabilities (at amortized cost)	Revenues	Expenses
Government of Alberta (GOA):				
Education				
Accounts receivable / Accounts payable	\$ 843,878	1,057,210	\$ -	\$ -
Prepaid expenses / Deferred operating revenue	-	1,627,929	-	-
Unexpended deferred capital revenue	-	110,983	-	-
Expended deferred capital revenue		43,468,520		
Other assets & liabilities	-	-	-	-
Grant revenue & expenses	-	-	74,617,913	-
Other Alberta school jurisdictions	16,956	26,805	144,048	79,820
Treasury Board and Finance (Principal)	25,417			
Treasury Board and Finance (Accrued interest)	1,089		19,457	19,457
Alberta Health Services	-	6,091	401,690	52,511
Post-secondary institutions	40,800	1,711	461,661	23,215
Other GOA ministry (Culture)	-	75,000	-	-
Other:				
Other Related Parties: SECFA	352	93,334	659,305	-
Other Related Parties: LAPP	-	-	-	1,200,177
TOTAL 2013/2014	<u>\$ 928,492</u>	<u>\$ 46,467,583</u>	<u>\$ 76,304,074</u>	<u>\$ 1,375,180</u>
TOTAL 2012/2013	<u>\$ 737,134</u>	<u>\$ 1,691,032</u>	<u>\$ 75,452,441</u>	<u>\$ 1,162,226</u>

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.

20. 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, 2014

21. REMUNERATION AND MONETARY INCENTIVES

The District had paid or accrued expenses for the year ended August 31, 2014 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
Chair							
Terry Riley	1.0	26,780	1,665	-			17,812
Other members:							
Carolyn Freeman	1.0	14,313	1,725	-			2,401
Deborah Forbes	1.0	18,280	2,125	-			5,228
Rick Massini	1.0	21,820	2,272	-			8,759
Catherine Wilson-Fraser	1.0	19,080	2,165	-			5,211
Subtotal	5.0	100,273	9,952	-			39,411
Superintendent							
Grant Henderson	1.0	193,040	47,319	6,560	-	-	18,792
Secretary/Treasurer							
Jerry Labossiere	1.0	160,600	37,628	4,260	-	-	3,710
Certificated teachers - other	401.0	37,868,398	9,692,114	61,085	-	161,276	
Non-certificated - other	273.8	11,275,786	2,770,202	16,752	-	-	
TOTALS		\$ 49,598,097	\$ 12,557,215	\$ 88,657	\$ -	\$ 161,276	

MEDICINE HAT SCHOOL DISTRICT NO. 76
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

22. BUDGET AMOUNTS

The budget was prepared by the District and approved by the Board of Trustees on May 21, 2013. It is presented for information purposes only and has not been audited.

23. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2013/14 presentation.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Trustees.

25. RETROSPECTIVE CORRECTION OF ERRORS

There was a retrospective correction of three prior year errors. These errors include:

- i. The estimated CEU revenue and receivable balances were understated by \$276,342. The confirmation of the balance for the CEU receivable was received by the District prior to the audit report date of November 24, 2013 and therefore, should have been adjusted in the financial statements to reflect the actual receivable.
- ii. In June 2013, the District became the banker board for the South East Regional Collaborative Service Delivery. The District received \$100,000 which was incorrectly recorded as revenue for the District in the 2012/13 year-end.
- iii. The District overstated the accrued vacation liability in the 2012/13 year-end by \$185,000.

	Originally Reported	Adjustment	Restated
Balance Sheet			
Cash	\$ 13,798,777	\$ (100,000)	\$ 13,698,777
Accounts Receivable	1,222,914	276,342	1,499,256
Accounts Payable	2,482,039	(185,000)	2,297,039
Statement of Operations			
Alberta Education	13,798,777	(100,000)	13,698,777
Other Sales & Services	1,222,914	276,342	1,499,256
Board & Administration	2,374,407	(185,000)	2,189,407
Operating Surplus (Deficit)	<u>\$ 1,062,982</u>	<u>\$ 361,342</u>	<u>\$ 1,424,324</u>
Opening Retained Earnings	<u>\$17,332,801</u>	<u>\$ 361,342</u>	<u>\$17,694,143</u>