

**AUDITED
FINANCIAL STATEMENTS
and Supporting Schedules
FOR THE YEAR ENDED AUGUST 31, 2006**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

CLEARVIEW SCHOOL DIVISION #71

Legal Name of School Jurisdiction

4704-55 ST. STETTLER, AB. T0C 2L2

Mailing Address

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SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and supporting schedules CLEARVIEW SCHOOL DIVISION #71

(Name of School Jurisdiction)

presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements and schedules, including notes, have been prepared in accordance with generally accepted accounting principles and Ministerial requirements for Alberta school jurisdictions.

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 budgetary system of control.

Board of Trustees Responsibility

The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the financial statements with management in detail and the Board 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 have full and free access to school jurisdiction records.

Declaration of Management and Board Chairman

To the best of our knowledge and belief, these financial statements and supporting schedules 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 Ministerial requirements for Alberta school jurisdictions.

BOARD CHAIRMAN**KEN CHECKEL**

Name

"ORIGINAL SIGNED"

Signature

SUPERINTENDENT**RAY BATTOCHIO**

Name

"ORIGINAL SIGNED"

Signature

SECRETARY TREASURER OR TREASURER**GORDON MAJERAN**

Name

"ORIGINAL SIGNED"

Signature

NOVEMBER 16, 2006

Board-approved Release Date

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AUDITORS' REPORT

To The Board of Trustees

Clearview School Division No. 71

We have audited the statement of financial position of the Clearview School Division No. 71 as at August 31, 2006 and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations for the year then ended. These financial statements are the responsibility of the school jurisdiction's management. 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 plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the school jurisdiction as at August 31, 2006 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules A through G is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Stettler, Alberta
November 1, 2006

Gitzel Krejci Dand Peterson
CHARTERED ACCOUNTANTS



Gitzel Krejci Dand Peterson
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
as at August 31, 2006

(in dollars)

	2006	2005
ASSETS		
Current assets		
Cash and temporary investments	\$5,018,444	\$4,216,166
Accounts receivable (net after allowances)	\$283,156	\$863,171
Prepaid expenses	\$179,245	\$172,712
Other current assets	\$237,619	\$239,447
Total current assets	\$5,718,464	\$5,491,496
School generated assets	\$252,817	\$206,387
Trust assets	\$294,154	\$290,902
Long term accounts receivable	\$0	
Long term investments	\$0	\$0
Capital assets		
Land	\$1,287,117	\$1,208,174
Buildings	\$39,657,410	
Less: accumulated amortization	(\$16,373,996)	\$23,283,414
Equipment	\$2,380,876	
Less: accumulated amortization	(\$1,171,741)	\$1,209,135
Vehicles	\$5,427,172	
Less: accumulated amortization	(\$3,733,421)	\$1,693,751
Total capital assets	\$27,473,417	\$29,276,010
TOTAL ASSETS	\$33,738,852	\$35,264,795
LIABILITIES		
Current liabilities		
Bank indebtedness	\$0	\$0
Accounts payable and accrued liabilities	\$812,540	\$1,669,555
Deferred revenue	\$385,053	\$498,450
Deferred capital allocations	\$556,088	\$71,154
Current portion of all long term debt	\$514,046	\$514,046
Total current liabilities	\$2,267,727	\$2,753,205
School generated liabilities	\$252,817	\$206,387
Trust liabilities	\$294,154	\$290,902
Employee future benefits liability	\$0	\$0
Long term payables and accrued liabilities	\$0	\$0
Long term debt		
Supported: Debentures and other supported debt	\$3,611,633	\$4,125,679
Less: Current portion of supported debt	(\$514,046)	(\$514,046)
Unsupported: Debentures and Capital Loans		\$0
Capital Leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion of unsupported debt	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations	\$19,635,851	\$20,256,701
Total long term liabilities	\$23,280,409	\$24,365,623
TOTAL LIABILITIES	\$25,548,136	\$27,118,828
NET ASSETS		
Unrestricted net assets	\$1,434,544	\$1,430,995
Operating Reserves	\$2,020,443	\$1,757,140
Accumulated Operating Surplus (Deficit)	\$3,454,987	\$3,188,135
Investment in capital assets	\$4,225,933	\$4,893,630
Capital Reserves	\$509,796	\$64,202
Total Capital Funds	\$4,735,729	\$4,957,832
Total net assets	\$8,190,716	\$8,145,967
TOTAL LIABILITIES AND NET ASSETS	\$33,738,852	\$35,264,795

Note: Input "(Restated)" in 2005 column heading where comparatives are not taken from the finalized 2004-2005 Audited Financial Statements.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2006

(in dollars)

	Actual 2006	Budget 2006	Actual 2005
REVENUES			
Government of Alberta	\$23,269,924	\$23,071,830	\$22,633,657
Federal Government and/or First Nations	\$2,523	\$3,800	\$2,596
Other Alberta school authorities	\$0	\$3,400	\$20,661
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities (excluding supplementary requisitions)	\$0	\$0	\$0
Instruction resource fees	\$195,669	\$165,780	\$148,001
Transportation fees	\$16,275	\$15,000	\$11,860
Other sales and services	\$572,888	\$339,625	\$494,385
Investment income	\$163,018	\$90,000	\$100,641
Gifts and donations	\$106,620	\$16,000	\$92,561
Rentals of facilities	\$61,710	\$50,000	\$44,432
Net school generated funds	\$171,285	\$250,000	\$286,348
Gains on disposal of capital assets	\$24,596	\$6,000	\$33,780
Amortization of capital allocations	\$1,397,286	\$1,397,290	\$1,381,481
Total Revenues	\$25,981,794	\$25,408,725	\$25,250,403
EXPENSES			
Certificated salaries	\$11,996,924	\$12,127,645	\$11,560,797
Certificated benefits	\$1,288,089	\$1,190,320	\$1,235,299
Uncertificated salaries and wages	\$4,716,293	\$4,635,090	\$4,460,684
Uncertificated benefits	\$795,377	\$758,755	\$754,808
Services, contracts and supplies	\$4,529,696	\$4,384,485	\$4,665,798
Net school generated funds	\$171,285	\$250,000	\$286,348
Capital and debt services			
Amortization of capital assets			
Supported	\$1,397,286	\$1,397,290	\$1,381,481
Unsupported	\$655,661	\$657,180	\$564,955
Total Amortization of capital assets	\$2,052,947	\$2,054,470	\$1,946,436
Interest on capital debt			
Supported	\$386,434	\$406,100	\$436,837
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$386,434	\$406,100	\$436,837
Other interest charges	\$0	\$0	\$0
Losses on disposal of capital assets	\$0	\$0	\$0
Total Expenses	\$25,937,045	\$25,806,865	\$25,347,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	\$44,749	(\$398,140)	(\$96,604)
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$44,749	(\$398,140)	(\$96,604)

Note: Input "(Restated)" in Budget 2006 and/or Actuals 2005 column headings where comparatives are not taken from the respective finalized 2005-2006 Budget Report and/or finalized 2004-2005 Audited Financial Statements filed with Alberta Education.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2006

(in dollars)

	2006	2005
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses for the year	\$44,749	(\$96,604)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$1,397,286)	(\$1,381,481)
Total amortization expense	\$2,052,947	\$1,946,436
Gains on disposal of capital assets	(\$24,596)	(\$33,780)
Losses on disposal of capital assets	\$0	\$0
Changes in accrued accounts:		
Accounts receivable	\$580,015	\$1,194,192
Prepays and other current assets	(\$4,705)	(\$46,959)
Long term accounts receivable	\$0	\$0
Long term investments	\$0	\$0
Payables and accrued liabilities	(\$857,015)	\$505,977
Deferred revenue	(\$113,397)	\$175,470
Employee future benefit expense (recovery)	\$0	\$0
Other (describe)	\$0	\$0
Total sources (uses) of cash from Operations	\$280,712	\$2,263,251
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	(\$108,465)	
Buildings	(\$156,977)	(\$317,180)
Equipment	(\$33,390)	(\$286,300)
Vehicles	\$0	(\$568,058)
Net proceeds from disposal of capital assets	\$73,074	\$33,780
Other (describe)		\$0
Total sources (uses) of cash from Investing activities	(\$225,758)	(\$1,137,758)
C. FINANCING ACTIVITIES		
Capital allocations	\$747,324	\$267,181
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$514,046)	(\$515,217)
Add back: supported portion	\$514,046	\$515,217
Other (describe)	\$0	\$0
Total sources (uses) of cash from Financing activities	\$747,324	\$267,181
Net sources (uses) of cash during year	\$802,278	\$1,392,674
Cash and temporary investments, net of bank indebtedness, at Aug. 31/05	\$4,216,166	\$2,823,492
Cash and temporary investments, net of bank indebtedness, at Aug. 31/06	\$5,018,444	\$4,216,166

Note: 1 Input "(Restated)" in 2005 column heading where not taken from the finalized 2004-2005 Audited Financial Statements filed with Alberta Education.
2 Cash and temporary investments are net of cash obligations.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2006**

School Jurisdiction 52

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	TOTAL NET ASSETS Cols. 2+3+4	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	TOTAL INTERNALLY RESTRICTED NET ASSETS Cols. 5 to 14	INTERNALLY RESTRICTED NET ASSETS									
					School Based		Infrastructure		Board & System Admin.		Transportation		External Services	
					Operating Reserves	Capital Reserves	O & M Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
Balance at August 31, 2005	\$8,145,967	\$4,893,630	\$1,430,995	\$1,821,342	\$774,020	\$0	\$844,689	\$0	\$138,431	\$0	\$0	\$64,202	\$0	\$0
Prior period adjustments (describe)														
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2005	\$8,145,967	\$4,893,630	\$1,430,995	\$1,821,342	\$774,020	\$0	\$844,689	\$0	\$138,431	\$0	\$0	\$64,202	\$0	\$0
Excess(def) of revenue over expenses	\$44,749		\$44,749											
Board funded capital transactions		\$36,442	(\$36,442)	\$0		\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
Direct credits to net assets	\$0	\$0												
Amortization of capital assets		(\$2,052,947)	\$2,052,947											
Amortization of capital allocations		\$1,397,286	(\$1,397,286)											
Disposal of unsupported capital assets	\$0	(\$48,478)	(\$24,596)	\$73,074		\$0		\$35,501		\$0		\$37,573		\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0	\$0		\$0		\$0		\$0		\$0		\$0
Debt principal payments (unsupported)		\$0	\$0											
Net transfers to operating reserves			(\$528,328)	\$528,328	\$216,862		\$115,724		\$109,421		\$86,321			\$0
Net transfers from operating reserves			\$265,025	(\$265,025)	(\$265,025)		\$0		\$0		\$0			\$0
Net transfers to capital reserves			(\$372,520)	\$372,520		\$0		\$0		\$0		\$372,520		\$0
Net transfers from capital reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0
Balance at August 31, 2006	\$8,190,716	\$4,225,933	\$1,434,544	\$2,530,239	\$725,857	\$0	\$960,413	\$35,501	\$247,852	\$0	\$86,321	\$474,295	\$0	\$0

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2006
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2005	\$71,154	\$20,256,701
Prior period adjustment	\$0	\$0
Adjusted balance, August 31, 2005	\$71,154	\$20,256,701
Add:		
Restricted capital allocations from: Alberta Education-School/Modular Project Capital *	\$501,388	
Infrastructure & Transportation-School/Modular Project Capital *	\$236,812	
Other Government of Alberta	\$0	
Federal Government and/or First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$9,124	
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
Transferred in capital assets (amortizable, @ net book value)		\$0
Current Year Debenture Principal Repayment		\$514,046
Expended capital allocations - current year	(\$262,390)	\$262,390
Less:		
Net book value of supported capital assets disposition, write-off, or transfer		
Capital allocations amortized to revenue		\$1,397,286
Balance at August 31, 2006	\$556,088	\$19,635,851

* Exclude Infrastructure Maintenance Renewal/Infrastructure Maintenance Program allocations from this Statement, since those contributions are not externally restricted to capital.

CLEARVIEW SCHOOL DIVISION #71
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2006

1. AUTHORITY AND PURPOSE

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

The School Division receives block allocations for instruction and support under Regulation 77/2003. The Regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on administration expenses and is permitted to reallocate funding within the Alberta Learning instruction and support blocks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with Canadian generally accepted accounting principles and accounting policies consistent with those prescribed by Alberta Learning for Alberta school jurisdictions. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates 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 significant accounting policies summarized below:

a. 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.

Capital allocations from the province or other agencies are recorded as deferred capital contributions until spent. Once spent, they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired by the grant.

Unrestricted contributions are recognized as revenue when received or receivable. Donations 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. Endowment funds which are to be retained as net assets are recorded as direct increases in trust assets and liabilities.

CLEARVIEW SCHOOL DIVISION #71
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

b. Inventories

Inventories are recorded at the lower of cost and net realizable value.

c. Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided so as to amortize the cost of the asset over its useful life. The rates of amortization are as follows:

Buildings	- 2.5%-4% straight line
Equipment	- 10% - 20% straight line
Vehicles	- 10%-20% straight line

Capital assets with costs in excess of \$5,000 are capitalized.

d. School Generated Funds

Funds generated from school based activities are included as assets, liabilities, revenues and expenses of the school jurisdiction because the accountability and control/ownership of these funds rests with school jurisdiction officials or their appointee(s). These funds are usually collected, retained and expended at the school level.

e. Vacation Pay

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

f. 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 School Division does not make pension contributions for certificated staff.

The school division 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 contribution of \$199,496 for the year ended August 31, 2006. At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficiency of \$863,558,000 (2004 deficiency of \$1,288,924,000).

CLEARVIEW SCHOOL DIVISION #71
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

g. Contributed Services

Volunteers assist schools operated by the School Division in carrying out certain activities. Because of the difficulty of determining their fair value and of the fact that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

h. Prepaid Expenses

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

i. Financial Instruments

The Division's financial instruments consist of cash, accounts receivable, accounts payable, and debenture debt. It is management's opinion that the division is not exposed to significant interest, currency or credit risks arising from these financial instruments and that their fair values approximate their carrying values, unless otherwise noted. The jurisdiction has invested surplus funds in accordance with Section 60 of the School Act and Section 5 of the Trustees Act.

j. Operating and Capital Reserves

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

3. ACCOUNTS RECEIVABLE

	2006	2005
	\$	\$
Alberta Education	24,307	22,575
Alberta Infrastructure and Transportation	-	424,237
Alberta Finance	127,262	146,837
Other Province of Alberta	3,800	3,800
Federal government	54,096	99,752
Other	<u>73,691</u>	<u>165,970</u>
	<u>283,156</u>	<u>863,171</u>

CLEARVIEW SCHOOL DIVISION #71
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2006

4. ACCOUNTS PAYABLE AND ACCRUALS

	2006	2005
	\$	\$
Alberta Education	116,518	61,132
Accrued interest on debenture	127,262	146,837
Accrued vacation pay and early retirement	63,815	83,872
Other trade payables and accrued liabilities	<u>504,945</u>	<u>1,377,713</u>
	<u>812,540</u>	<u>1,669,554</u>

5. DEFERRED REVENUE

	2006	2005
	\$	\$
IMP block funding	292,635	227,949
Other Alberta Education	6,463	20,683
AISI funding	-	80,606
Alberta Education Curriculum Initiative	27,304	60,000
Infrastructure Plant Operation and Maintenance Grant	-	32,903
Other	<u>58,651</u>	<u>76,309</u>
	<u>385,053</u>	<u>498,450</u>

6. 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 jurisdictions, but the related expenditure has not yet been made at year-end. When expended, these deferred capital allocations are transferred to the unamortized capital allocations account.

7. LONG-TERM DEBT

The School Division has issued debentures to the Alberta Municipal Finance Corporation to finance construction of school buildings. Debentures mature from 2006 to 2020 and interest rates vary from 7.625% to 12%.

	2006	2005
	\$	\$
Debenture debt	3,611,633	4,125,679
Due within one year	<u>(514,046)</u>	<u>(514,046)</u>
	<u>3,097,587</u>	<u>3,611,633</u>

CLEARVIEW SCHOOL DIVISION #71
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2006

7. LONG-TERM DEBT - continued

Principal repayments required in each of the next five fiscal years are as follows:

	\$
2007 -	514,046
2008 -	435,217
2009 -	395,742
2010 -	369,265
2011 -	350,390
2012 to maturity -	1,546,973

The School Division's debentures are supported by payments from Alberta Finance. These support payments are not recorded as receivables before they are due. The effect of recording the corresponding debenture debt due within one year is to understate the working capital by the current portion of the debenture debt.

8. TRUST LIABILITIES

	2006	2005
	\$	\$
Endowment funds for scholarships	<u>294,154</u>	<u>290,902</u>
	<u>294,154</u>	<u>290,902</u>

9. 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.

10. ECONOMIC DEPENDENCE

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

CLEARVIEW SCHOOL DIVISION #71
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2006

11. RELATED PARTY TRANSACTIONS

During the year the school division entered into transactions with related parties as follows:

- a) The School Division received funding for operations from the Alberta government in the amount of \$23,269,924 (2005-\$22,633,657). In addition, Alberta government funding for capital projects totalled \$738,200 (2005-\$265,303).
- b) The School Division has debenture debt in the amount of \$3,611,633 (2005 – \$4,125,679) payable to the provincial government and the principal payments are supported through provincial government funding.
- c) The Alberta Teachers' Retirement Fund pension plan payments are paid by the provincial government directly to the plan on behalf of the division. The amount of these payments has not been disclosed to the division.

12. BUDGET AMOUNTS

The budget was prepared by the School jurisdiction management with Board of Trustees approval given on December 15, 2005. It is presented for information purposes only and has not been audited.

13. CONTINGENCIES

The School Division is a member of a reciprocal insurance exchange called ALAIRE. A portion of the premiums paid each year represents equity contributions to the insurance fund. These payments have been recorded as expenditures in the financial statements as the value of equity is subject to liability claims and is not an asset that the jurisdiction can liquidate.

SCHEDULE A to the AFS

ALLOCATION OF REVENUES AND EXPENSES TO PROGRAMS - 2005-2006

REVENUES	TOTAL	ECS to Grade 12 Instruction	Operations and Maintenance of Schools & Maintenance Shops	Transportation	Board & System Admin.	External Services
(1) Alberta Education	\$22,573,350	\$16,777,573	\$2,102,280	\$2,673,737	\$1,019,760	\$0
(2) Alberta Infrastructure & Transportation	\$122,211		\$122,211			
(3) Alberta Finance	\$386,434		\$386,434			\$0
(4) Other - Government of Alberta	\$187,929	\$135,500	\$3,800	\$0	\$0	\$48,629
(5) Federal Government and/or First Nations	\$2,523	\$2,523	\$0	\$0	\$0	\$0
(6) Other Alberta school authorities	\$0	\$0	\$0	\$0	\$0	\$0
(7) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0
(8) Alberta municipalities (excl. supplementary requisitions)	\$0	\$0	\$0	\$0	\$0	\$0
(9) Instruction resource fees	\$195,669	\$195,669				
(10) Transportation fees	\$16,275			\$16,275		
(11) Other sales and services	\$572,888	\$345,458	\$4,002	\$134,077	\$89,351	\$0
(12) Investment income	\$163,018	\$153,105	\$0	\$0	\$9,913	\$0
(13) Gifts and donations	\$106,620	\$76,170	\$30,450	\$0	\$0	\$0
(14) Rentals of facilities	\$61,710	\$0	\$61,710	\$0	\$0	\$0
(15) Net school generated funds	\$171,285	\$171,285			\$0	
(16) Gains on disposal of capital assets	\$24,596	\$0	\$9,667	\$14,929	\$0	\$0
(17) Amortization of capital allocations	\$1,397,286	\$99,339	\$1,297,947	\$0		\$0
(18) TOTAL REVENUES	\$25,981,794	\$17,956,622	\$4,018,501	\$2,839,018	\$1,119,024	\$48,629
EXPENSES						
(19) Certificated salaries	\$11,996,924	\$11,813,046			\$183,878	\$0
(20) Certificated benefits	\$1,288,089	\$1,271,260			\$16,829	\$0
(21) Uncertificated salaries and wages	\$4,716,293	\$2,262,753	\$836,929	\$1,265,906	\$350,705	\$0
(22) Uncertificated benefits	\$795,377	\$397,612	\$185,857	\$132,271	\$79,637	\$0
(23) SUB - TOTAL	\$18,796,683	\$15,744,671	\$1,022,786	\$1,398,177	\$631,049	\$0
(24) Services, contracts & supplies	\$4,529,696	\$2,059,005	\$1,149,002	\$924,182	\$348,878	\$48,629
(25) Cost recoveries between programs	\$0	\$0	\$0		\$0	\$0
(26) Net school generated funds	\$171,285	\$171,285				
Capital and debt services						
Amortization of capital assets						
(27) Supported	\$1,397,286	\$99,339	\$1,297,947	\$0	\$0	\$0
(28) Unsupported	\$655,661	\$186,049	\$46,608	\$392,766	\$30,238	\$0
(29) Total Amortization	\$2,052,947	\$285,388	\$1,344,555	\$392,766	\$30,238	\$0
Interest on capital debt						
(30) Supported	\$386,434	\$0	\$386,434	\$0	\$0	\$0
(31) Unsupported	\$0	\$0	\$0	\$0	\$0	\$0
(32) Other interest charges	\$0	\$0	\$0	\$0	\$0	\$0
(33) Losses on disposal of capital assets	\$0	\$0	\$0	\$0	\$0	\$0
(34) TOTAL EXPENSES	\$25,937,045	\$18,260,349	\$3,902,777	\$2,715,125	\$1,010,165	\$48,629
(35) EXCESS (DEFICIENCY) BEFORE EXTRAORDINARY ITEM	\$44,749	(\$303,727)	\$115,724	\$123,893	\$108,859	\$0

SCHEDULE B to the AFS
ALBERTA EDUCATION REVENUE 2005-2006

	TOTAL
Base Funding	
Early Childhood Services (ECS)	\$455,376
Base Instruction (Gr 1-12)	\$12,739,886
Outreach Programs	\$104,040
Home Education	\$1,272
Differential Cost Funding *	\$8,244,642
Other Provincial Support	
Institutional Programs	\$0
Regional Consortium (6 boards) and Regional Educational Consulting Services (4 boards)	\$0
Learning Resources Credit Allocation	\$18,421
Provincial Priority Targeted Funding	
Class Size Initiative	\$419,709
Student Health Initiative (SHI)	\$72,100
Alberta Initiative for School Improvement (AISI)	\$400,619
High Speed Networking	\$84,588
Children and Youth with Complex Needs	\$0
Infrastructure Maintenance Renewal (IMR)	
Other Alberta Education Revenues (describe): Social Studies 1X,	\$32,697
Total Alberta Education Revenues	\$22,573,350

- * Differential Cost Funding is based on distribution formulas designed to address variable cost factors and incremental costs associated with other variables and specific student populations. Included in differential cost funding are allocations for eligible students and early childhood services children with severe disabilities, enrolled children with mild or moderate disabilities/delays or who are gifted & talented, early childhood services and gr 1-12 student aboriginal learners that are off reserves, Francisation for students and children and Francophone equivalency access funding for students within francophone authorities (excluding French language program funding or other funding provided under Official Languages in Education Program agreement between Canada and Alberta -which is revenue from Federal Government and not Alberta Education), English as a second language for enrolled students and children, enhanced English as a second language and Francisation and support services for immigrant students, the percentage of the student population experiencing low socio-economic status, daily physical activity, Hutterite Colony schools, small schools by necessity, intra-jurisdiction distances, year to year enrolment fluctuations, small school board administration, schools located in the north, boarding, transportation, stabilization of funding, and adjustments for cost differences among school jurisdictions for costs of goods & services.

SCHEDULE C to the AFS
ECS to Grade 12 INSTRUCTION PROGRAM Expense Details - 2005-2006

SUB-PROGRAMS & INITIATIVES	ECS to GRADE 12 Instruction						
	Certificated Remuneration	Uncertificated Remuneration	Services, Contracts & Supplies ¹	Learning Resources	Cost Recoveries between programs	Other Expenses ²	TOTAL EXPENSES
School Administration & All Instruction Support	\$817,314	\$743,718	\$343,970		\$0	\$0	\$1,905,002
Mild & Moderate Disabilities/Gifted & Talented (ECS-12)	\$232,112	\$82,651	\$3,238		\$0		\$318,001
ECS Program Unit (PUF)	\$0	\$95,439	\$87,756		\$0		\$183,195
Severe Disabilities (Gr 1-12)	\$317,216	\$907,911	\$89,084		\$0		\$1,314,211
English as a Second Language	\$0	\$98,960			\$0		\$98,960
French Language Program & Francisation (all jurisdictions)	\$0	\$0	\$1,886		\$0		\$1,886
First Nations, Metis and Inuit Education (ECS - Gr 12)	\$0	\$0	\$0		\$0		\$0
Home Education	\$0	\$0	\$2,420		\$0		\$2,420
Institutional Programs	\$0	\$0	\$0		\$0		\$0
Alberta Initiative for School Improvement	\$198,687	\$39,007	\$90,692	\$72,233	\$0		\$400,619
Student Health Initiative	\$0	\$72,100	\$0		\$0		\$72,100
High Speed Networking			\$92,674		\$0		\$92,674
Class Size	\$419,709	\$0	\$0	\$0	\$0		\$419,709
Children and Youth with Complex Needs (ECS - Gr 12)	\$0	\$0	\$0		\$0		\$0
All Other Student Instruction Expenses (ECS - Gr 12)	\$11,099,268	\$620,579	\$521,281	\$753,771	\$0	\$456,673	\$13,451,572
TOTAL EXPENSES	\$13,084,306	\$2,660,365	\$1,233,001	\$826,004	\$0	\$456,673	\$18,260,349

FULL-TIME-EQUIVALENCIES (Board/Contract)	FTE Certificated	FTE Uncertificated
Mild & Moderate Disabilities/Gifted & Talented (ECS - Gr 12)	3.2	3.1
ECS Program Unit (PUF)	0.0	6.4
Severe Disabilities (Gr 1-12)	4.5	38.1

Note: 1 Services, Contracts & Supplies expenses exclude learning resources, as they are reported on separately.
2 Other Expenses include net school generated funds, amortization, interest, and losses on disposal of instruction program capital assets.

**SCHEDULE D to the AFS
BOARD AND SYSTEM ADMINISTRATION
2005-2006 EXPENSES UNDER (OVER) MAXIMUM LIMIT**

TOTAL EXPENSES	\$25,937,045
STEP 1	
Calculation of maximum expense limit PERCENTAGE for Board and System Administration expenses	
If "Total Net Enrolled Students" are 6,000 and over = 4%	5.80%
If "Total Net Enrolled Students" are 2,000 and less = 6%	
<p>The Maximum Expense Limit for Board and System Administration is based on an arithmetical proration for the TOTAL FTE count for grades 1 -12, net of Home Education AND Adult students, between 2,000 to 6,000 at .0005 per FTE. EXAMPLE: 4,500 FTE count grades 1-12 = 6,000 - 4,500 = 1,500 X .0005 = .75% plus 4% = maximum expense limit of 4.75%. Note: Calculation unnecessary if Total FTE is 6,000 or more, and 2,000 & less.</p>	
STEP 2	
Calculate maximum expense limit AMOUNTS for Board and System Administration expenses	
Maximum Expense Limit percentage (Step 1) x TOTAL EXPENSES	\$1,504,349
Considerations for Charter Schools and Small School Boards:	
If Charter School , enter \$57,222	\$0
If School Board , please enter your 2005-2006 Gr 1- 12 funded enrolment	\$0
2005-2006 MAXIMUM EXPENSE LIMIT	\$1,504,349
Less: 2005/2006 Board and System Administration expenses	-\$1,010,165
2005-2006 BOARD AND SYSTEM ADMINISTRATION EXPENSES UNDER (OVER) MAXIMUM LIMIT	\$494,184

**SCHEDULE E to the AFS
SOURCE & APPLICATION OF SCHOOL GENERATED FUNDS (SGF) - 2005-2006**

Unexpended SGF - Opening Balance August 31, 2005 (Note 1)			\$206,387
Source of Net School Generated Funds:			
	Gross SGF	Related Expenses	Net SGF
Fundraising activities	\$424,421	\$276,204	\$148,217
Student fees (Non-Instructional) (Note 2)	\$261,312	\$233,950	\$27,362
Donations and grants to schools	\$44,410	\$13,134	\$31,276
Other (describe): yearbooks, clothing Terry Fox	\$14,069	\$3,209	\$10,860
Net Additions to SGF	\$744,212	\$526,497	\$217,715
Net SGF Available for Spending			\$424,102
Application of Net School Generated Funds:			
Extra-curricular activities			\$67,818
School site beautification			\$0
Field Trips			\$17,341
Equipment			\$3,228
Family literacy and other community resources			\$0
Other (describe): appreciation gifts, student subsidizations, special day celebrations, bank charges, etc			\$82,898
Net SGF Expended (Note 3)			\$171,285
Unexpended SGF - Closing Balance August 31, 2006 (Note 4)			\$252,817
<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 fees with respect to instructional supplies or materials collected pursuant to Section 60(2)(j) of the <i>School Act</i>, and any other funds collected at the school but remitted to central office and accounted for by the jurisdiction (facility rentals, capital assets purchases, etc.)</p>			
Note 1	Input "(Restated)" beside Balance at August 31, 2005 where not taken from the finalized 2004-2005 Audited Financial Statements filed with Alberta Education.		
Note 2	Excludes fees collected pursuant to Section 60(2)(j) of the School Act (fees with respect to instructional supplies or materials - essentially textbooks, resource materials in lieu of textbooks, media, software, and materials for classrooms). Amounts collected for CEU-related activities are recorded as instruction resource fees, not SGF.		
Note 3	Net SGF Expended is reported as revenue and expense in the Statement of Revenues & Expenses.		
Note 4	Unexpended SGF is reported as school generated assets and liabilities in the Statement of Financial Position.		

SCHEDULE F to the AFS
Operations and Maintenance of Schools & Maintenance Shops Program Expense Details - 2005-2006

EXPENSES	Custodial	Maintenance	Utilities and Telecommunications	Expensed IMR and Modular Unit Relocations	Facility Planning & Operations Administration	SUB-TOTAL Operations & Maintenance	Supported Capital & Debt Services	TOTAL Operations and Maintenance
Uncertificated salaries and wages	\$617,421	\$124,827	\$0	\$0	\$94,681	\$836,929		\$836,929
Uncertificated benefits	\$138,526	\$26,829	\$0	\$0	\$20,502	\$185,857		\$185,857
Sub-total Remuneration	\$755,947	\$151,656	\$0	\$0	\$115,183	\$1,022,786		\$1,022,786
Contracted Services	\$4,056	\$71,906	\$0	\$120,645	\$880	\$197,487		\$197,487
Supplies	\$100,809	\$162,028	\$0	\$1,566	\$280	\$264,683		\$264,683
Electricity			\$371,983			\$371,983		\$371,983
Natural Gas/Heating Fuel			\$266,633			\$266,633		\$266,633
Sewer and Water			\$42,527			\$42,527		\$42,527
Telecommunications			\$5,689			\$5,689		\$5,689
Insurance					\$0	\$0		\$0
Amortization of capital assets								
Supported							\$1,297,947	\$1,297,947
Unsupported						\$46,608		\$46,608
Total Amortization						\$46,608	\$1,297,947	\$1,344,555
Interest on capital debt								
Supported							\$386,434	\$386,434
Unsupported					\$0	\$0		\$0
Other interest charges						\$0		\$0
Losses on disposal of capital assets						\$0		\$0
Cost recoveries between programs						\$0		\$0
TOTAL EXPENSES	\$860,812	\$385,590	\$686,832	\$122,211	\$116,343	\$2,218,396	\$1,684,381	\$3,902,777
SQUARE METRES								
School Buildings								38,561.3
Non School Buildings								2,900.0

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.

**SCHEDULE G to the AFS
DISCLOSURE OF SALARIES AND BENEFITS - 2005-2006
(SECTION 148.1 OF THE SCHOOL ACT)**

	FTEs	Remuneration	Benefits	Allowances	Performance Bonuses	ERIP's / Other	Total	Expenses
Chairperson:								
Name	Patty Dittrick	1.0	\$23,518	\$3,847	\$0		\$27,365	\$7,895
Name		0.0	\$0	\$0	\$0		\$0	\$0
Other Board Members:								
Name	Ken Checkel	1.0	\$11,069	\$3,441	\$0		\$14,510	\$7,433
Name	Karen Holloway	1.0	\$11,143	\$3,421	\$0		\$14,564	\$7,659
Name	Dave Ellis	1.0	\$12,201	\$3,424	\$0		\$15,625	\$4,331
Name	John Schofer	1.0	\$8,504	\$3,299	\$0		\$11,803	\$4,380
Name	Ruth Marshall	1.0	\$11,297	\$1,711	\$0		\$13,008	\$5,027
Name	Yvette Cassidy	1.0	\$7,710	\$3,232	\$0		\$10,942	\$3,609
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Name		0.0	\$0	\$0	\$0		\$0	\$0
Subtotal		7.0	\$85,442	\$22,375	\$0		\$107,817	\$40,334
Superintendent	Egbert Stang	0.5	\$46,809	\$3,438	\$0	\$0	\$50,247	\$4,229
Superintendent	Brian Celli	0.2	\$30,375	\$4,015	\$0	\$0	\$34,390	\$2,254
Superintendent	Ray Battochio	0.3	\$40,000	\$4,361	\$0	\$0	\$44,361	\$1,395
Secretary/Treasurer	Gordon Majeran	1.0	\$99,905	\$18,577	\$0	\$0	\$118,482	\$4,677
Board Secretary		0.0	\$0	\$0	\$0	\$0	\$0	\$0
Board Secretary		0.0	\$0	\$0	\$0	\$0	\$0	\$0
Board Treasurer		0.0	\$0	\$0	\$0	\$0	\$0	\$0
Board Treasurer		0.0	\$0	\$0	\$0	\$0	\$0	\$0
Certificated Salaries		161.4	\$11,879,740	\$1,276,275	\$0	\$0	\$13,156,015	
Uncertificated Salaries & Wages		217.0	\$4,530,946	\$754,425	\$0	\$0	\$5,285,371	
TOTALS			\$16,713,217	\$2,083,466	\$0	\$0	\$18,796,683	

Note: Please refer to completion information on page 15.

SCHEDULE G1 to the AFS
DISCLOSURE OF SALARIES AND BENEFITS (SECTION 148.1 OF THE SCHOOL ACT)
COMPLETION INFORMATION

(1)	Salary and benefits consist of and agree with the amounts properly recorded in the school jurisdiction's payroll records and related object codes for salaries, wages and benefits.
(2)	Remuneration includes regular base salaries, certificated school-based employee allowances outlined in collective agreements, overtime, honoraria, deferred salary leave accruals, lump sum payments EXCEPTING TERMINATION BENEFITS (See #10A below), any other direct cash remuneration EXCEPTING PERFORMANCE PAY (See #10 below).
(3)	Certificated salaries include the aggregate of all payments for certificated staff regardless of the length, nature or definition of the employment agreement. The number of full time equivalent (FTE) staff should be measured as at September 30.
(4)	Uncertificated salaries and wages should be measured in terms of the number of FTE staff employed as at September 30.
(5)	Salary and benefits information should be the aggregate amount covering the same fiscal period as the audited financial statements.
(6)	Salary must include deferred salary accruals.
(7)	Salary includes only payments for services subject to an employer-employee relationship.
(8)	Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pensions, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans.
(9)	Allowances include all monies paid to an employee as miscellaneous negotiated allowances. This category will include car or travel allowances, isolation allowances, relocation expenses, sabbaticals, special leave with pay, financial and retirement planning services, and club memberships. CERTIFICATED SCHOOL-BASED EMPLOYEE ALLOWANCES , as outlined in collective agreements, are included in Remuneration - NOT Allowances.
(10)	Performance Bonuses include those monies paid to employees of the school authority that are tied to the achievement of some specified goal or objective.
(10A)	Other includes termination benefits ((severance pay, retiring allowances (ERIP's), sick leave and other settlement costs due to loss of employment).
(11)	Expenses will include the reimbursements of travel, subsistence, moving costs, conference fees, etc., paid by the employee or on his/her behalf in performing the responsibilities of employment.
(12)	The superintendent's position disclosure is in terms of one individual who is the Chief Executive Officer. Benefits for the superintendent do not include Alberta Learning contributions to the Teachers Retirement Fund pension plan.
(13)	The secretary-treasurer's position disclosure is in terms of one individual who is the Chief Financial Officer. If the board has not appointed one person to act as secretary-treasurer, then the disclosure is in terms of separate individuals appointed to the Board Treasurer and Board Secretary positions. Benefits for the secretary-treasurer include the Local Authorities Pension Plan contributions.
(13)	A position should include salary, benefits and allowances earned and expenses accrued by an individual who officially acted in a position while it was vacant or was appointed to the position. If a position was vacant and no one acted in the position, the position should not be disclosed.
(14)	Benefits and allowances need not include an amount for automobile, housing or other benefits for which a value cannot be reasonably estimated.
(15)	If a position is occupied by more than one individual during a year, each of those individual's specific expenses and salary, benefits and allowances earned by each of the individuals in the position need be disclosed separately.