

DATE: November 25, 2014

TO: Board of Trustees

FROM: Trustee Michael Janz, Audit Committee Chair

SUBJECT: Report #1 of the Audit Committee (From the Meeting Held November 14, 2014)

ORIGINATOR: Dr. Sandra Stoddard, Executive Director Governance and Strategic Support Services

RESOURCE STAFF: Candace Cole, Cheryl Hagen

REFERENCE: [Trustees' Handbook](#) – Audit Committee - Section 5.5
[Trustees' Handbook](#) – Caucus Committee - Section 5.4
[School Act](#) Section 61
[School Act](#) Part 6

ISSUE

On an annual basis, Alberta Education requires the District to complete and submit audited financial statements based on an August 31st fiscal year end by November 30th.

RECOMMENDATION

1. That Report #1 of the Audit Committee from the meeting held November 14, 2014 be received and considered.
2. That for the 2013-2014 year-end \$11,924,269 be transferred from Unrestricted Surplus to Capital Reserves.
3. That for the 2013-2014 year-end \$29,573,093 be transferred from Unrestricted Surplus to Operating Reserves.
4. That the audited financial statements for the year ending August 31, 2014 (ATTACHMENT I) be approved.

BACKGROUND

This report:

- outlines the processes involved in preparing and approving the audited financial statements;
- includes the audited financial statements and notes to the financial statements; and
- includes the Auditor's Report from PricewaterhouseCoopers LLP (PwC) regarding their audit opinion.

Financial Services prepared the financial statements for the 2013-2014 year and PricewaterhouseCoopers LLP (PwC) performed the audit during October –November 2014. Appropriate tests and procedures were performed to enable the auditors to express an unqualified audit opinion on the Districts' financial statements. An example of such a test is to ensure the statement of grants paid as issued by Alberta Education agrees with District revenues.

The report was reviewed by the Audit Committee on November 14, 2014.

The auditors have completed their work, and have indicated to the Audit Committee that the results of the audit work that was performed enable them to arrive at an unqualified audit opinion.

The District has ended the year with an increase in the accumulated surplus of \$38.2 million.

The structural deficit has been eliminated. This will ensure previous amounts of surplus funds held back will be returned to individual schools and central DUs for one-time spending in 2014-2015 and future budget years. The surplus has also been used to repay deficits in schools and in central DUs. This means there will be no deficit amounts carried forward to 2014-2015 and future budgets.

The specifics of the accumulated operating reserve as per ATTACHMENT II are:

- Accumulated surpluses in schools are \$25.8 million and represent 2.75% of the 2013-2014 budget
- Accumulated surpluses in central DUs are \$9.8 million and represent 1.04% of 2013-2014 budget

A District Sustainability Fund in the amount of \$28.6 million, or 3.05% of budget, will be set aside to address high priority planned expenses in addition to emergent district-wide issues, including funds for:

- School Equity;
- Price Stabilization;
- School Building Equity fund; and
- Property Management Capital

Total operating reserves increased by \$29.4 million leaving an accumulated balance at the end of 2014 at \$64.2 million equivalent to seventeen (17) days of operation in the district.

The District's positive financial position will allow the District to transfer \$11.924 million (ATTACHMENT III) to capital reserves to meet infrastructure demands of growing numbers of students.

NEXT STEPS

The final approved document of the audited financial statements will be submitted to Alberta Education by November 30, 2014.

ATTACHMENTS & APPENDICES

- ATTACHMENT I - Audited Financial Statements as required by Alberta Education (including Auditors' Report and Notes)
- ATTACHMENT II - Summary of Changes in Operating Reserves
- ATTACHMENT III - Summary of Changes in Capital Reserves

SS:mmf

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

EDMONTON SCHOOL DISTRICT NO. 7

Legal Name of School Jurisdiction

ONE KINGSWAY, EDMONTON, AB T5H 4G9

Mailing Address

TELEPHONE (780) 429-8000 FAX (780)429-8318

Telephone & Fax Numbers, and Email Address

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of EDMONTON SCHOOL DISTRICT NO. 7 presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with 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

SARAH HOFFMAN

Name

Signature

SUPERINTENDENT

DARREL ROBERTSON

Name

Signature

SECRETARY-TREASURER OR TREASURER

CHERYL HAGEN

Name

Signature

November 25, 2014

Board-approved Release Date

c.c. ALBERTA EDUCATION, Financial Reporting & Accountability Branch
8th Floor Commerce Place, 10155-102 Street, Edmonton AB T5J 4L5
EMAIL: sarah.brennan@gov.ab.ca
PHONE: (780) 422-0312 (Toll free 310-0000) FAX: (780) 422-6996

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November 25, 2014

Independent Auditor's Report

To the Audit Committee of the Board of Trustees Edmonton School District No.7

We have audited the accompanying financial statements of Edmonton School District No.7, which comprise the statement of financial position as at August 31, 2014 and the statements of operations, cash flows, changes in net debt and remeasurement gains and losses for the year then ended, and the related notes, which comprise 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Edmonton School District No.7 as at August 31, 2014 and the results of its operations, cash flows, changes in net debt and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

*PricewaterhouseCoopers LLP
TD Tower, 10088 – 102 Avenue NW, Suite 1501, Edmonton, AB, Canada T5J 3N5
T: 780 441 6816 F: 780 441 6776 www.pwc.com/ca*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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

		2014	2013
FINANCIAL ASSETS			
Cash and cash equivalents		\$ 140,892,271	\$ 91,510,060
Accounts receivable (net after allowances)	(Note 3)	\$ 23,760,693	\$ 16,859,785
Portfolio investments	(Note 4)	\$ 45,006	\$ -
Other financial assets		\$ -	\$ -
Total financial assets		\$ 164,697,970	\$ 108,369,845
LIABILITIES			
Bank indebtedness	(Note 5)	\$ -	\$ -
Accounts payable and accrued liabilities	(Note 6)	\$ 35,762,498	\$ 29,493,577
Deferred revenue	(Note 7)	\$ 628,529,653	\$ 624,688,796
Employee future benefit liabilities	(Note 8)	\$ 10,500,264	\$ 11,237,700
Other liabilities		\$ -	\$ -
Debt	(Note 9)		
Supported: Debentures and other supported debt		\$ 191,356	\$ 739,383
Unsupported: Debentures and capital loans		\$ 14,725,256	\$ 10,159,158
Capital leases		\$ -	\$ -
Mortgages		\$ -	\$ -
Total liabilities		\$ 689,709,027	\$ 676,318,614
Net financial assets (debt)		\$ (525,011,057)	\$ (567,948,769)
NON-FINANCIAL ASSETS			
Tangible capital assets	(Note 10)		
Land		\$ 837,590	\$ 837,590
Construction in progress		\$ 15,758,209	\$ 4,526,886
Buildings	\$ 1,162,778,559		
Less: Accumulated amortization	\$ (548,135,277)	\$ 614,643,282	\$ 628,334,795
Equipment	\$ 121,166,696		
Less: Accumulated amortization	\$ (98,457,098)	\$ 22,709,598	\$ 25,523,614
Vehicles	\$ 3,186,000		
Less: Accumulated amortization	\$ (1,926,681)	\$ 1,259,319	\$ 1,550,632
Computer Equipment	\$ 79,405,343		
Less: Accumulated amortization	\$ (69,506,461)	\$ 9,898,882	\$ 9,642,816
Total tangible capital assets		\$ 665,106,880	\$ 670,416,333
Prepaid expenses		\$ 1,921,638	\$ 1,118,390
Other non-financial assets		\$ 3,673,801	\$ 3,952,304
Total non-financial assets		\$ 670,702,319	\$ 675,487,027
Accumulated surplus	(Note 11)	\$ 145,691,262	\$ 107,538,258
Accumulating surplus / (deficit) is comprised of:			
Accumulated operating surplus (deficit)		\$ 145,690,495	\$ 107,538,258
Accumulated remeasurement gains (losses)		\$ 767	\$ -
		\$ 145,691,262	\$ 107,538,258
Contractual obligations	(Note 12)		
Contingent liabilities	(Note 13)		

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
REVENUES			
Alberta Education	\$ 877,395,736	\$ 906,721,994	\$ 889,385,333
Other - Government of Alberta	\$ -	\$ 3,719,485	\$ 3,821,312
Federal Government and First Nations	\$ 2,599,800	\$ 2,403,689	\$ 2,447,621
Other Alberta school authorities	\$ 1,268,500	\$ 1,564,928	\$ 2,060,695
Out of province authorities	\$ -	\$ -	\$ -
Alberta municipalities-special tax levies	\$ -	\$ -	\$ -
Property taxes	\$ -	\$ -	\$ -
Fees (Note 14)	\$ 33,635,200	\$ 31,296,505	\$ 29,619,252
Other sales and services	\$ 10,519,741	\$ 24,317,212	\$ 23,471,803
Investment income	\$ -	\$ 1,646,501	\$ 1,220,175
Gifts and donations	\$ 6,605,283	\$ 8,367,532	\$ 7,413,362
Rental of facilities	\$ 2,883,631	\$ 3,839,771	\$ 3,463,076
Fundraising	\$ 2,099,700	\$ 1,784,479	\$ 1,662,396
Gains on disposal of capital assets	\$ -	\$ 34,730	\$ 4,701,092
Other revenue	\$ -	\$ -	\$ -
Total revenues	\$ 937,007,591	\$ 985,696,826	\$ 969,266,117
EXPENSES			
Instruction (ECS - Grade 12)	\$ 723,844,270	\$ 723,308,115	\$ 725,987,925
Plant operations and maintenance	\$ 120,348,196	\$ 136,306,858	\$ 135,605,700
Transportation	\$ 33,682,767	\$ 34,992,016	\$ 32,634,883
Board & system administration	\$ 30,947,934	\$ 30,903,447	\$ 32,947,945
External services	\$ 28,184,424	\$ 22,034,153	\$ 24,137,843
Total expenses	\$ 937,007,591	\$ 947,544,589	\$ 951,314,296
Operating surplus (deficit)	\$ -	\$ 38,152,237	\$ 17,951,821

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

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

	2014	2013
CASH FLOWS FROM:		
A. OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 38,152,237	\$ 17,951,821
Add (Deduct) items not affecting cash:		
Total amortization expense	\$ 41,279,667	\$ 41,227,591
Gains on disposal of tangible capital assets	\$ (34,730)	\$ (4,701,092)
Losses on disposal of tangible capital assets	\$ -	\$ -
Expended deferred capital revenue recognition	\$ (31,706,250)	\$ (30,591,099)
Deferred capital revenue write-off	\$ -	\$ -
Donations in kind	\$ -	\$ -
Changes in:		
Accounts receivable	\$ (6,900,908)	\$ 144,746
Prepays	\$ (803,248)	\$ (9,119)
Other financial assets	\$ -	\$ -
Non-financial assets	\$ 278,503	\$ 715,584
Accounts payable and accrued liabilities	\$ 6,268,921	\$ (2,741,412)
Deferred revenue (excluding EDCR)	\$ 22,075,558	\$ 11,315,439
Employee future benefit liabilities	\$ (737,436)	\$ 5,425,700
Other (describe)	\$ -	\$ -
Total cash flows from operating transactions	\$ 67,872,314	\$ 38,738,159
B. CAPITAL TRANSACTIONS		
Purchases of tangible capital assets		
Land	\$ -	\$ -
Buildings	\$ (16,975,673)	\$ (17,598,763)
Equipment	\$ (1,922,568)	\$ (4,199,211)
Vehicles	\$ -	\$ (102,664)
Computer equipment	\$ (3,933,272)	\$ (2,678,140)
Net proceeds from disposal of unsupported capital assets	\$ 367,578	\$ 4,824,339
Other (describe)	\$ -	\$ -
Total cash flows from capital transactions	\$ (22,463,935)	\$ (19,754,439)
C. INVESTING TRANSACTIONS		
Purchases of portfolio investments	\$ (44,239)	\$ -
Dispositions of portfolio investments	\$ -	\$ -
Remeasurement gains (losses) reclassified to the statement of operations	\$ -	\$ -
Other (describe)	\$ -	\$ -
Total cash flows from investing transactions	\$ (44,239)	\$ -
D. FINANCING TRANSACTIONS		
Issue of debt	\$ 5,000,000	\$ 10,000,000
Repayment of debt	\$ (981,929)	\$ (1,529,861)
Other (describe)	\$ -	\$ -
Total cash flows from financing transactions	\$ 4,018,071	\$ 8,470,139
Increase (decrease) in cash and cash equivalents	\$ 49,382,211	\$ 27,453,859
Cash and cash equivalents, at beginning of year	\$ 91,510,060	\$ 64,056,201
Cash and cash equivalents, at end of year	\$ 140,892,271	\$ 91,510,060

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
Operating surplus (deficit)	\$ 38,152,237	\$ 17,951,821
Effect of changes in tangible capital assets		
Acquisition of tangible capital assets	\$ (36,303,062)	\$ (26,906,448)
Amortization of tangible capital assets	\$ 41,279,667	\$ 41,227,591
Net carrying value of tangible capital assets disposed of	\$ 332,848	\$ 138,106
Write-down carrying value of tangible capital assets	\$ -	\$ -
Other changes	\$ -	\$ -
Total effect of changes in tangible capital assets	\$ 5,309,453	\$ 14,459,249
Changes in:		
Prepaid expenses	\$ (803,248)	\$ (9,119)
Other non-financial assets	\$ 278,503	\$ 715,584
Net remeasurement gains and (losses)	\$ 767	\$ -
Endowments	\$ -	\$ -
Decrease (increase) in net debt	\$ 42,937,712	\$ 33,117,535
Net debt at beginning of year	\$ (567,948,769)	\$ (601,066,304)
Net debt at end of year	\$ (525,011,057)	\$ (567,948,769)

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	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ 767	\$ -
Other	\$ -	\$ -
Amounts reclassified to the statement of operations:		
Portfolio investments	\$ -	\$ -
Other	\$ -	\$ -
Net remeasurement gains (losses) for the year	\$ 767	\$ -
Accumulated remeasurement gains (losses) at end of year	\$ 767	\$ -

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	\$ 107,538,258		\$ 107,538,258	\$ 62,394,223	\$ -	\$ -	\$ 37,852,945	\$ 7,291,090
Prior period adjustments:								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2013	\$ 107,538,258	\$ -	\$ 107,538,258	\$ 62,394,223	\$ -	\$ -	\$ 37,852,945	\$ 7,291,090
Operating surplus (deficit)	\$ 38,152,237		\$ 38,152,237			\$ 38,152,237		
Board funded tangible capital asset additions				\$ 10,739,254		\$ (5,759,661)	\$ -	\$ (4,979,593)
Disposal of unsupported tangible capital assets	\$ -		\$ -	\$ (332,848)		\$ (34,730)		\$ 367,578
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	\$ 767	\$ 767						
Endowment expenses	\$ -		\$ -		\$ -	\$ -		
Direct credits to accumulated surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of tangible capital assets	\$ -			\$ (41,279,667)		\$ 41,279,667		
Capital revenue recognized	\$ -			\$ 31,706,250		\$ (31,706,250)		
Debt principal repayments (unsupported)	\$ -			\$ 433,901		\$ (433,901)		
Externally imposed endowment restrictions	\$ -				\$ -	\$ -	\$ -	
Net transfers to operating reserves	\$ -					\$ (29,573,093)	\$ 29,573,093	
Net transfers from operating reserves	\$ -					\$ -	\$ -	
Net transfers to capital reserves	\$ -					\$ (11,924,269)		\$ 11,924,269
Net transfers from capital reserves	\$ -					\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2014	\$ 145,691,262	\$ 767	\$ 145,690,495	\$ 63,661,113	\$ -	\$ -	\$ 67,426,038	\$ 14,603,344

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	\$ 37,852,945	\$ 7,291,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustments:										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Balance, August 31, 2013	\$ 37,852,945	\$ 7,291,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$ -	\$ (4,979,593)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal of unsupported tangible capital assets		\$ 367,578		\$ -		\$ -		\$ -		\$ -
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	\$ 29,573,093		\$ -		\$ -		\$ -		\$ -	
Net transfers from operating reserves			\$ -		\$ -		\$ -		\$ -	
Net transfers to capital reserves		\$ 11,924,269		\$ -		\$ -		\$ -		\$ -
Net transfers from capital reserves		\$ -		\$ -		\$ -		\$ -		\$ -
Assumption/transfer of other operations' surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance at August 31, 2014	\$ 67,426,038	\$ 14,603,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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	\$ 3,395,914	\$ -	\$ 2,107,464	\$ -	\$ 602,027,058
Prior period adjustments	\$ (108,098)	\$ -	\$ 108,098	\$ -	\$ -
Adjusted balance, August 31, 2013	\$ 3,287,816	\$ -	\$ 2,215,562	\$ -	\$ 602,027,058
Add:					
Unexpended capital revenue <u>received</u> from:					
Alberta Education school building & modular projects (excl. IMR)	\$ -				
Infrastructure Maintenance & Renewal capital related to school facilities	\$ 3,736,409				
Other sources: <i>(Describe)</i>	\$ -			\$ -	
Other sources <i>(Describe)</i> :	\$ -			\$ -	
Unexpended capital revenue <u>receivable</u> from:					
Alberta Education school building & modular (excl. IMR)	\$ 18,947,266				
Other sources: <i>(Describe)</i>	\$ -			\$ -	
Other sources: <i>(Describe)</i>	\$ -			\$ -	
Interest earned on unexpended capital revenue	\$ -	\$ -	\$ 29,465	\$ -	
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					\$ 13,471,549
Transferred in (out) tangible capital assets (amortizable, @ net book value)					\$ -
Expended capital revenue - current year	\$ (5,492,537)	\$ -	\$ (122,377)	\$ -	\$ 5,614,914
Surplus funds approved for future project(s)	\$ -	\$ -			
Other adjustments (Explain):	\$ 1,997	\$ -	\$ -	\$ -	\$ -
Deduct:					
Net book value of supported tangible capital dispositions or write-offs					\$ -
Other adjustments (Explain):	\$ -	\$ -	\$ -	\$ -	\$ -
Capital revenue recognized - Alberta Education					\$ 31,706,250
Capital revenue recognized - Other Government of Alberta					\$ -
Capital revenue recognized - Other revenue					\$ -
Balance at August 31, 2014	\$ 20,480,951	\$ -	\$ 2,122,650	\$ -	\$ 589,407,271
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2014 (A) + (B) + (C) + (D)				\$ 22,603,601	

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
	Instruction (ECS- Grade 12)	Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
(1) Alberta Education	\$ 742,773,679	\$ 105,245,792	\$ 24,909,424	\$ 28,548,578	\$ 5,244,521	\$ 906,721,994	\$ 889,385,333
(2) Other - Government of Alberta	\$ 2,439,877	\$ 86,909	\$ -	\$ 148,334	\$ 1,044,365	\$ 3,719,485	\$ 3,821,312
(3) Federal Government and First Nations	\$ 761,147	\$ -	\$ 1,458	\$ 62,200	\$ 1,578,884	\$ 2,403,689	\$ 2,447,621
(4) Other Alberta school authorities	\$ 759,372	\$ 174,538	\$ 17,359	\$ 19,245	\$ 594,414	\$ 1,564,928	\$ 2,060,695
(5) Out of province authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Alberta municipalities-special tax levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Fees	\$ 19,391,340		\$ 10,317,249		\$ 1,587,916	\$ 31,296,505	\$ 29,619,252
(9) Other sales and services	\$ 10,200,942	\$ 507,153	\$ -	\$ 2,173,778	\$ 11,435,339	\$ 24,317,212	\$ 23,471,803
(10) Investment income	\$ -	\$ -	\$ -	\$ 1,646,501	\$ -	\$ 1,646,501	\$ 1,220,175
(11) Gifts and donations	\$ 8,363,794	\$ -	\$ -	\$ 2,488	\$ 1,250	\$ 8,367,532	\$ 7,413,362
(12) Rental of facilities	\$ 1,603,895	\$ 1,334,077	\$ -	\$ 87,176	\$ 814,623	\$ 3,839,771	\$ 3,463,076
(13) Fundraising	\$ 1,784,479	\$ -	\$ -	\$ -	\$ -	\$ 1,784,479	\$ 1,662,396
(14) Gains on disposal of tangible capital assets		\$ 34,730	\$ -	\$ -	\$ -	\$ 34,730	\$ 4,701,092
(15) Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(16) TOTAL REVENUES	\$ 788,078,525	\$ 107,383,199	\$ 35,245,490	\$ 32,688,300	\$ 22,301,312	\$ 985,696,826	\$ 969,266,117
EXPENSES							
(17) Certificated salaries	\$ 420,403,990			\$ 4,895,591	\$ 7,362,450	\$ 432,662,031	\$ 437,806,307
(18) Certificated benefits	\$ 101,457,239			\$ 621,713	\$ 731,504	\$ 102,810,456	\$ 94,771,361
(19) Non-certificated salaries and wages	\$ 105,006,472	\$ 49,219,121	\$ 1,056,333	\$ 14,174,248	\$ 4,779,528	\$ 174,235,702	\$ 178,748,954
(20) Non-certificated benefits	\$ 29,209,046	\$ 13,382,877	\$ 285,733	\$ 4,038,393	\$ 987,539	\$ 47,903,588	\$ 51,196,427
(21) SUB - TOTAL	\$ 656,076,747	\$ 62,601,998	\$ 1,342,066	\$ 23,729,945	\$ 13,861,021	\$ 757,611,777	\$ 762,523,049
(22) Services, contracts and supplies	\$ 58,988,736	\$ 41,031,113	\$ 33,649,950	\$ 6,112,758	\$ 8,067,700	\$ 147,850,257	\$ 146,840,354
(23) Amortization of supported tangible capital assets	\$ -	\$ 31,706,250	\$ -	\$ -	\$ -	\$ 31,706,250	\$ 30,591,099
(24) Amortization of unsupported tangible capital assets	\$ 8,153,577	\$ 305,925	\$ -	\$ 1,054,889	\$ 59,026	\$ 9,573,417	\$ 10,636,492
(25) Supported interest on capital debt	\$ -	\$ 34,505	\$ -	\$ -	\$ -	\$ 34,505	\$ 125,306
(26) Unsupported interest on capital debt	\$ -	\$ 451,284	\$ -	\$ -	\$ -	\$ 451,284	\$ 224,982
(27) Other interest and finance charges	\$ 89,055	\$ 175,783	\$ -	\$ 5,855	\$ 46,406	\$ 317,099	\$ 373,014
(28) Losses on disposal of tangible capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(29) Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(30) TOTAL EXPENSES	\$ 723,308,115	\$ 136,306,858	\$ 34,992,016	\$ 30,903,447	\$ 22,034,153	\$ 947,544,589	\$ 951,314,296
(31) OPERATING SURPLUS (DEFICIT)	\$ 64,770,410	\$ (28,923,659)	\$ 253,474	\$ 1,784,853	\$ 267,159	\$ 38,152,237	\$ 17,951,821

SCHEDULE OF PLANT OPERATIONS AND MAINTENANCE EXPENSES

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	\$ 31,174,754	\$ 13,366,282	\$ -	\$ -	\$ 4,678,085		\$ 49,219,121		\$ 49,219,121
Uncertificated benefits	\$ 7,669,787	\$ 2,807,011	\$ -	\$ -	\$ 2,906,079		\$ 13,382,877		\$ 13,382,877
Sub-total Remuneration	\$ 38,844,541	\$ 16,173,293	\$ -	\$ -	\$ 7,584,164		\$ 62,601,998		\$ 62,601,998
Supplies and services	\$ 2,229,562	\$ 6,228,918	\$ 721,128	\$ 7,461,977	\$ 715,995		\$ 17,357,580		\$ 17,357,580
Electricity			\$ 7,929,654				\$ 7,929,654		\$ 7,929,654
Natural gas/heating fuel			\$ 6,036,175				\$ 6,036,175		\$ 6,036,175
Sewer and water			\$ 1,764,870				\$ 1,764,870		\$ 1,764,870
Telecommunications			\$ 662,199				\$ 662,199		\$ 662,199
Insurance					\$ 2,155,844		\$ 2,155,844		\$ 2,155,844
Amortization of tangible capital assets									
Supported								\$ 31,706,250	\$ 31,706,250
Unsupported						\$ 305,925	\$ 305,925		\$ 305,925
Total Amortization						\$ 305,925	\$ 305,925	\$ 31,706,250	\$ 32,012,175
Interest on capital debt									
Supported								\$ 34,505	\$ 34,505
Unsupported						\$ 451,284	\$ 451,284		\$ 451,284
Lease payments for facilities				\$ 5,124,791			\$ 5,124,791		\$ 5,124,791
Other interest charges						\$ 175,783	\$ 175,783		\$ 175,783
Losses on disposal of capital assets						\$ -	\$ -		\$ -
TOTAL EXPENSES	\$ 41,074,103	\$ 22,402,211	\$ 17,114,026	\$ 12,586,768	\$ 10,456,003	\$ 932,992	\$ 104,566,103	\$ 31,740,755	\$ 136,306,858

SQUARE METRES									
School buildings									1,069,695.0
Non school buildings									115,783.0

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.



1. AUTHORITY AND PURPOSE

Edmonton School District No. 7 (the District) is empowered to provide public education through bylaws approved by its Board of Trustees and pursuant to the provisions of the Alberta School Act.

The jurisdiction receives funding for instruction and support under Education Grants Regulation (AR120/2008). The regulation allows for the setting of conditions and use of grant monies. The School Jurisdiction is limited on certain funding allocations and administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the CICA Canadian public sector accounting standards (PSAS). The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Basis of Consolidation

These financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is comprised of all controlled entities on a line-by-line basis.

Edmonton Public Schools Foundation (the "Foundation") was established in 2009 by the District for the purposes of fundraising. The Foundation was incorporated under the *Societies Act* of the Province of Alberta. The District controls the Foundation and as such it is consolidated in these financial statements.

Funds generated at the schools are included as assets, liabilities, revenue and expenses of the District when the accountability, control and ownership of these funds rest with the District and are under control of the school.

Interdepartmental and inter-organizational transactions and balances between consolidated entities are eliminated upon consolidation.

(b) 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.

(c) Accounts receivable

Accounts receivable are shown net of allowance for doubtful accounts.

(d) Portfolio Investments

The District has investments in mutual funds that have no maturity dates.

Portfolio investments in mutual funds 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 period 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.



(e) Deferred Revenue

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability per Public Sector Accounting Standards (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:

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

(f) 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 in the reporting period the benefits are earned by employees. Benefits include the non-registered Supplemental Executive Retirement Program (SERP), retirement allowances and non-vested sick leave.

(g) Asset Retirement Obligations

The District recognizes the fair value of future asset retirement obligations as a liability when there exists a legal obligation associated with the retirement of tangible long-lived assets. The District concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset or the expected date of remediation. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate.

Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is being amortized. The District has a legal obligation to remove hazardous materials from District buildings. A liability is recognized when the asset has been approved by the Board of Trustees for disposition and when the fair value of the liability can be reasonably determined. When there is reasonable assurance of capital support for such obligations (funding commitments), the District accrues the receivable and reduces the remaining carrying amount of the related long-lived asset.



(h) Tangible capital assets

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.

Work-in-progress is recorded as an acquisition to the applicable asset class at substantial completion.

Buildings that are demolished or destroyed are written-off.

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

Commencing the following year of acquisition, amortization is recorded on a straight-line basis over the estimated useful lives of the assets using the following rates:

Buildings and site improvements	2.5% to 10%
Furniture and equipment	10%
Vehicles	10%
Computer equipment	20%

(i) 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.

(j) Revenue Recognition

Revenues are recorded on an accrual basis. Instruction and support allocations are recognized in the year to which they relate. Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Volunteers assist schools operated by the District in carrying out certain activities. Contributed services are not recognized in the financial statements due to the difficulty of determining the fair value and the fact that such assistance is generally not otherwise purchased.

Eligibility criteria are criteria that the District has to meet in order to receive certain contributions. *Stipulations* describe what the District must perform in order to keep the contributions.

Contributions without eligibility criteria or stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity. Contributions with eligibility criteria but without stipulations are recognized as revenue when the contributions are authorized by the transferring government or entity and all eligibility criteria have been met.

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



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

(k) Pensions

The District and its staff participate in multi-employer defined benefit pension plans. Multi-employer defined pension plans are accounted for as a defined contribution plan whereby the District's contributions for current and past service pension benefits required for participating staff during the year are recorded as expenditures; the net pension assets or liabilities of the plan are not recognized in the financial statements.

The District's certificated employees are required to contribute to the Alberta Teachers' Retirement Fund (ATRF). The plan's sponsor is the Province of Alberta. ATRF contributions by the plan sponsor for current service are reflected as a component part of education system costs and are formally recognized in the accounts of the District, even though the District has no legal obligation to pay these costs. The amount of current service contributions are recognized as "Government of Alberta" revenue and as "Certificated benefits" expense. The plan sponsor's current service costs for employees for the current year are \$51,816,492 (2013 - \$44,337,310). At August 31, 2013 the ATRF reported a deficiency of \$825,590,000 (2012 - \$1,909,313,000).

The District and its uncertificated staff participate in the multi-employer Local Authorities Pension Plan. The service costs for employees for the current year of \$16,971,133 (2013 - \$16,310,614) are included in these statements and comprise the District costs of employer contribution. At December 31, 2013, the Local Authorities Pension Plan reported a deficiency of \$4,861,516,000 (2012 - \$4,977,303,000).

The District and the Superintendent participate in a multi-employer registered Supplemental Integrated Pension Plan (SIPP). This plan is supplemental to the ATRF. Employers are solely responsible for contributions to the pension plan.

(l) Program Reporting

The Division'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.



(m) 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 15.

(n) 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 District recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and debentures. As described in note 2(d), portfolio investments are recorded at fair value. All other financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of the item upon initial recognition. Gains or losses arising from the de-recognition of financial instruments are recognized in the Statement of Operations. Impairment losses are also reported in the Statement of Operations.

Unless otherwise noted, it is management's opinion that the District is not exposed to significant credit and liquidity risks, or market risk, which includes currency, interest rate and other price risks. The District has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The District does not use derivative financial instruments to manage risks.

(o) 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. ACCOUNTS RECEIVABLE

	August 31, 2014			August 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Alberta Education - Grants		\$ -	\$ -	\$ 1,445,752
Alberta Education - Capital	18,947,264	-	18,947,264	8,648,989
Alberta Education - IMR	-	-	-	-
Alberta Education - Other	683,789		683,789	151,792
Alberta Treasury Board & Finance - Supported debentures	197,265	-	197,265	778,482
Other Alberta school jurisdictions	301,367	-	301,367	281,682
Alberta Health Services	229,392	-	229,392	268,129
Post-secondary institutions	46,280	-	46,280	16,321
Other Government of Alberta ministries	35,460	-	35,460	23,078
Federal government	1,608,264	-	1,608,264	2,632,547
First nations	461,452	-	461,452	553,850
Other	2,264,632	(1,014,472)	1,250,160	2,059,163
Total	\$24,775,165	\$ (1,014,472)	\$ 23,760,693	\$ 16,859,785

4. PORTFOLIO INVESTMENTS

	2014			2013 Balance
	Average Effective (Market) Yield	Cost	Fair Value	
Supplementary Executive Retirement Program assets	1.70%	44,239	45,006	-
Total portfolio investments		\$ 44,239	\$ 45,006	\$ -

5. BANK INDEBTEDNESS

The jurisdiction has negotiated a line of credit in the amount of \$42.22 million dollars that bears interest at prime less 0.50%. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the jurisdiction. There was no balance at August 31, 2014 or August 31, 2013.



6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2014	August 31, 2013
Alberta Education	\$ 6,040,722	\$ 2,052,679
Other Alberta school jurisdictions	92,112	25,480
Alberta Capital Finance Authority	30,909	39,099
Alberta Health & Wellness	53,262	29,873
Post-secondary institutions	1,598	7,812
Alberta Local Authorities Pension Plan Corp	1,000,046	-
Other Government of Alberta ministries	2,413	2,068
Federal government	135,710	111,102
Other trade payables and accrued liabilities	28,405,726	27,225,464
Total	\$35,762,498	\$29,493,577

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					
Alberta Education:					
Infrastructure Maintenance Renewal	\$ 3,659,770	\$ 11,363,900	\$ (11,198,387)	\$ -	\$ 3,825,283
Regional Educational Consulting Services	730,251	3,212,448	(3,205,085)	(737,614)	-
SuperNet Service	-	2,434,463	(1,962,774)	-	471,689
Other-FASD/WRAP	301,671	265,000	(504,005)	(62,666)	-
Other-Try Project	792,821	-	(560,230)	(232,591)	-
Other-WrapAround Project for Vulnerable Children	217,081	-	(10,566)	-	206,515
Other Alberta Education (opening balance <\$100,000)	216,291	161,827	(245,661)	(69,661)	62,796
Other Government of Alberta:					
AHSCWF-Human Resources -AHS & AB ED	50,000	-	(50,000)	-	-
AHSCWF -Extending the Play-AHS & AB ED	40,254	-	(27,116)	-	13,138
Community Helper Program -Alberta Health Services	61,940	27,500	(89,440)	-	-
Community Grant for High Risk Youth-Alberta Human Services	24,770	-	(20,642)	-	4,128
Community Partnership(Way In)-Alberta Human Services	-	45,000	(20,152)	-	24,848
Infrastructure Study Grant-Alberta Infrastructure	-	950,000	(201,146)	-	748,854
Safe Communities Grant-Alberta Justice and Attorney General	26,564	-	(26,564)	-	-
Other Deferred Revenue:					
School Generated Funds - Fundraising	692,154	\$ 1,822,666	\$ (1,869,512)	-	645,308
School Generated Funds - Fees	77,894	-	(77,894)	-	-
School Generated Funds - Donations	1,214,564	4,900,895	(5,219,530)	-	895,929
School Fees Received in Advance of School Year	3,608,045	3,593,674	(3,608,045)	-	3,593,674
EPSB Foundation	722,368	596,913	(585,392)	-	733,889
International Students	4,134,253	6,144,075	(5,711,061)	-	4,567,267
International Student Insurance	171,290	272,907	(242,288)	-	201,909
Metro Continuing Education	360,571	2,425,180	(2,394,812)	-	390,939
Other Deferred Revenue (opening balance <\$100,000)	55,810	282,615	(205,810)	-	132,615
Total unexpended deferred operating revenue	\$ 17,158,361	\$ 38,499,063	\$ (38,036,112)	\$ (1,102,532)	\$ 16,518,781
Unexpended deferred capital revenue	5,503,377	19,115,026	(2,014,802)	-	22,603,601
Expended deferred capital revenue	602,027,058	19,086,463	(31,706,250)	-	589,407,271
Total	\$ 624,688,796	\$ 76,700,552	\$ (71,757,164)	\$ (1,102,532)	\$ 628,529,653



8. EMPLOYEE FUTURE BENEFIT LIABILITIES

Employee future benefit liabilities consist of the following:

	2014	2013
Accumulated sick pay liability	\$ 5,303,300	\$ 5,509,900
Retirement allowances	5,169,100	5,727,800
Other	27,864	
Total	\$ 10,500,264	\$ 11,237,700

9. DEBT

	2014	2013
Supported debentures outstanding at August 31, 2014 have interest rates between 7.5% to 9.88%. The terms of the loans are 20 years, payments made annually supported by Alberta Treasury Board and Finance	\$ 191,356	\$ 739,383
Unsupported debenture outstanding at August 31, 2014 has an interest rates of 3.06%. The terms of the loan is 20 years, payments made semi-annually.	14,725,256	10,159,158
Total	\$14,916,612	\$10,898,541

Debenture Debt – Supported

The debenture debt bears interest at rates varying between 7.5% and 9.88%. The debenture debt is fully supported by Alberta Treasury Board and Finance. Supported debenture payments to mature in 2015:

	Principal	Interest	Total
2014-2015	\$ 191,356	\$ 18,639	\$ 209,995



Unsupported Debenture – Alberta Capital Finance Authority

The School Jurisdiction has a debenture outstanding in the amount of \$14,725,256. The debenture bears interest at 3.06% per annum and expires September 2033. The following is a summary of principal and interest payments on the related unsupported debenture:

	Principal	Interest	Total
2014-2015	\$ 562,150	\$ 445,887	\$ 1,008,037
2015-2016	579,467	428,571	1,008,038
2016-2017	597,316	410,721	1,008,037
2017-2018	615,716	392,322	1,008,038
2018-2019	634,682	373,356	1,008,038
2019 to maturity	11,735,925	2,880,621	14,616,546
Total	\$ 14,725,256	\$ 4,931,478	\$ 19,656,734

10. TANGIBLE CAPITAL ASSETS

	August 31, 2014						
	Land	Construction In Progress - Buildings	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			10-40 Years	10 Years	10 Years	5 Years	
Historical cost							
Beginning of year	\$ 837,590	\$ 4,526,886	\$ 1,143,562,660	\$ 120,047,596	\$ 3,284,554	\$ 75,472,071	\$ 1,347,731,357
Additions	-	15,758,209	14,689,013	1,922,568	-	3,933,272	36,303,062
Transfers in (out)	-	(4,526,886)	4,526,886	-	-	-	-
Less disposals including w rite-offs	-	-	-	(803,468)	(98,554)	-	(902,022)
	<u>\$ 837,590</u>	<u>\$ 15,758,209</u>	<u>\$ 1,162,778,559</u>	<u>\$ 121,166,696</u>	<u>\$ 3,186,000</u>	<u>\$ 79,405,343</u>	<u>\$ 1,383,132,397</u>
Accumulated amortization							
Beginning of year	\$ -	\$ -	\$ 515,227,865	\$ 94,523,982	\$ 1,733,922	\$ 65,829,255	\$ 677,315,024
Additions	-	-	32,907,412	4,435,636	259,412	3,677,206	41,279,666
Transfers in (out)	-	-	-	-	-	-	-
Less disposals including w rite-offs	-	-	-	(502,520)	(66,653)	-	(569,173)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,135,277</u>	<u>\$ 98,457,098</u>	<u>\$ 1,926,681</u>	<u>\$ 69,506,461</u>	<u>\$ 718,025,517</u>
Net Book Value at End of Year	<u>\$ 837,590</u>	<u>\$ 15,758,209</u>	<u>\$ 614,643,282</u>	<u>\$ 22,709,598</u>	<u>\$ 1,259,319</u>	<u>\$ 9,898,882</u>	<u>\$ 665,106,880</u>

	August 31, 2013						
	Land	Construction In Progress - Buildings	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			10-40 Years	10 Years	10 Years	5 Years	
Historical cost							
Beginning of year	\$ 837,590	\$ 4,537,802	\$ 1,124,672,114	\$ 116,635,376	\$ 3,296,171	\$ 72,811,224	\$ 1,322,790,277
Additions	-	9,339,607	10,586,827	4,199,211	102,664	2,678,140	26,906,449
Transfers in (out)	-	(9,350,523)	9,276,469	74,054	-	-	-
Less disposals including w rite-offs	-	-	(972,750)	(861,045)	(114,281)	(17,293)	(1,965,369)
	<u>\$ 837,590</u>	<u>\$ 4,526,886</u>	<u>\$ 1,143,562,660</u>	<u>\$ 120,047,596</u>	<u>\$ 3,284,554</u>	<u>\$ 75,472,071</u>	<u>\$ 1,347,731,357</u>
Accumulated amortization							
Beginning of year	\$ -	\$ -	\$ 483,846,975	\$ 90,759,079	\$ 1,589,532	\$ 61,719,109	\$ 637,914,695
Additions	-	-	31,960,291	4,887,453	252,793	4,127,055	41,227,592
Transfers in (out)	-	-	378,490	(378,874)	-	384	-
Less disposals including w rite-offs	-	-	(957,891)	(743,676)	(108,403)	(17,293)	(1,827,263)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,227,865</u>	<u>\$ 94,523,982</u>	<u>\$ 1,733,922</u>	<u>\$ 65,829,255</u>	<u>\$ 677,315,024</u>
Net Book Value at End of Year	<u>\$ 837,590</u>	<u>\$ 4,526,886</u>	<u>\$ 628,334,795</u>	<u>\$ 25,523,614</u>	<u>\$ 1,550,632</u>	<u>\$ 9,642,816</u>	<u>\$ 670,416,333</u>



11. ACCUMULATED SURPLUS

The District's accumulated surplus is summarized as follows:

	August 31, 2014	August 31, 2013
Internally restricted reserves	\$ 3,275,617	\$ 2,886,068
Operating reserves	<u>64,150,421</u>	<u>34,966,877</u>
Accumulated surplus from operations	67,426,038	37,852,945
Investment in tangible capital assets	63,661,113	62,394,223
Capital reserves	14,603,344	7,291,090
Accumulated remeasurement gains	767	
Accumulated surplus	<u>\$145,691,262</u>	<u>\$107,538,258</u>

12. CONTRACTUAL OBLIGATIONS

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

	Building Projects	Building Leases	Service Providers
2014-15	\$ 56,630,250	\$ 5,129,550	\$ 2,337,944
2015-16	47,362,000	3,327,433	-
2016-17	-	3,347,981	-
2017-18	-	3,297,203	-
2018-19	-	3,260,933	-
Thereafter	-	10,469,534	-
	<u>\$ 103,992,250</u>	<u>\$ 28,832,633</u>	<u>\$ 2,337,944</u>

13. CONTINGENT LIABILITIES

- a) The District is a member of Urban Schools Insurance Consortium (USIC), a licensed reciprocal insurance exchange under Alberta's Insurance Act, which facilitates the placement of property and liability insurance coverage for fourteen jurisdictions throughout the province of Alberta. Member contributions pay for premiums on insurance policies and self-insure a portion of each member's risk exposure. Premium rebates are received by the reciprocal from the insurer's favorable claims experience. Under the terms of its membership, each member could become liable for its proportionate share of any claim losses in excess of the funds held by the reciprocal. The District's share of the accumulated consortium funds as at August 31, 2014 was \$1,327,223 (2013 - \$947,159). This amount has not been recognized in the District's financial statements.
- b) The District was involved in various legal disputes as of August 31, 2014. While it is not possible to estimate the outcome of these disputes, management believes that there will be no significant adverse effects on the financial position of the District.



14. FEES

	2014	2013
Transportation fees ⁽¹⁾	10,317,248	\$ 9,823,927
Fees charged for instruction material and supplies ⁽²⁾	2,488,746	2,655,548
Other fees	18,490,511	17,139,777
Total	<u>\$ 31,296,505</u>	<u>\$ 29,619,252</u>

(1) Charged under School Act, Section 51(3)

(2) Charged under School Act, Section 60 (2) j

15. TRUSTS UNDER ADMINISTRATION

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

	2014	2013
Deferred salary leave plan	\$ 1,976,676	\$ 1,582,862
Scholarship trusts	491,841	477,341
Children and Youth with Complex Needs (Banker board)	-	754,673
Total	<u>\$ 2,468,517</u>	<u>\$ 2,814,876</u>

16. SCHOOL GENERATED FUNDS

	2014	2013
Unspent School Generated Funds, Beginning of Year	\$ 4,870,680	\$ 4,476,224
Gross Receipts:		
Fees	12,841,021	12,516,534
Fundraising	1,756,057	1,835,965
Gifts and donations	4,900,895	5,100,364
Grants to schools	66,609	151,367
Other sales and services	5,428,126	5,575,943
Total gross receipts	24,992,708	25,180,173
Total Related Expenses and Uses of Funds	18,534,704	17,820,268
Total Direct Costs Including Cost of Goods Sold to Raise Funds	6,511,830	6,965,449
Unspent School Generated Funds, End of Year	<u>\$ 4,816,854</u>	<u>\$ 4,870,680</u>
Balance included in Deferred Revenue	\$ 1,541,237	\$ 1,984,612
Balance included in Accumulated Surplus	\$ 3,275,617	\$ 2,886,068



17. RELATED PARTY TRANSACTIONS

All entities that are consolidated in the accounts of the Government of Alberta are related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

Related Party Transactions

	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	\$ 19,631,053	\$ 6,040,722	\$ -	\$ -
Prepaid expenses / Deferred operating revenue	-	4,566,280	-	-
Unexpended deferred capital revenue	-	22,603,602	-	-
Expended deferred capital revenue		589,407,270		
Grant revenue & expenses	-		854,721,358	-
Other revenues & expenses	-		184,144	733,445
Other Alberta school jurisdictions	301,367	92,112	2,768,441	1,317,484
Treasury Board and Finance (Other)		25,000		
Treasury Board and Finance (Principal)	191,356	191,356	200	
Treasury Board and Finance (Accrued interest)	5,909	5,909		
Alberta Health Services	229,392	53,262	743,459	102,767
Enterprise and Advanced Education			4,155	-
Post-secondary institutions	46,280	1,598	729,645	132,376
Alberta Infrastructure	26,788	748,854	434,938	488
Human Services	7,932	28,976	1,190,938	-
Other Government of Alberta Ministries	740	15,551	109,636	11,263
Alberta Local Authorities pension Plan Corp		1,000,046	39,323	16,971,133
Alberta Foundation for the Arts	-	-	218,504	-
Edmonton and Area Child and Family Services Authority	-	-	1,026,377	-
TOTAL 2013/2014	<u>\$ 20,440,817</u>	<u>\$ 624,780,538</u>	<u>\$ 862,171,118</u>	<u>\$ 19,268,956</u>
TOTAL 2012/2013	<u>\$ 11,614,225</u>	<u>\$ 616,534,275</u>	<u>\$ 853,649,563</u>	<u>\$ 19,920,612</u>

18. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

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



19. REMUNERATION AND MONETARY INCENTIVES

The District had paid or accrued expense 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	ERIP's / Other	Expenses
Chair: S. Hoffman	1.0	\$43,970	\$4,643	\$3,364		\$11,953
Other members						
S. Adams ⁽¹⁾	1.0	\$27,719	\$5,705	\$3,209		\$7,371
O. Chubb ⁽¹⁾	1.0	\$27,451	\$5,692	\$3,209		\$1,870
L. Cleary ⁽²⁾	1.0	\$6,294	\$1,203	\$608		\$151
D. Colburn ⁽²⁾	1.0	\$5,593	\$896	\$608		\$125
M. Draper ⁽¹⁾	1.0	\$27,854	\$5,690	\$2,769		\$6,597
K. Gibson ⁽¹⁾	1.0	\$27,317	\$5,666	\$2,769		\$1,956
N. Ip ⁽¹⁾	1.0	\$27,719	\$3,477	\$2,769		\$9,243
M. Janz	1.0	\$37,508	\$4,970	\$3,364		\$5,664
C. Johner	1.0	\$32,928	\$6,931	\$3,364		\$7,026
R. Martin ⁽¹⁾	1.0	\$27,719	\$617	\$2,769		\$6,276
H. MacKenzie ⁽²⁾	1.0	\$6,360	\$1,208	\$608		\$67
C. Ripley ⁽²⁾	1.0	\$5,459	\$1,164	\$608		\$402
K. Shipka ⁽²⁾	1.0	\$5,459	\$716	\$608		\$119
C. Spencer ⁽²⁾	1.0	\$5,459	\$1,164	\$608		\$316
Subtotal	15.0	\$314,809	\$49,742	\$31,234		\$59,136
Superintendent - D. Robertson ⁽³⁾	1.0	\$260,868	\$67,989	\$10,000	\$0	\$12,111
Secretary-Treasurer - C. Hagen ⁽⁴⁾	1.0	\$26,258	\$4,492	\$518	\$0	\$1,198
Treasurer - C. Hagen ⁽⁴⁾	1.0	\$150,759	\$29,349	\$2,847	\$0	\$6,333
Secretary - S. Stoddard ⁽⁴⁾	1.0	\$163,780	\$31,416	\$2,769	\$0	\$9,949
Certificated teachers	4,436.7	\$431,962,818	\$102,069,197	\$629,085	\$274,565	
Non-certificated - other	2,795.2	\$173,474,158	\$45,049,299	\$2,736,108	\$269,718	
TOTALS		\$606,353,448	\$147,301,484	\$3,412,560	\$544,283	\$88,727

Notes:

- 1) Trustee term commenced November 2013
- 2) These trustees did not run or were defeated in the fall 2013 Civic Election
- 3) The benefit cost for the Superintendent includes payments to the Supplementary Pension Plan of \$34,728 (2013 - \$37,999) and the Alberta Teachers' Retirement Fund (ATRF) contribution made by Alberta Education on behalf of Edmonton School District No.7 in the amount of \$19,340 (2013 - \$15,878)
- 4) The role of Secretary Treasurer was divided in November 2013.
 Secretary-Treasurer (Until November 4, 2013) - Cheryl Hagen
 Treasurer (November 5, 2013) - Cheryl Hagen
 Secretary (November 5, 2013) - Sandra Stoddard

20. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Trustees on June 18, 2013. It is presented for information purposes only and has not been audited.

21. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2013-2014 presentation.

**EDMONTON PUBLIC SCHOOL BOARD
SUMMARY OF CHANGES IN OPERATING RESERVES
AUGUST 31, 2014 (in dollars)**

Opening Balance of Operating Reserves as of August 31, 2013	37,852,945
Additions to Operating Reserves:	
Transfer to General Operating Reserve	29,183,544
Transfer to Internally Restricted Reserves (School Generated Funds)	389,549
Ending Balance of Operating Reserves as of August 31, 2014	<u><u>\$ 67,426,038</u></u>

Summary of total Operating Reserve Ending Balances:

Schools	\$ 25,810,315
Central Services Decision Units	9,775,956
Sub-Total	<u>35,586,271</u>

District Sustainability Funds

School Equity	1,541,145
Central Services Projects	1,708,302
Price Stabilization	4,684,522
School Building Equity	2,493,309
Property Management Capital	9,619,941
Enterprise Systems	5,516,931
Staff Development Pilot	1,000,000
Edmonton Student Transportation Authority Establishment	1,000,000
Early Years Initiative	500,000
Career Pathways Initiative	500,000
Total Sustainability Fund Resources	<u>28,564,150</u>
Total District Operating Reserves	<u>64,150,421</u>
School Generated Funds- internally restricted funds	3,275,617
Total Balance in Operating Reserves	<u><u>\$ 67,426,038</u></u>

**EDMONTON PUBLIC SCHOOL BOARD
SUMMARY OF CHANGES IN CAPITAL RESERVES
AUGUST 31, 2014 (in dollars)**

Opening Balance of Capital Reserves at August 31, 2013	\$ 7,291,090
Additions to Capital Reserve:	
Disposal of unsupported Capital Asset	367,578
Transfer to Reserve from Unrestricted Surplus	11,924,269
Reductions in Capital Reserves:	
Purchase, transportation and set up of modular classrooms	(4,979,593)
Ending Balance of Capital Reserves at August 31, 2014	<u><u>\$ 14,603,344</u></u>