

**DATE:** December 17, 2013

**TO:** Board of Trustees

**FROM:** Trustee Orville Chubb, Audit Committee Chair  
Trustee Ken Gibson, Audit Committee  
Trustee Sarah Hoffman, Audit Committee

**SUBJECT:** 2012-2013 Financial Statements and Auditors Report

**ORIGINATOR:** David Fraser, Executive Director, Corporate Services

**RESOURCE**  
**STAFF:** Candace Cole, Cheryl Hagen, Brody Sveinson

**REFERENCE:** N/A

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**ISSUE**

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

**RECOMMENDATION**

- 1) **That for the 2012-2013 year, the transfer of \$17.4 million from the Unrestricted Surplus to Operating Reserves be confirmed.**
- 2) **That the audited financial statements for the year ending August 31, 2013 (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 for the fiscal year (Attachment I);
- includes the Auditor's Report from KPMG LLP regarding their audit opinion (Attachment I);
- includes a summary of the District's accumulated surplus/(deficit) at August 31, 2013 (Attachment II).

This report was reviewed by the Audit Committee on November 20, 2013.

Financial Services prepared the financial statements for the 2011-2012 and 2012-2013 years' and KPMG performed the audit during October –November 2013. Appropriate tests and procedures were performed to enable the auditors to express an unqualified audit opinion on the District's 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 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.

Additionally, at the end of each financial year, the actual surplus/(deficits) for each school and Central decision unit (DU) are calculated and information on the factors giving rise to the surplus/(deficits) are obtained from the school or DU with surplus/(deficits) in excess of 5% of their budget. A report showing the surplus/(deficit) by school and DU was submitted to the Audit Committee for review.

Also, Results Review Committees, composed of members of the Board of Trustees, reviewed the financial and operational results of each school and DU against budgeted planned results at meetings held in November.

#### **RELATED FACTS**

- The District ended the 2013 year with an \$18M surplus, compared to a \$10.2M deficit in the previous year.
- The \$35M of unrestricted operating reserves equates to sufficient funds for only 9.2 days of operation compared to 4.7 days in 2011-2012.

#### **OPTIONS**

N/A

#### **CONSIDERATIONS & ANALYSIS**

N/A

#### **NEXT STEPS**

The Audit Committee, at its meeting on November 20, 2013, had an opportunity to review and discuss the audited financial statements and the auditors' letter regarding their opinion prior to the public Board meeting.

The Audit Committee is recommending to the Board, at its meeting on December 17, 2012, that the 2012-2013 audited financial statements be received for approval and that the necessary funds be transferred from unrestricted surplus to operating reserves.

Under Section 150 of the *School Act*, the Board Chair is required to present the auditors' report to a public Board meeting to provide an opportunity for discussion. The *School Act* also requires the audited financial statements be submitted to the Minister of Education by November 30, 2013. An electronic draft of the audited financial statements was submitted to Alberta Education on November 30, 2013 and the final approved documents will be submitted following Board approval on December 17, 2012.

#### **ATTACHMENTS & APPENDICES**

ATTACHMENT I Audited Financial Statements as required by Alberta Education (including Auditors' Report and Notes)

ATTACHMENT II Summary of Accumulated Surplus/(Deficit) at August 31, 2013 – Schools, Institutions, Early Ed Sites, and Central DUs

CDH:ja

School Jurisdiction Code: **3020**

**AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2012 and AUGUST 31, 2013**  
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

**EDMONTON SCHOOL DISTRICT NO. 7**

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Legal Name of School Jurisdiction

**ONE KINGSWAY, EDMONTON, AB T5H 4G9**

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Mailing Address

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

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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 Chairman***

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

**December 17, 2013**

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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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# Draft auditors' report

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Edmonton School District No. 7, which comprise the statements of financial position as at August 31, 2013 and August 31, 2012 and September 1, 2011, the statements of operations, cash flows and change in net financial assets (net debt) for the years ended August 31, 2013 and August 31, 2012, the statement of remeasurement gains and losses for the year ended August 31, 2013, and notes, comprising 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the 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 our 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, we consider internal control relevant to the District'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 District'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 in our audits 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, 2013 and August 31, 2012 and September 1, 2011, and the statements of operations, cash flows and change in net financial assets (net debt) for the years ended August 31, 2013 and August 31, 2012, the statement of remeasurement gains and losses for the year ended August 31, 2013 in accordance with Canadian public sector accounting standards.

**STATEMENTS OF FINANCIAL POSITION**  
As at (in dollars)

		August 31		September 1
		2013	2012 Restated	2011 Restated
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents		\$87,902,015	\$60,476,896	\$58,395,401
Accounts receivable (net after allowances)	(Note 4)	\$16,859,785	\$17,004,531	\$26,269,989
Portfolio investments		\$0	\$0	\$416,338
Other financial assets		\$0	\$0	\$0
<b>Total financial assets</b>		<b>\$104,761,800</b>	<b>\$77,481,427</b>	<b>\$85,081,728</b>
<b>LIABILITIES</b>				
Bank indebtedness	(Note 5)	\$0	\$0	\$0
Accounts payable and accrued liabilities	(Note 6)	\$29,493,577	\$32,234,989	\$33,051,407
Deferred revenue	(Note 7)	\$621,080,751	\$638,072,340	\$590,878,112
Employee future benefit liabilities	(Note 8)	\$11,237,700	\$5,812,000	\$5,812,000
Other liabilities		\$0	\$0	\$0
<b>Debt</b>	(Note 9)			
Supported: Debentures and other supported debt		\$739,383	\$1,990,232	\$4,600,276
Unsupported: Debentures and capital loans		\$10,159,158	\$438,170	\$711,244
Capital leases		\$0	\$0	\$0
Mortgages		\$0	\$0	\$0
<b>Total liabilities</b>		<b>\$672,710,569</b>	<b>\$678,547,731</b>	<b>\$635,053,039</b>
<b>Net financial assets (debt)</b>		<b>(\$567,948,769)</b>	<b>(\$601,066,304)</b>	<b>(\$549,971,311)</b>
<b>NON-FINANCIAL ASSETS</b>				
<b>Tangible capital assets</b>	(Note 10)			
Land		\$837,590	\$837,590	\$837,590
Construction in progress		\$4,526,886	\$4,537,802	\$23,303,915
Buildings	\$1,143,562,660			
Less: Accumulated amortization	(\$515,227,865)	\$628,334,795	\$640,825,139	\$580,182,043
Equipment	\$120,047,596			
Less: Accumulated amortization	(\$94,523,982)	\$25,523,614	\$25,876,297	\$24,871,843
Vehicles	\$3,284,554			
Less: Accumulated amortization	(\$1,733,922)	\$1,550,632	\$1,706,639	\$1,900,166
Computer Equipment	\$75,472,071			
Less: Accumulated amortization	(\$65,829,255)	\$9,642,816	\$11,092,115	\$12,436,254
<b>Total tangible capital assets</b>		<b>\$670,416,333</b>	<b>\$684,875,582</b>	<b>\$643,531,811</b>
Prepaid expenses		\$1,118,390	\$1,109,271	\$469,919
Other non-financial assets		\$3,952,304	\$4,667,888	\$5,782,858
<b>Total non-financial assets</b>		<b>\$675,487,027</b>	<b>\$690,652,741</b>	<b>\$649,784,588</b>
<b>Accumulated surplus</b>	(Note 11)	<b>\$107,538,258</b>	<b>\$89,586,437</b>	<b>\$99,813,277</b>
Accumulating surplus / (deficit) is comprised of:				
Accumulated operating surplus (deficit)		\$107,538,258	\$89,586,437	\$99,813,277
Accumulated remeasurement gains (losses)		\$0	\$0	\$0
		\$107,538,258	\$89,586,437	\$99,813,277
<b>Contractual obligations</b>	(Note 12)			
<b>Contingent liabilities</b>	(Note 13)			

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

**STATEMENTS OF OPERATIONS**  
For the Years Ended August 31 (in dollars)

	Budget 2013	Actual 2013	Actual 2012 Restated
<b>REVENUES</b>			
Alberta Education	\$874,262,532	\$889,385,333	\$839,385,020
Other - Government of Alberta	\$0	\$3,821,312	\$4,013,038
Federal Government and First Nations	\$2,840,800	\$2,447,621	\$2,550,501
Other Alberta school authorities	\$1,656,100	\$2,060,695	\$2,454,512
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Property taxes	\$0	\$0	\$0
Fees (Note 14)	\$29,391,900	\$29,619,252	\$28,269,748
Other sales and services	\$6,493,092	\$23,471,803	\$21,033,576
Investment income	\$500,000	\$1,220,175	\$1,162,502
Gifts and donations	\$3,803,677	\$7,413,362	\$6,757,443
Rental of facilities	\$2,910,190	\$3,463,076	\$4,444,900
Fundraising	\$2,839,600	\$1,662,396	\$2,447,850
Gains (losses) on disposal of capital assets	\$0	\$4,701,092	\$5,100
Other revenue	\$0	\$0	\$0
<b>Total revenues</b>	<b>\$924,697,891</b>	<b>\$969,266,117</b>	<b>\$912,524,190</b>
<b>EXPENSES</b>			
Instruction	\$750,182,096	\$725,987,925	\$706,927,134
Plant operations and maintenance	\$107,637,279	\$135,605,700	\$128,984,792
Transportation	\$33,067,154	\$32,634,883	\$31,032,665
Administration	\$30,946,394	\$32,947,945	\$31,894,254
External services	\$17,666,163	\$24,137,843	\$23,912,185
<b>Total expenses</b>	<b>\$939,499,086</b>	<b>\$951,314,296</b>	<b>\$922,751,030</b>
<b>Operating surplus (deficit)</b>	<b>(\$14,801,195)</b>	<b>\$17,951,821</b>	<b>(\$10,226,840)</b>

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

**STATEMENTS OF CASH FLOWS**  
For the Years Ended August 31 (in dollars)

	2013	2012 Restated
<b>CASH FLOWS FROM:</b>		
<b>A. OPERATING TRANSACTIONS</b>		
Operating surplus (deficit)	\$17,951,821	(\$10,226,840)
Add (Deduct) items not affecting cash:		
Total amortization expense	\$41,227,591	\$38,643,984
Gains on disposal of tangible capital assets	(\$4,701,092)	(\$5,100)
Losses on disposal of tangible capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$144,746	\$9,265,458
Prepays	(\$9,119)	(\$639,352)
Other financial assets	\$0	\$0
Non-financial assets	\$715,584	\$1,114,970
Accounts payable and accrued liabilities	(\$2,741,412)	(\$816,418)
Deferred revenue (Excluding EDCR)	(\$19,304,400)	(\$12,398,441)
Employee future benefit liabilities	\$5,425,700	\$0
Other (describe)	\$0	\$0
<b>Total cash flows from operating transactions</b>	<b>\$38,709,419</b>	<b>\$24,938,261</b>
<b>B. CAPITAL TRANSACTIONS</b>		
Purchases of tangible capital assets		
Land	\$0	\$0
Buildings	(\$17,598,763)	(\$12,349,885)
Equipment	(\$6,877,351)	(\$7,973,859)
Vehicles	(\$102,664)	(\$86,748)
Computer equipment	\$0	\$0
Net proceeds from disposal of unsupported capital assets	\$4,824,339	\$20,506
Other (describe)	\$0	\$0
<b>Total cash flows from capital transactions</b>	<b>(\$19,754,439)</b>	<b>(\$20,389,986)</b>
<b>C. INVESTING TRANSACTIONS</b>		
Changes in portfolio investments	\$0	\$416,338
Remeasurement gains (losses) reclassified to the statement of operations	\$0	\$0
Other (describe)	\$0	\$0
<b>Total cash flows from investing transactions</b>	<b>\$0</b>	<b>\$416,338</b>
<b>D. FINANCING TRANSACTIONS</b>		
Issue of debt	\$10,000,000	\$0
Repayment of debt	(\$1,529,861)	(\$2,883,118)
Other (describe)	\$0	\$0
<b>Total cash flows from financing transactions</b>	<b>\$8,470,139</b>	<b>(\$2,883,118)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$27,425,119</b>	<b>\$2,081,495</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>\$60,476,896</b>	<b>\$58,395,401</b>
<b>Cash and cash equivalents, at end of year</b>	<b>\$87,902,015</b>	<b>\$60,476,896</b>

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

**STATEMENTS OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)**  
**For the Years Ended August 31 (in dollars)**

	2013	2012
<b>Operating surplus (deficit)</b>	\$17,951,821	(\$10,226,840)
<b>Effect of changes in tangible capital assets</b>		
Aquisition of tangible capital assets	(\$26,906,448)	(\$80,055,108)
Amortization of tangible capital assets	\$41,227,591	\$38,643,984
Net carrying value of tangible capital assets disposed of	\$138,106	\$67,353
Write-down carrying value of tangible capital assets	\$0	\$0
<b>Total effect of changes in tangible capital assets</b>	\$14,459,249	(\$41,343,771)
<b>Changes in:</b>		
Prepaid expenses	(\$9,119)	(\$639,352)
Other non-financial assets	\$715,584	\$1,114,970
<b>Net remeasurement gains and (losses)</b>	\$0	\$0
<b>Endowments</b>	\$0	\$0
<b>Increase (decrease) in net financial assets (net debt)</b>	\$33,117,535	(\$51,094,993)
<b>Net financial assets (net debt) at beginning of year</b>	(\$601,066,304)	(\$549,971,311)
<b>Net financial assets (net debt) at end of year</b>	(\$567,948,769)	(\$601,066,304)

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

**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**For the Year Ended August 31, 2013 (in dollars)**

	2013
<b>Opening accumulated remeasurement gains and (losses) upon adoption on September 1, 2012</b>	<b>\$0</b>
<u>Unrealized gains (losses) attributable to:</u>	
Portfolio Investments	\$0
Other	\$0
<u>Amounts reclassified to the statement of operations:</u>	
Portfolio Investments	
Other	\$0
<b>Net remeasurement gains (losses) for the year</b>	<b>\$0</b>
<b>Accumulated remeasurement gains (losses) at end of year</b>	<b>\$0</b>

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

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2013 (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, 2012	\$89,586,437	\$0	\$89,586,437	\$63,828,822	\$0	\$0	\$20,409,148	\$5,347,669
Prior period adjustments:								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2012	\$89,586,437	\$0	\$89,586,437	\$63,828,822	\$0	\$0	\$20,409,148	\$5,347,669
Operating surplus (deficit)	\$17,951,821		\$17,951,821			\$17,951,821		
Board funded tangible capital asset additions				\$8,045,328		(\$8,104,417)	\$0	(\$2,940,911)
Disposal of unsupported tangible capital assets	\$0		\$0	(\$123,247)		(\$4,701,092)		\$4,824,339
Disposal of supported tangible capital assets (board funded portion)	\$0		\$0					\$0
Write-down of unsupported tangible capital assets	\$0		\$0	\$0		\$0		\$0
Write-down of supported tangible capital assets (board funded portion)	\$0		\$0	\$0		\$0		\$0
Net remeasurement gains (losses) for the year	\$0	\$0						
Endowment expenses	\$0		\$0		\$0			
Direct credits to accumulated surplus	\$0		\$0		\$0	\$0		
Amortization of tangible capital assets	\$0			(\$41,227,591)		\$41,227,591		
Capital revenue recognized	\$0			\$30,591,099		(\$30,591,099)		
Debt principal repayments (unsupported)	\$0			\$279,012		(\$279,012)		
Externally imposed endowment restrictions	\$0				\$0	\$0	\$0	
Net transfers to operating reserves	\$0					(\$17,443,799)	\$17,443,799	
Net transfers from operating reserves	\$0					\$0	\$0	
Net transfers to capital reserves	\$0					(\$59,993)		\$59,993
Net transfers from capital reserves	\$0					\$0		\$0
Assumption/transfer of other operations' surplus	\$0		\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2013	\$107,538,258	\$0	\$107,538,258	\$62,394,223	\$0	\$0	\$37,852,945	\$7,291,090

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2013 (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, 2012	\$20,408,148	\$5,347,869	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior period adjustments:										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$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, 2012	\$20,408,148	\$5,347,869	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$0	(\$2,040,911)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported tangible capital assets		\$4,624,339		\$0		\$0		\$0		\$0
Disposal of supported tangible capital assets (board funded portion)		\$0		\$0		\$0		\$0		\$0
Write-down of unsupported tangible capital assets		\$0		\$0		\$0		\$0		\$0
Write-down of supported tangible capital assets (board funded portion)		\$0		\$0		\$0		\$0		\$0
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	\$0		\$0		\$0		\$0		\$0	
Net transfers to operating reserves	\$17,443,799		\$0		\$0		\$0		\$0	
Net transfers from operating reserves	\$0		\$0		\$0		\$0		\$0	
Net transfers to capital reserves		\$59,993		\$0		\$0		\$0		\$0
Net transfers from capital reserves		\$0		\$0		\$0		\$0		\$0
Assumption/transfer of other operations' surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2013	\$37,852,945	\$7,291,090	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
for the Year Ended August 31, 2012 (in dollars)

	ACCUMULATED SURPLUS	ACCUMULATED REIMBURSEMENT 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, 2011	\$99,813,277	\$0	\$99,813,277	\$69,500,317	\$0	\$0	\$24,829,285	\$5,483,675
Prior period adjustments:								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2011	\$99,813,277	\$0	\$99,813,277	\$69,500,317	\$0	\$0	\$24,829,285	\$5,483,675
Operating surplus (deficit)	(\$10,226,840)		(\$10,226,840)			(\$10,226,840)		
Board funded tangible capital asset additions				\$4,751,848		(\$4,507,780)	\$0	(\$243,888)
Disposal of unsupported tangible capital assets	\$0		\$0	(\$15,407)		(\$5,099)		\$20,506
Disposal of supported tangible capital assets (board funded portion)	\$0		\$0	\$0		\$0		\$0
Write-down of unsupported tangible capital assets	\$0		\$0	\$0		\$0		\$0
Write-down of supported tangible capital assets (board funded portion)	\$0		\$0	\$0		\$0		\$0
Net remeasurement gains (losses) for the year	\$0	\$0						
Endowment expenses	\$0		\$0		\$0			
Direct credits to accumulated surplus	\$0		\$0		\$0	\$0		
Amortization of tangible capital assets	\$0			(\$38,843,984)		\$38,843,984		
Capital revenue recognized	\$0			\$27,963,974		(\$27,963,974)		
Debt principal repayments (unsupported)	\$0			\$273,074		(\$273,074)		
Externally imposed endowment restrictions	\$0				\$0	\$0	\$0	
Net transfers to operating reserves	\$0					\$0	\$0	
Net transfers from operating reserves	\$0					\$4,420,139	(\$4,420,139)	
Net transfers to capital reserves	\$0					(\$87,378)		\$87,378
Net transfers from capital reserves	\$0					\$0		\$0
Assumption/transfer of other operations' surplus	\$0		\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2012	\$89,586,437	\$0	\$89,586,437	\$83,829,822	\$0	\$0	\$20,409,148	\$5,347,669

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**for the Year Ended August 31, 2012 (in dollars)**

	INTERNALLY RESTRICTED RESERVES BY PROGRAM									
	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services	
	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
<b>Balance at August 31, 2011</b>	\$24,820,285	\$5,483,675	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Prior period adjustments:</b>										
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Adjusted Balance, Aug. 31, 2011</b>	\$24,820,285	\$5,483,675	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating surplus (deficit)										
Board funded tangible capital asset additions	\$0	(\$243,888)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported tangible capital assets		\$20,508		\$0		\$0		\$0		\$0
Disposal of supported tangible capital assets (board funded portion)		\$0		\$0		\$0		\$0		\$0
Write-down of unsupported tangible capital assets		\$0		\$0		\$0		\$0		\$0
Write-down of supported tangible capital assets (board funded portion)		\$0		\$0		\$0		\$0		\$0
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	\$0		\$0		\$0		\$0		\$0	
Net transfers to operating reserves	\$0		\$0		\$0		\$0		\$0	
Net transfers from operating reserves	(\$4,420,139)		\$0		\$0		\$0		\$0	
Net transfers to capital reserves		\$87,378		\$0		\$0		\$0		\$0
Net transfers from capital reserves		\$0		\$0		\$0		\$0		\$0
Assumption/transfer of other operations' surplus	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Balance at August 31, 2012</b>	\$20,400,146	\$5,347,869	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**SCHEDULE OF CAPITAL REVENUE  
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)  
for the Year Ended August 31, 2013 (in dollars)**

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
Balance at August 31, 2012	\$4,074,834	\$0	\$1,937,020	\$0	\$620,607,789
Prior period adjustments	\$0	\$0		\$0	\$0
Adjusted balance, August 31, 2012	\$4,074,834	\$0	\$1,937,020	\$0	\$620,607,789
Add:					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	\$1,041,441				
Infrastructure Maintenance & Renewal capital related to school facilities	\$7,977,196				
Other Government of Alberta	\$0				
Federal Government and First Nations				\$0	
Other sources				\$0	
Unexpended capital revenue receivable from					
Alberta Education school building & modular	\$0				
Unexpended capital revenue receivable from other than Alberta Education	\$0			\$0	
Interest earned on unexpended capital revenue	\$0	\$0	\$0	\$0	
Other unexpended capital revenue and donations				\$0	
Net proceeds on disposal of supported tangible capital assets			\$170,444	\$0	
Insurance proceeds (and related interest)			\$0	\$0	
Donated tangible capital assets (amortizable, @ fair market value)					\$0
Public Private Partnership (P3), other Alberta Schools Alternative Program (ASAP) Initiative and Alberta Infrastructure managed projects					\$2,327,670
Transferred in tangible capital assets (amortizable, @ net book value)					\$0
Expended capital revenue - current year	(\$9,697,557)	\$0	\$0	\$0	\$9,697,557
Surplus funds approved for future project(s)	\$0	\$0			
Deduct:					
Net book value of supported tangible capital dispositions, write-offs, or transfers	\$0	\$0	\$0	\$0	\$14,859
Capital revenue recognized					\$30,591,099
Balance at August 31, 2013	\$3,395,914	\$0	\$2,107,464	\$0	\$602,027,058
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2013 (A) + (B) + (C) + (D)					\$5,503,378

**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 tangible capital assets per 10 (2) (a) of Disposition of Property Reg. 181/2011

(D) - Represents capital revenue received from entities OTHER THAN the Government of Alberta for the acquisition of restricted-use tangible capital assets.

**SCHEDULE OF CAPITAL REVENUE  
(EXTERNALLY RESTRICTED CAPITAL REVENUE ONLY)  
for the Year Ended August 31, 2012 (in dollars)**

	Unexpended Deferred Capital Revenue				Expended Deferred Capital Revenue
	Provincially Approved & Funded Projects <sup>(A)</sup>	Surplus from Provincially Approved Projects <sup>(B)</sup>	Proceeds on Disposal of Provincially Funded Tangible Capital Assets <sup>(C)</sup>	Unexpended Deferred Capital Revenue from Other Sources <sup>(D)</sup>	
Balance at August 31, 2011	\$7,857,018	\$0	\$1,043,359	\$0	\$573,320,250
Prior period adjustments	\$0	\$0	\$0	\$0	\$0
Adjusted balance, August 31, 2011	\$7,857,018	\$0	\$1,043,359	\$0	\$573,320,250
<b>Add:</b>					
Unexpended capital revenue received from:					
Alberta Education school building & modular projects (excl. IMR)	\$5,265,629				
Infrastructure Maintenance & Renewal capital related to school facilities	\$6,611,031				
Other Government of Alberta	\$0				
Federal Government and First Nations				\$0	
Other sources				\$0	
Unexpended capital revenue receivable from					
Alberta Education school building & modular	\$0				
Unexpended capital revenue receivable from other than Alberta Education	\$0			\$0	
Interest earned on unexpended capital revenue	\$0	\$0	\$0	\$0	
Other unexpended capital revenue and donations				\$0	
Net proceeds on disposal of supported tangible capital assets			\$893,661	\$0	
Insurance proceeds (and related interest)			\$0	\$0	
Donated tangible capital assets (amortizable, @ fair market value)					\$0
Public Private Partnership (P3), other Alberta Schools Alternative Program (ASAP) Initiative and Alberta Infrastructure managed projects					\$59,644,616
Transferred in tangible capital assets (amortizable, @ net book value)					\$0
Expended capital revenue - current year	(\$15,658,844)	\$0	\$0	\$0	\$15,658,844
Surplus funds approved for future project(s)	\$0	\$0			
<b>Deduct:</b>					
Net book value of supported tangible capital dispositions, write-offs, or transfers	\$0	\$0	\$0	\$0	\$51,947
Capital revenue recognition					\$27,963,974
Balance at August 31, 2012	\$4,074,834	\$0	\$1,937,020	\$0	\$620,607,789
	(A)	(B)	(C)	(D)	
Balance of Unexpended Deferred Capital Revenue at August 31, 2012 (A) + (B) + (C) + (D)				\$6,011,854	

**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 tangible capital assets per 10 (2) (a) of Disposition of Property Reg. 181/2011

(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, 2013 (in dollars)

REVENUES	2013						2012
	Instruction (ECS- Grade 12)	Plant Operations and Maintenance	Transportation	Board & System Administration	External Services	TOTAL	TOTAL
(1) Alberta Education	\$727,809,638	\$104,568,538	\$23,950,357	\$27,544,988	\$5,511,814	\$889,385,333	\$839,385,020
(2) Other - Government of Alberta	\$2,414,697	\$0	\$0	\$1,343,943	\$62,672	\$3,821,312	\$4,013,038
(3) Federal Government and First Nations	\$856,896	\$0	\$0	\$0	\$1,490,725	\$2,447,621	\$2,550,501
(4) Other Alberta school authorities	\$796,976	\$0	\$3,374	\$0	\$1,260,345	\$2,060,695	\$2,454,512
(5) Out of province authorities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Alberta Municipalities-special tax levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(8) Fees	\$19,795,325		\$9,823,927		\$0	\$29,619,252	\$28,266,748
(9) Other sales and services	\$7,058,792	\$117,976	(\$23)	\$3,257,388	\$13,037,670	\$23,471,803	\$21,033,576
(10) Investment income	\$1,220,175	\$0	\$0	\$0	\$0	\$1,220,175	\$1,162,502
(11) Gifts and donations	\$7,393,548	\$0	\$0	\$19,816	\$0	\$7,413,362	\$6,757,443
(12) Rental of facilities	\$0	\$0	\$0	\$334,944	\$3,128,132	\$3,463,076	\$4,444,900
(13) Fundraising	\$1,662,396	\$0	\$0	\$0	\$0	\$1,662,396	\$2,447,850
(14) Gains on disposal of tangible capital assets	\$0	\$4,701,092	\$0	\$0	\$0	\$4,701,092	\$5,100
(15) Other revenue			\$0	\$0	\$0	\$0	\$0
(16) TOTAL REVENUES	\$769,108,441	\$109,387,604	\$33,777,635	\$32,501,079	\$24,491,358	\$969,266,117	\$912,524,190
<b>EXPENSES</b>							
(17) Certificated salaries	\$423,991,973			\$2,180,871	\$8,302,107	\$434,474,951	\$427,674,661
(18) Certificated benefits	\$92,832,920			\$206,557	\$736,580	\$93,776,057	\$89,911,413
(19) Non-certificated salaries and wages	\$107,266,438	\$54,796,953	\$1,002,271	\$18,362,069	\$4,742,902	\$186,170,633	\$181,909,030
(20) Non-certificated benefits	\$30,528,375	\$13,184,133	\$216,902	\$3,385,938	\$784,060	\$48,101,408	\$38,811,165
(21) SUB - TOTAL	\$654,619,706	\$67,981,086	\$1,221,173	\$24,135,435	\$14,565,649	\$782,523,049	\$738,306,269
(22) Services, contracts and supplies	\$61,969,679	\$36,231,286	\$31,413,710	\$7,752,680	\$9,472,999	\$146,840,354	\$145,385,292
(23) Amortization of supported tangible capital assets	\$0	\$30,591,099	\$0	\$0	\$0	\$30,591,099	\$27,963,974
(24) Amortization of unsupported tangible capital assets	\$9,225,855	\$303,495	\$0	\$1,053,359	\$53,783	\$10,636,492	\$10,680,010
(25) Supported interest on capital debt	\$0	\$125,306	\$0	\$0	\$0	\$125,306	\$168,493
(26) Unsupported interest on capital debt	\$0	\$224,982	\$0	\$0	\$0	\$224,982	\$13,529
(27) Other interest and finance charges	\$172,685	\$148,446	\$0	\$6,471	\$45,412	\$373,014	\$233,463
(28) Losses on disposal of tangible capital assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(29) Other expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(30) TOTAL EXPENSES	\$725,987,925	\$135,605,700	\$32,634,883	\$32,947,945	\$24,137,843	\$951,314,296	\$922,751,030
(31) OPERATING SURPLUS (DEFICIT)	\$43,120,516	(\$26,218,096)	\$1,142,752	(\$446,866)	\$353,515	\$17,951,821	(\$10,226,840)



## 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. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2012/13 fiscal year, the District has adopted Canadian Public Sector Accounting ("PSA") standards without not-for-profit provisions. These financial statements are the first financial statements for which the District has applied PSA standards with retroactive application.

The District has elected to use the following exemptions in accordance with CICA PSA Handbook Section 2125:

- Retirement and post-employment benefits:
  1. the District has elected to delay application of the discount rate equal to the cost of borrowing until the next actuarial valuation as required under Sections PS 3250.044 and 3255; and
  2. the District has elected to recognize all cumulative actuarial gains and losses at September 1, 2011 (the date of transition to PSA standards) directly in accumulated surplus per Section PS 2125.10.

Key adjustments to the District's financial statements resulting from the adoption of these accounting standards are as follows:

- Previously the District was not required to consolidate the Edmonton Public School Board (EPSB) Foundation. PSA standards require that all organizations controlled by the District be consolidated in its financial statements. An adjustment was made to recognize the cash and deferred revenue related to the EPSB Foundation. The resulting adjustment was to increase cash and deferred revenue at September 1, 2011 by \$381,330 and \$486,313 at August 31, 2012.
- Previously the District had not recorded the receivable from Alberta Finance & Treasury that equates to the value of the supported debenture. Alberta Finance & Treasury pay this debenture on behalf of the District. PSA standards require that a receivable be recorded and that expended deferred capital revenue be recorded at the gross amount. An adjustment has been made to increase receivables and expended deferred capital revenue by \$4,600,276 as of September 1, 2011 and \$1,990,232 at August 31, 2012.
- Previously the District was required to match revenues and expenses for revenue recognition. PSA standards do not use matching principle. Rather, externally restricted inflows are to be recognized as revenue in the year in which the resources are used for the purposes specified. The District had always deferred the entire balance of School Generated Funds (SGF) remaining at year end, however, SGF revenues that have no restrictions must be recognized in current year income. An adjustment was made to reduce the deferred revenue and increase internally restricted reserves by \$3,126,510 as of September 1, 2011 and \$3,067,847 at August 31, 2012.



- Previously the District recorded all unexpended Infrastructure Maintenance & Renewal grants as deferred operating grants. PSA standards require that the portion that relates to capital should be recorded in unexpended deferred capital revenue (UDCR). An adjustment was made to increase UDCR and decrease deferred revenue by \$2,206,653 at September 2011 and \$1,515,960 at August 31, 2012.
- Previously the District was not required to record an accrued benefit obligation related to sick leave benefits as the benefits do not vest. PSA standards require that a liability and an expense be recognized for post-employment benefits and compensated absences that vest or accumulate in the period in which employees render services related to accumulated sick leave entitlement. The resulting adjustment to the liability for employee future benefits at September 1, 2011 and August 31, 2012 was \$5,812,000.
- Previously (for years 2000 to 2012), the District had recorded the tangible capital assets additions that were funded under Infrastructure Maintenance and Renewal (IMR) grants applied to school facilities as unsupported assets with an offsetting investment in capital asset, and revenue equal to the amount of additions. PSA standards require these tangible capital assets to be treated as supported and to record the offset to the expended deferred capital revenue account (see note 3) rather than investment in capital assets. The resulting adjustment was to increase expended deferred capital revenue and decrease investment in capital assets by \$49,723,318 as of September 1, 2011, and \$50,292,192 as of August 31, 2012 on the Statement of Financial Position. The resulting adjustment on the Statement of Operations was to decrease IMR revenue and increase amortization of capital contributions resulting in a net decrease of \$568,874 of Alberta Education revenue for August 31, 2012.
- PSA standards require Trust Assets and Trust Liabilities to not be included on the financial statements. They have been removed, and are now included in a note to the financial statements.
- As a result of the adoption of Public Sector Accounting Standards, comparative information has been restated as follows:



(a) Reconciliation of opening Statement of Financial Position

	September 1, 2011 Not-for-Profit	Transition to PSAS	Transition to PSAS	September 1, 2011 PSAS
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents / Cash and temporary investments	\$58,430,409	381,330	(\$416,338)	\$58,395,401
Accounts receivable (net after allowances)	\$21,669,713	4,600,276	\$0	\$26,269,989
Portfolio investments / Long term investments	\$0	-	\$416,338	\$416,338
Other financial assets		-	\$0	\$0
Other current assets	\$5,782,858	-	(\$5,782,858)	
Trust assets	\$2,264,813	-	(\$2,264,813)	
Long term accounts receivable	\$0	-	\$0	
<b>Total financial assets</b>	<b>\$88,147,793</b>	<b>\$4,981,606</b>	<b>(\$8,047,671)</b>	<b>\$85,081,728</b>
<b>LIABILITIES</b>				
Bank indebtedness	\$0	-	\$0	\$0
Accounts payable and accrued liabilities	\$33,051,407	-	\$0	\$33,051,407
Deferred revenue	\$13,609,318	(4,951,833)	\$582,220,627	\$590,878,112
Deferred capital allocations / UDCR	\$6,693,724	2,206,653	(\$8,900,377)	
Trust liabilities	\$2,264,813	-	(\$2,264,813)	
Employee future benefit liabilities	\$0	5,812,000	\$0	\$5,812,000
Other liabilities		\$0	\$0	\$0
Long term debt				
Supported: Debentures and other supported debt	\$4,600,276	-	\$0	\$4,600,276
Unsupported: Debentures and capital loans	\$711,244	-	\$0	\$711,244
Capital leases	\$0	-	\$0	\$0
Mortgages	\$0	-	\$0	\$0
Other long-term liabilities	\$0	-	\$0	
Unamortized capital allocations / EDCR	\$518,996,656	\$54,323,594	(\$573,320,250)	
<b>Total liabilities</b>	<b>\$579,927,438</b>	<b>\$57,390,414</b>	<b>(\$2,264,813)</b>	<b>\$635,053,039</b>
<b>Net Debt</b>	<b>(\$491,779,645)</b>	<b>(\$52,408,808)</b>	<b>(\$5,782,858)</b>	<b>(\$549,971,311)</b>
<b>NON-FINANCIAL ASSETS</b>				
Tangible capital assets				
Land	\$837,590	-	\$0	\$837,590
Construction in progress	\$23,303,915	-	\$0	\$23,303,915
Buildings	\$1,041,657,188	-	\$0	\$1,041,657,188
Less: Accumulated amortization	(\$461,475,145)	-	\$0	(\$461,475,145)
Equipment	\$181,426,463	-	(\$69,934,688)	\$111,491,775
Less: Accumulated amortization	(\$144,118,366)	-	\$57,498,434	(\$86,619,932)
Vehicles	\$3,231,432	-	\$0	\$3,231,432
Less: Accumulated amortization	(\$1,331,266)	-	\$0	(\$1,331,266)
Computer Equipment		-	\$69,934,688	\$69,934,688
Less: Accumulated amortization		-	(\$57,498,434)	(\$57,498,434)
<b>Total tangible capital assets</b>	<b>\$643,531,811</b>	<b>-</b>	<b>\$0</b>	<b>\$643,531,811</b>
Prepaid expenses	\$469,919	-	\$0	\$469,919
Other non-financial assets		-	\$5,782,858	\$5,782,858
<b>Total non-financial assets</b>	<b>\$644,001,730</b>	<b>\$0</b>	<b>\$5,782,858</b>	<b>\$649,784,588</b>
<b>Total accumulated surplus</b>	<b>\$152,222,085</b>	<b>(\$52,408,808)</b>	<b>\$0</b>	<b>\$99,813,277</b>
Accumulating surplus / (deficit) is comprised of:				
Accumulated operating surplus (deficit)	\$152,222,085	(\$52,408,808)	\$0	\$99,813,277
Accumulated remeasurement gains (losses)		-	\$0	\$0
	\$152,222,085	(\$52,408,808)	\$0	\$99,813,277



b) Reconciliation of Statement of Financial Position at August 31, 2012

	August 31, 2012 Not-for-Profit	Transition to PSAS	Transition to PSAS	August 31, 2012 PSAS
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents / Cash and temporary investments	\$59,990,583	486,313	\$0	\$60,476,896
Accounts receivable (net after allowances)	\$15,014,299	1,990,232	\$0	\$17,004,531
Portfolio investments / Long term investments	\$0	-	\$0	\$0
Other financial assets		-	\$0	\$0
Other current assets	\$4,667,888	-	(\$4,667,888)	
Trust assets	\$3,008,230	-	(\$3,008,230)	
Long term accounts receivable	\$0	-	\$0	
<b>Total financial assets</b>	<b>\$82,681,000</b>	<b>\$2,476,545</b>	<b>(\$7,676,118)</b>	<b>\$77,481,427</b>
<b>LIABILITIES</b>				
Bank indebtedness	\$0	-	\$0	\$0
Accounts payable and accrued liabilities	\$32,234,989	-	\$0	\$32,234,989
Deferred revenue	\$15,550,192	(4,097,494)	\$626,619,642	\$638,072,340
Deferred capital allocations/UDCR	\$4,495,894	1,515,960	(\$6,011,854)	
Trust liabilities	\$3,008,230	-	(\$3,008,230)	
Employee future benefit liabilities	\$0	5,812,000	\$0	\$5,812,000
Other liabilities		-	\$0	\$0
Long term debt				
Supported: Debentures and other supported debt	\$1,990,232	-	\$0	\$1,990,232
Unsupported: Debentures and capital loans	\$438,170	-	\$0	\$438,170
Capital leases	\$0	-	\$0	\$0
Mortgages	\$0	-	\$0	\$0
Other long-term liabilities	\$0	-	\$0	
Unamortized capital allocations/EDCR	\$568,325,364	52,282,424	(\$620,607,788)	
<b>Total liabilities</b>	<b>\$626,043,071</b>	<b>\$55,512,890</b>	<b>(\$3,008,230)</b>	<b>\$678,547,731</b>
<b>Net Debt</b>	<b>(\$543,362,071)</b>	<b>(\$53,036,345)</b>	<b>(\$4,667,888)</b>	<b>(\$601,066,304)</b>
<b>NON-FINANCIAL ASSETS</b>				
Tangible capital assets				
Land	\$837,590	-	\$0	\$837,590
Construction in progress	\$4,537,802	-	\$0	\$4,537,802
Buildings	\$1,124,672,114	-	\$0	\$1,124,672,114
Less: Accumulated amortization	(\$483,846,975)	-	\$0	(\$483,846,975)
Equipment	\$189,446,600	-	(\$72,811,224)	\$116,635,376
Less: Accumulated amortization	(\$152,478,188)	-	\$61,719,109	(\$90,759,079)
Vehicles	\$3,296,171	-	\$0	\$3,296,171
Less: Accumulated amortization	(\$1,589,532)	-	\$0	(\$1,589,532)
Computer Equipment		-	\$72,811,224	\$72,811,224
Less: Accumulated amortization		-	(\$61,719,109)	(\$61,719,109)
<b>Total tangible capital assets</b>	<b>\$684,875,582</b>	<b>\$0</b>	<b>\$0</b>	<b>\$684,875,582</b>
Prepaid expenses	\$1,109,271	-	\$0	\$1,109,271
Other non-financial assets		-	\$4,667,888	\$4,667,888
<b>Total non-financial assets</b>	<b>\$685,984,853</b>	<b>\$0</b>	<b>\$4,667,888</b>	<b>\$690,652,741</b>
<b>Total accumulated surplus</b>	<b>\$142,622,782</b>	<b>(\$53,036,345)</b>	<b>\$0</b>	<b>\$89,586,437</b>
Accumulating surplus / (deficit) is comprised of:				
Accumulated operating surplus (deficit)	\$142,622,782	(\$53,036,345)	\$0	\$89,586,437
Accumulated remeasurement gains (losses)		-	\$0	\$0
	<b>\$142,622,782</b>	<b>(\$53,036,345)</b>	<b>\$0</b>	<b>\$89,586,437</b>



c) Reconciliation of Statement of Operations for the August 31, 2012 year ended

	August 31, 2012 Not-for-Profit Restated	Transition to PSAS	August 31, 2012 PSAS
<b>REVENUES</b>			
Alberta Education	\$818,722,770	\$20,662,250	\$839,385,020
Other - Government of Alberta	\$4,013,038	\$0	\$4,013,038
Federal Government and First Nations	\$2,550,501	\$0	\$2,550,501
Other Alberta school authorities	\$2,454,512	\$0	\$2,454,512
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Property taxes		\$0	\$0
Fees	\$28,199,180	\$70,568	\$28,269,748
Other sales and services	\$21,515,616	(\$482,040)	\$21,033,576
Investment income	\$1,162,502	\$0	\$1,162,502
Gifts and donations	\$6,757,443	\$0	\$6,757,443
Rental of facilities	\$4,444,900	\$0	\$4,444,900
Fundraising	\$2,095,041	\$352,809	\$2,447,850
Gains (losses) on disposal of capital assets	\$5,100	\$0	\$5,100
Amortization of capital contributions	\$21,231,124	(\$21,231,124)	\$0
Other revenue	\$0	\$0	
<b>Total Revenues</b>	<b>\$913,151,727</b>	<b>(\$627,537)</b>	<b>\$912,524,190</b>
<b>EXPENSES</b>			
Instruction	\$706,927,134	\$0	\$706,927,134
Plant operations and maintenance	\$128,984,792	\$0	\$128,984,792
Transportation	\$31,032,665	\$0	\$31,032,665
Administration	\$31,894,254	\$0	\$31,894,254
External services	\$23,912,185	\$0	\$23,912,185
<b>Total Expenses</b>	<b>\$922,751,030</b>		<b>\$922,751,030</b>
<b>Operating surplus (deficit)</b>	<b>(\$9,599,303)</b>	<b>(\$627,537)</b>	<b>(\$10,226,840)</b>



d) Reconciliation of the Schedule of Expenses by Object for the August 31, 2012 year ended

EXPENSES	August 31, 2012 Not-for-Profit	Transition to PSAS	August 31, 2012 PSAS
Certificated salaries	\$427,674,661	\$0	\$427,674,661
Certificated benefits	\$89,911,413	\$0	\$89,911,413
Non-certificated salaries and wages	\$181,909,030	\$0	\$181,909,030
Non-certificated benefits	\$38,811,165	\$0	\$38,811,165
SUB - TOTAL	\$738,306,269	\$0	\$738,306,269
Services, contracts and supplies	\$145,385,292	\$0	\$145,385,292
Amortization of supported tangible capital assets	\$21,231,124	\$6,732,850	\$27,963,974
Amortization of unsupported tangible capital assets	\$17,412,860	(\$6,732,850)	\$10,680,010
Supported interest on capital debt	\$168,493	\$0	\$168,493
Unsupported interest on capital debt	\$13,529	\$0	\$13,529
Other interest and finance charges	\$233,463	\$0	\$233,463
Losses on disposal of tangible capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
TOTAL EXPENSES	\$922,751,030	\$0	\$922,751,030

### 3. 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) Accounts receivable

Accounts receivable are shown net of allowance for doubtful accounts.

(b) Tangible capital assets

Tangible capital assets are recorded at original cost. Tangible capital assets contributed to the District are recorded at administration's best estimate of fair value at the time the assets are contributed. Commencing in the year following the 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%



(c) Deferred Revenue

Deferred revenue includes contributions received for operations which have stipulations that meet the definition of a liability. 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 include 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 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.

(d) Employee Future Benefits

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

The District accrues its obligations and related costs including both vested and non-vested benefits under employee future benefit plans. Benefits include retirement allowances and non-vested sick leave. The future benefits cost is actuarially determined using the projected accrued benefit cost method pro-rata on service and using management's best estimate of expected salary escalation, benefit usage, termination and retirement rates and mortality. The discount rate used to measure obligations is based on the market yield on long-term high quality Canadian corporate bonds at August 31, 2013 (3.65%).

(e) 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.



(f) 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.

(g) 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. 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.

(h) Pensions

The District participates in a number of defined benefit plans to provide pension, retirement and healthcare benefits to its employees.

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 services 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 \$44,337,310 (2012 \$41,231,413).

The District participates in the Local Authorities Pension Plan, which is a multi-employer pension plan and does not report on any unfunded liabilities. The service costs for employees for the current year of \$16,310,614 (2012 - \$14,896,914) are included in these statements and comprise the District costs of employer contribution. At December 31, 2012, the Local Authorities Pension Plan reported a deficiency of \$4,977,303 (2011 - \$4,639,390).



(i) 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.

(j) 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.

(k) 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, bank indebtedness, accounts payable and accrued liabilities, and debentures. Financial instruments are recorded at cost or amortized cost. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

Transaction costs are recognized immediately in the statement of revenue and expenses. Trade-date basis of accounting is used for financial instruments.

The District has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices. The District does not use derivative financial instruments to alter the effects of these risks. The District invests surplus funds in accordance with Section 60(2) of the School Act and Section 5 of the Trustees Act. Portfolio investments for the District are cash type instruments (guaranteed investment certificates).



The District's accounts receivable are substantially comprised of amounts due from the provincial and federal governments. Funds on deposit are maintained with Schedule 1 Canadian financial institutions. Accordingly, the District is not exposed to significant credit risk. Further, substantially all of the District's operations are transacted in Canadian currency.

(l) 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.

**4. ACCOUNTS RECEIVABLE**

	August 31, 2013			August 31, 2012	September 1, 2011
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value	Net Realizable Value
Alberta Education - Grants	\$ 1,445,752	\$ -	\$ 1,445,752	\$ 1,286,625	\$ 809,057
Alberta Education - Capital	8,648,989	-	8,648,989	8,126,652	12,200,832
Alberta Education - IMR	-	-	-	-	3,249,065
Alberta Education - Other	151,792	-	151,792	227,402	755,866
Alberta Treasury Board & Finance - Supported debentures	778,482	-	778,482	2,079,077	4,941,761
Other Alberta school jurisdictions	281,682	-	281,682	356,322	528,905
Alberta Health Services	268,129	-	268,129	47,740	50,290
Post-secondary institutions	16,321	-	16,321	-	-
Other Government of Alberta ministries	23,078	-	23,078	-	-
Federal government	2,632,547	-	2,632,547	1,032,430	1,564,306
First nations	553,850	-	553,850	938,476	766,302
Other	2,829,234	(770,071)	2,059,163	2,909,807	1,403,605
Total	<u>\$17,629,856</u>	<u>\$ (770,071)</u>	<u>\$ 16,859,785</u>	<u>\$ 17,004,531</u>	<u>\$ 26,269,989</u>

**5. BANK INDEBTEDNESS**

The jurisdiction has negotiated a line of credit in the amount of \$30 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 September 1, 2011, August 31, 2012 or August 31, 2013.



## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2013	August 31, 2012	September 1, 2011
Alberta Education	\$ 2,052,679	\$ 3,776,739	\$ 3,057,247
Other Alberta school jurisdictions	25,480	29,192	1,344
Alberta Capital Finance Authority (Interest on long-term debt)	39,099	113,971	371,944
Alberta Health & Wellness	29,873	-	-
Post-secondary institutions	7,812	-	-
Other Government of Alberta ministries	2,068	-	-
Federal government	111,102	175,282	147,893
Other trade payables and accrued liabilities	27,225,464	28,139,805	29,472,979
Total	<u>\$29,493,577</u>	<u>\$32,234,989</u>	<u>\$33,051,407</u>



## 7. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2012	ADD: 2012/2013 Restricted Funds Received/ Receivable	DEDUCT: 2012/2013 Restricted Funds Expended (Paid / Payable)	DEFERRED REVENUE as at Aug. 31, 2013
<b>Unexpended deferred operating revenue</b>				
<b>Alberta Education:</b>				
Alberta Initiative for School Improvement	\$ -	\$ 3,239,385	\$ (3,239,385)	\$ -
Infrastructure Maintenance Renewal	2,273,941	13,421,749	(12,035,920)	3,659,770
Institutional Education Programs	-	9,298,098	(9,298,098)	-
Regional Educational Consulting Services	-	3,212,448	(2,482,197)	730,251
Student Health Initiative (School Authorities)	-	1,755,245	(1,755,245)	-
SuperNet Service	-	2,179,200	(2,179,200)	-
Other Alberta Education deferred revenue	2,616,962	1,465,396	(2,617,290)	1,465,068
<b>Other Government of Alberta:</b>				
AHSCWF - Human Resources	-	50,000	-	50,000
AHSCWF - Extending the Play - Abbott School	-	46,000	(5,746)	40,254
Critical Hours Project for Aboriginal Youth	40,000	-	(40,000)	-
Community Helper Project	84,071	-	(22,131)	61,940
EDC Mapping Initiative	-	62,795	-	62,795
REACH Grant - Schools as Hubs Project	58,897	117,000	(165,093)	10,804
Safe Communities Innovation Fund (SCIF) Grant	43,920	-	(17,356)	26,564
<b>Other Deferred Revenue:</b>				
School Generated Funds - Fundraising	449,224	1,987,332	(1,744,402)	692,154
School Generated Funds - Fees	110,459	62,720	(95,285)	77,894
School Generated Funds - Donations	848,694	5,100,365	(4,734,495)	1,214,564
EPSB Foundation	486,313	577,023	(340,968)	722,368
Community Grant for High Risk Youth	-	55,000	(30,230)	24,770
International Students	3,661,737	3,975,202	(3,331,396)	4,305,543
Metro Continuing Education	689,107	846,876	(1,175,412)	360,571
Other Deferred Revenue	89,372	130,080	(174,447)	45,005
<b>Total unexpended deferred operating revenue</b>	<b>11,452,697</b>	<b>47,581,914</b>	<b>(45,484,296)</b>	<b>13,550,315</b>
<b>Unexpended deferred capital revenue</b>	<b>6,011,854</b>	<b>9,189,081</b>	<b>(9,697,557)</b>	<b>5,503,378</b>
<b>Expended deferred capital revenue</b>	<b>620,607,789</b>	<b>12,025,227</b>	<b>(30,605,958)</b>	<b>602,027,058</b>
<b>Total</b>	<b>\$ 638,072,340</b>	<b>\$ 68,796,222</b>	<b>\$ (85,787,811)</b>	<b>\$ 621,080,751</b>

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2011	ADD: 2011/2012 Restricted Funds Received/ Receivable	DEDUCT: 2011/2012 Restricted Funds Expended (Paid / Payable)	DEFERRED REVENUE as at Aug. 31, 2012
<b>Unexpended deferred operating revenue</b>				
<b>Alberta Education:</b>				
Alberta Initiative for School Improvement	\$ -	\$ 5,399,589	\$ (5,399,589)	\$ -
Infrastructure Maintenance Renewal	3,309,979	22,225,058	(23,261,096)	2,273,941
Institutional Education Programs	-	8,352,353	(8,352,353)	-
Regional Educational Consulting Services	-	3,149,459	(3,149,459)	-
Student Health Initiative (School Authorities)	-	1,180,342	(1,180,342)	-
SuperNet Service	-	1,802,361	(1,802,361)	-
Other Alberta Education deferred revenue	1,152,279	3,179,438	(1,714,755)	2,616,962
<b>Other Government of Alberta:</b>				
Critical Hours Project for Aboriginal Youth	-	40,000	-	40,000
Community Helper Project	58,064	113,500	(87,493)	84,071
REACH Grant	-	120,000	(61,103)	58,897
Safe Communities Innovation Fund (SCIF) Grant	69,000	43,920	(69,000)	43,920
<b>Other Deferred Revenue:</b>				
School Generated Funds - Fundraising	400,488	1,787,330	(1,738,594)	449,224
School Generated Funds - Fees	29,836	244,508	(163,885)	110,459
School Generated Funds - Donations	319,342	4,269,060	(3,739,708)	848,694
EPSB Foundation	381,330	545,170	(440,187)	486,313
Expolingua Berlin Student Recruitment Fair	2,306	-	(2,306)	-
International Students	2,590,643	4,647,434	(3,576,340)	3,661,737
Lease/Rental	8,793	-	(8,793)	-
Metro Continuing Education	333,686	2,320,197	(1,964,776)	689,107
Other	1,739	89,708	(2,075)	89,372
<b>Total unexpended deferred operating revenue</b>	<b>\$ 8,657,485</b>	<b>\$59,509,427</b>	<b>\$ (56,714,215)</b>	<b>\$11,452,697</b>
<b>Unexpended deferred capital revenue</b>	<b>8,900,377</b>	<b>12,770,321</b>	<b>(15,658,844)</b>	<b>6,011,854</b>
<b>Expended deferred capital revenue</b>	<b>573,320,250</b>	<b>75,303,460</b>	<b>(28,015,921)</b>	<b>620,607,789</b>
<b>Total</b>	<b>\$ 590,878,112</b>	<b>\$ 147,583,208</b>	<b>\$ (100,388,980)</b>	<b>\$638,072,340</b>



## 8. EMPLOYEE FUTURE BENEFIT LIABILITIES

Employee future benefit liabilities consist of the following:

	2013	2012	2011
Accumulated sick pay liability	\$ 5,509,900	\$ 5,812,000	\$ 5,812,000
Retirement allowances	5,727,800	-	-
Total	<u>\$ 11,237,700</u>	<u>\$ 5,812,000</u>	<u>\$ 5,812,000</u>

## 9. DEBT

	August 31, 2013	August 31, 2012	September 1, 2011
Supported debentures outstanding at August 31, 2013 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	\$ 739,383	\$ 1,990,232	\$ 4,600,276
Unsupported debentures outstanding at August 31, 2013 have interest rates between 3.06% to 4.04%. The terms of the loans range between 10 and 20 years, payments made semi-annually and annually	10,159,158	438,170	711,244
Total	<u>\$10,898,541</u>	<u>\$2,428,402</u>	<u>\$ 5,311,520</u>

### 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
2013-2014	\$ 548,027	\$ 67,696	\$ 615,723
2014-2015	191,356	18,639	209,995
Total	<u>\$ 739,383</u>	<u>\$ 86,335</u>	<u>\$ 825,718</u>

### Unsupported Debentures – Alberta Capital Finance Authority

The School Jurisdiction has a debenture outstanding in the amount of \$159,158. The debenture bears interest at 4.04% per annum. The unsupported debenture payment due to maturity on March 2014:

	Principal	Interest	Total
2013-2014	<u>\$ 159,158</u>	<u>\$ 6,427</u>	<u>\$ 165,585</u>



#### Unsupported Debentures – Alberta Capital Finance Authority

The School Jurisdiction has a debenture outstanding in the amount of \$10,000,000. The debenture bears interest at 3.06% per annum and expires September 2033. Subsequent to year end, a final draw on the loan was issued for \$5,000,000. The following is a summary of principal and interest payments on the related unsupported debenture

	Principal	Interest	Total
2013-2014	\$ 274,744	\$ 382,123	\$ 656,867
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 to maturity	12,370,607	3,253,977	15,624,584
Total	<u>\$ 15,000,000</u>	<u>\$5,313,601</u>	<u>\$ 20,313,601</u>

## 10. TANGIBLE CAPITAL ASSETS

	August 31, 2013						
	Land	Construction In Progress - Buildings	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			25-40 Years	5-10 Years	5-10 Years	3-5 Years	
<b>Historical cost</b>							
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 write-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>
<b>Accumulated amortization</b>							
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	(0)
Less disposals including write-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>
<b>Net Book Value at End of Year</b>	<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>

	August 31, 2012						
	Land	Construction In Progress - Buildings	Buildings	Equipment	Vehicles	Computer Hardware & Software	Total
Estimated useful life			25-40 Years	5-10 Years	5-10 Years	3-5 Years	
<b>Historical cost</b>							
Beginning of year	\$ 837,590	\$ 23,303,915	\$1,041,657,188	\$111,491,775	\$ 3,231,432	\$ 69,934,688	\$ 1,250,456,588
Additions	-	4,537,802	67,456,700	5,097,322	86,748	2,876,536	80,055,108
Transfers in (out)	-	(23,303,915)	23,069,235	234,680	-	-	-
Less disposals including write-offs	-	-	(7,511,009)	(188,401)	(22,009)	-	(7,721,419)
	<u>\$ 837,590</u>	<u>\$ 4,537,802</u>	<u>\$1,124,672,114</u>	<u>\$116,635,376</u>	<u>\$ 3,296,171</u>	<u>\$ 72,811,224</u>	<u>\$ 1,322,790,277</u>
<b>Accumulated amortization</b>							
Beginning of year	\$ -	\$ -	\$ 461,475,145	\$ 86,619,932	\$ 1,331,266	\$ 57,498,434	\$ 606,924,777
Additions	-	-	29,792,852	4,365,588	264,869	4,220,675	38,643,984
Transfers in (out)	-	-	38,040	(38,040)	-	-	-
Less disposals including write-offs	-	-	(7,459,062)	(188,401)	(6,603)	-	(7,654,066)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,846,975</u>	<u>\$ 90,759,079</u>	<u>\$ 1,589,532</u>	<u>\$ 61,719,109</u>	<u>\$ 637,914,695</u>
<b>Net Book Value at End of Year</b>	<u>\$ 837,590</u>	<u>\$ 4,537,802</u>	<u>\$ 640,825,139</u>	<u>\$ 25,876,297</u>	<u>\$ 1,706,639</u>	<u>\$ 11,092,115</u>	<u>\$ 684,875,582</u>



## 11. ACCUMULATED SURPLUS

The District's accumulated surplus is summarized as follows:

	August 31, 2013	August 31, 2012	September 1, 2011
Internally restricted reserves	\$ 2,886,068	\$ 3,067,847	\$ 3,126,510
Operating reserves	34,966,877	17,341,299	21,702,775
Accumulated surplus (deficit) from operations	37,852,945	20,409,146	24,829,285
Investment in tangible capital assets	62,394,223	63,829,622	69,500,317
Capital reserves	7,291,090	5,347,669	5,483,675
Accumulated surplus (deficit)	\$ 107,538,258	\$ 89,586,437	\$ 99,813,277

## 12. CONTRACTUAL OBLIGATIONS

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

	Building Projects	Building Leases	Service Providers
2013-14	\$ 9,250,000	\$ 5,071,986	\$ 2,432,834
2014-15	4,400,000	3,416,080	1,219,012
2015-16	-	3,093,762	-
2016-17	-	3,106,381	-
2017-18	-	3,057,689	-
Thereafter	-	13,492,443	-
	\$ 13,650,000	\$ 31,238,341	\$ 3,651,846



### 13. CONTINGENT LIABILITIES

- a) The District is a member of Urban Schools Insurance Consortium (USIC) which facilitates the placement of property and liability insurance coverage for fourteen jurisdictions throughout the province of Alberta. Premium rebates are received from the insurers; favorable claims experience and accumulated by the consortium to self-insure a portion of the member's risk exposure. Under the terms of its membership, the District could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. The District's share of the accumulated consortium funds as at August 31, 2013 was \$947,159 (2012 - \$1,092,604). This amount has not been recognized in the District's financial statement
- b) The District was involved in various legal disputes as of August 31, 2013. 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

	2013	2012
Transportation fees <sup>(1)</sup>	9,823,927	\$ 9,410,270
Fees charged for instruction material and supplies <sup>(2)</sup>	2,655,548	2,569,313
Other fees	17,139,777	16,290,165
Total	<u>\$ 29,619,252</u>	<u>\$ 28,269,748</u>

<sup>(1)</sup> Charged under School Act, Section 51(3)

<sup>(2)</sup> 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.

	2013	2012	2011
Deferred salary leave plan	\$ 1,582,862	\$ 1,619,859	\$ 1,356,452
Scholarship trusts	477,341	477,964	469,542
Children and Youth with Complex Needs (Banker board)	754,673	424,094	57,489
Total	<u>\$ 2,814,876</u>	<u>\$ 2,521,917</u>	<u>\$ 1,883,483</u>



**16. SCHOOL GENERATED FUNDS**

	<b>2013</b>	<b>2012</b>
Unspent School Generated Funds, Beginning of Year	\$ 4,476,224	\$ 3,876,175
Gross Receipts:		
Fees	12,516,534	12,779,637
Fundraising	1,835,965	1,613,028
Gifts and donations	5,100,364	4,269,060
Grants to schools	151,367	174,302
Other sales and services	5,575,943	5,561,549
Total gross receipts	25,180,173	24,397,576
Total Related Expenses and Uses of Funds	17,820,268	16,822,645
Total Direct Costs Including Cost of Goods Sold to Raise Funds	6,965,449	6,974,882
Unspent School Generated Funds, End of Year	<u>\$ 4,870,680</u>	<u>\$ 4,476,224</u>
Balance included in Deferred Revenue	\$ 1,984,612	\$ 1,408,377
Balance included in Accumulated Surplus	\$ 2,886,068	\$ 3,067,847



## 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.

	Balances		Transactions	
	Financial Assets (at cost or net realizable)	Liabilities (at amortized cost)	Revenues	Expenses
<b>Government of Alberta (GOA):</b>				
<b>Education</b>				
Accounts receivable / Accounts payable	\$ 10,246,533	\$ 2,052,679	-	-
Prepaid expenses / Deferred revenue	-	5,855,089	-	-
Unexpended deferred capital revenue	-	5,503,378	-	-
Expended deferred capital allocation		602,027,058		
Grant revenue & expenses	-	-	889,385,332	-
Other revenues & expenses	-	-	455,468	2,026,261
<b>Other Alberta school jurisdictions</b>	281,682	25,480	3,204,025	1,271,554
<b>Treasury Board and Finance (Principal)</b>	739,383	739,383	128,648	83
<b>Treasury Board and Finance (Accrued interest)</b>	39,099	39,099		
<b>Alberta Health</b>	-	-	-	1,996
<b>Alberta Health Services</b>	268,129	29,873	927,118	98,791
<b>Enterprise and Advanced Education</b>	-	-	-	-
<b>Post-secondary institutions</b>	16,321	7,812	1,128,753	191,969
<b>Alberta Infrastructure</b>	-	35	8,952	488
<b>Human Services</b>	-	-	1,259,375	-
<b>Other GOA ministries (Deferred Revenue)</b>	-	252,357	-	-
<b>Other GOA ministries</b>	23,078	2,033	1,489,201	18,856
<b>TOTAL 2012/2013</b>	<u>\$ 11,614,225</u>	<u>\$ 616,534,276</u>	<u>\$ 897,986,872</u>	<u>\$ 3,609,998</u>
<b>TOTAL 2011/2012 Reclassified</b>	<u>\$ 12,123,818</u>	<u>\$ 582,799,559</u>	<u>\$ 848,131,473</u>	<u>\$ 4,279,716</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, 2013 to or on behalf of the following positions and persons in groups as follows:

<b>Board Members:</b>	<b>FTE</b>	<b>Remuneration</b>	<b>Benefits</b>	<b>Negotiated Allowances</b>	<b>ERIP's / Other</b>	<b>Expenses</b>
Chair: S. Hoffman	1.0	\$41,915	\$3,946	\$3,364		\$14,478
Other members						
L. Cleary	1.0	\$34,010	\$6,150	\$3,364		\$10,361
D. Colburn	1.0	\$31,863	\$5,722	\$3,364		\$14,470
M. Janz	1.0	\$37,878	\$6,553	\$3,364		\$14,303
C. Johner	1.0	\$31,852	\$6,318	\$3,364		\$13,045
H. MacKenzie	1.0	\$36,500	\$6,507	\$3,364		\$13,296
C. Ripley	1.0	\$33,383	\$6,375	\$3,364		\$10,395
K. Shipka	1.0	\$31,901	\$3,595	\$3,364		\$8,109
C. Spencer	1.0	\$31,365	\$6,314	\$3,364		\$9,548
<b>Subtotal</b>	<b>9.0</b>	<b>\$310,667</b>	<b>\$51,480</b>	<b>\$30,276</b>		<b>\$108,005</b>
Superintendent E. Schmidt (1)	1.0	\$265,896	\$67,862	\$0	\$0	\$11,758
Board Secretary-Treasurer C. Hagen (6.2 Months)	1.0	\$95,140	\$14,754	\$1,719	\$0	\$7,610
Board Secretary-Treasurer R. Malysz (5.8 Months)	1.0	\$104,728	\$17,150	\$1,645	\$106,470	\$5,252
Certificated teachers	4,482.8	\$437,452,411	\$94,004,503	\$795,437	\$88,000	
Non-certificated - other	2,976.0	\$177,863,321	\$47,707,872	\$3,261,245	\$302,645	
<b>TOTALS</b>		<b>\$616,092,163</b>	<b>\$141,863,622</b>	<b>\$4,090,321</b>	<b>\$497,115</b>	<b>\$132,625</b>

### Note

1) The benefit cost for the Superintendent includes payments to the Supplementary Pension Plan of \$37,999 (2012 - \$35,416) and the Alberta Teachers' Retirement Fund (ATRF) contribution made by Alberta Education on behalf of Edmonton School District No.7 in the amount of \$15,878 (2012 - \$14,707)

## 20. BUDGET AMOUNTS

The budget was prepared by the school jurisdiction and approved by the Board of Trustees on June 12, 2012. It is presented for information purposes only and has not been audited.

**EDMONTON PUBLIC SCHOOL BOARD**  
**SUMMARY OF ACCUMULATED SURPLUS/(DEFICIT) AT AUGUST 31, 2013**  
**SCHOOLS, INSTITUTIONS/EARLY ED SITES AND CENTRAL DUs**

	2012-13 Accumulated Surpluses	2012-13 Accumulated Deficits	2012-13 Accumulated Surplus/(Deficit)
Schools	\$ 19,694,691	\$ (5,253,411)	\$ 14,441,280
Institutions / Early Ed Sites	2,669,776	(15,656)	2,654,120
Central Services - Carryforward DUs	31,078,014	(1,091,464)	29,986,550
Central Services - Non-Carryforward DUs	4,138,042	(6,583,070)	(2,445,028)
<b>District Sub-Total</b>	<b>57,580,523</b>	<b>(12,943,601)</b>	<b>44,636,922</b>
Less:			
Institutions / Early Ed Sites <sup>1</sup>	(2,669,776)	15,656	(2,654,120)
Central Services - Non-Carryforward DUs <sup>2</sup>	(4,138,042)	6,583,070	2,445,028
<b>Total School &amp; DU Carryforwards</b>	<b>50,772,705</b>	<b>(6,344,875)</b>	<b>44,427,830</b>
Internally Restricted School Generated Funds	2,886,068		2,886,068
Less:			
Operating Reserve at August 31, 2013 <sup>3</sup>	(37,852,945)		(37,852,945)
<b>Surplus Carry forward in Excess of Available Funds **</b>	<b>\$ 15,805,828</b>		<b>\$ 9,460,953</b>

**Amounts above exclude the following:**

<sup>1</sup> Early Ed Sites/Institutions actual net surplus of \$2.7 M requires a return of funding to Alberta Education

<sup>2</sup> Central DU's that do not carryforward surplus or deficit funds

As per Schedule of Changes in Accumulated Surplus:

<sup>3</sup> **Operating Reserve is composed of:**

Internally Restricted Reserve (School Generated Funds)	2,886,068
General Operating Reserve	34,966,877
<b>Total Operating Reserve</b>	<b>\$ 37,852,945</b>

**\*\*Surplus Carryforward in Excess of Available Funds**

The surplus in excess of reserve funds represents the current gap between operating funds available and amounts of surplus carryforward funds within Schools and Central Decision Units