EDMONTON PUBLIC SCHOOLS

A USER-FRIENDLY *guide* TO:

Understanding the Division's Financial Information

for the 2024-2025 school year

Artwork by student at King Edward School

Message from the Chief Financial Officer

It is with great pleasure that I present this user-friendly guide, crafted to help all members of our community understand the essential information within our annual audited financial statements, regardless of their accounting background.

This guide serves as an informal reference to help our stakeholders better understand the Division’s financial position as of August 31, 2025, and the transactions that occurred during the 2024-2025 school year. It is not intended to replace our financial statements.

Understanding financial data is crucial for promoting transparency, accountability, and informed decision-making within our organization. As stewards of public funds, we must ensure that everyone can access clear and concise explanations regarding our financial health and stewardship.

In line with the Auditor General's focus on improving performance reporting in the education sector, this guide will not only explain the financial data but also showcase the impact of our financial decisions on student outcomes. We believe that presenting this information in an accessible format will enhance accountability and demonstrate how resources are being utilized to achieve our educational goals.

This guide aims to clarify complex accounting concepts by providing:

- Easy-to-understand explanations.
- Real-life examples.
- Practical insights.

By empowering you with the knowledge to interpret our financial statements, we aim to strengthen the trust you have placed in us.

Your understanding is key to ensuring the continued success and growth of Edmonton Public School Division. Let's embark on this journey of financial literacy together!

Warm regards,

Todd Burnstad

Todd Burnstad
Chief Financial Officer
Please use this document as a supplement to our Division’s financial information

Table of Contents

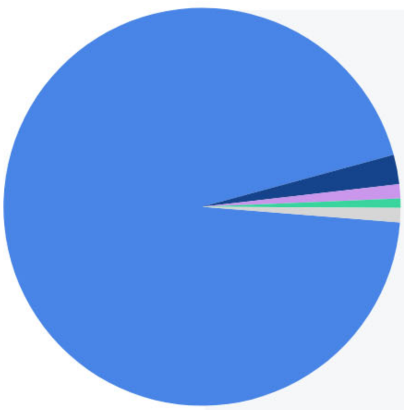
Financial Highlights for the Year Ended August 31, 2025

Operating Revenue

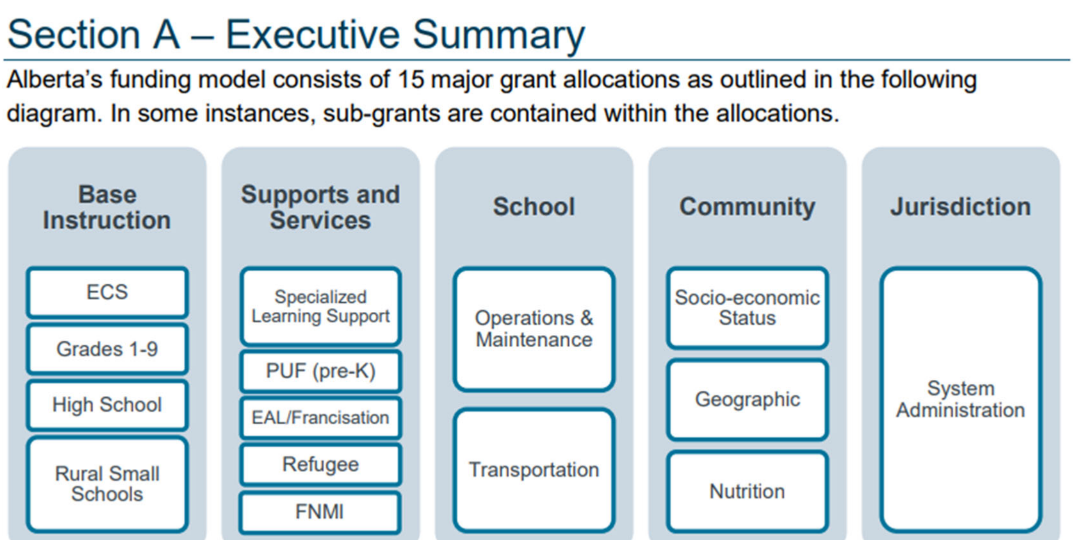
The Division's total revenue for 2024-2025 was $1,396.3 million, with the majority received from the Government of Alberta (GOA) as operational funding, outlined in the Funding Manual for School Authorities – a document revised each year to access and understand Alberta Education and Childcare funding.

Changes to the Division's funding profile were announced by the GOA after the spring budget was finalized. These grant adjustments included increases to Base Instruction Funding, Supports and Services grants, and the Supplemental Enrolment Growth grant. These adjustments, as well as the estimated impact from the enactment of Bill 2 *Back to School Act* (Appendix 1), are included in GOA revenue.

2024-2025 REVENUE (IN $ MILLIONS)



	$	%
GOA	1,319.9	94.5
Fees	33.5	2.4
Sales of Services and Products	16.0	1.2
Donations and Other Contributions	10.6	0.8
Other (rental, investment, and other government income	16.3	1.1
	1,396.3	**100.0**


Section A – Executive Summary

Alberta's funding model consists of 15 major grant allocations as outlined in the following diagram. In some instances, sub-grants are contained within the allocations.

Snippet taken from the Funding Manual for School Authorities 2024-25 School Year, page 17.
Note: The Division does not receive the Rural Small Schools Grant under the Base Instruction category.

Financial Highlights for the Year Ended August 31, 2025

Excluded from total revenue is $46.4 million in capital funding received from the GOA to build and modernize schools. These amounts are deferred until spent and recognized as revenue over the life of the school buildings. The Funding Manual for School Authorities breaks this down into three components:

- Major Capital Projects
- Modular Classroom Program
- Infrastructure Maintenance and Renewal (IMR) and Capital Maintenance and Renewal (CMR)

The purpose of IMR and CMR funding is described in the Funding Manual for School Authorities 2024-25 School Year as follows: *A board has the responsibility to manage its facilities to ensure that education is delivered in a safe learning* environment. This includes ensuring school facilities meet all regulatory requirements, particularly as they pertain to providing a safe and healthy learning environment.

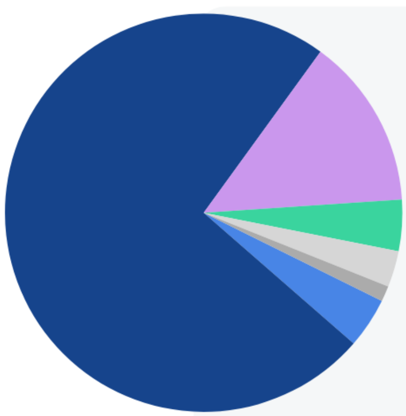
Note that a portion of the IMR grant is allocated to operational spending for non-capital projects based on the Division's needs.

Operating Expenses

Total operating expenses were $1,350.0 million, compared to the spring budget total of $1,365.2 million. This $15.2 million variance (1.1%) is mostly attributed to staffing where operational spending was less than anticipated.

Operational expenses do not include capital expenditures related to the design and construction to build, modernize, or replace schools.

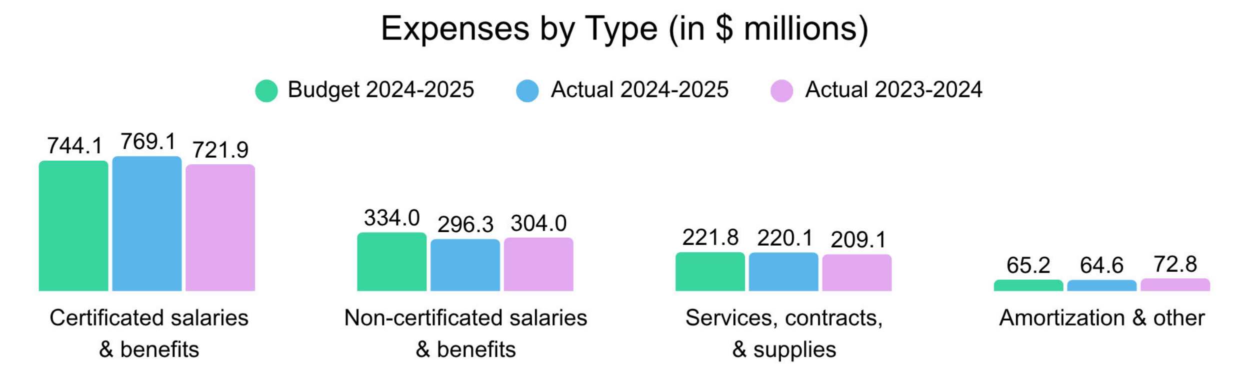
2024-2025 EXPENSES BY PROGRAM (IN $ MILLIONS)

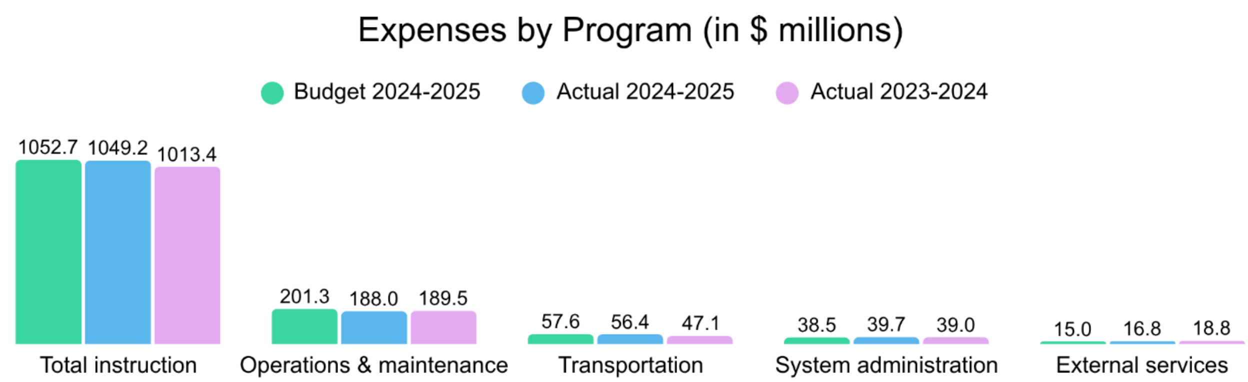


	$	%
Instruction - ECS	55.3	4.1
Instruction - Grade 1 to Grade 12	993.8	73.6
Operations and Maintenance	188.0	13.9
Transportation	56.4	4.2
System Administration	39.7	3.0
External Services	16.8	1.2
	1,350.0	**100.0**

Financial Highlights for the Year Ended August 31, 2025

The Division's Consolidated Financial Statements report expenses by type and program:





Total expenses are comprised of 78.9% staffing and 16.3% goods & services, with the remaining balance representing amortization and other.

Average per student spending is detailed below:

Year	Actual FTE Enrolment	Average Per Student Spending
2022-2023	104,522	$11,304
2023-2024	110,044	$11,510
2024-2025	115,025	$11,368

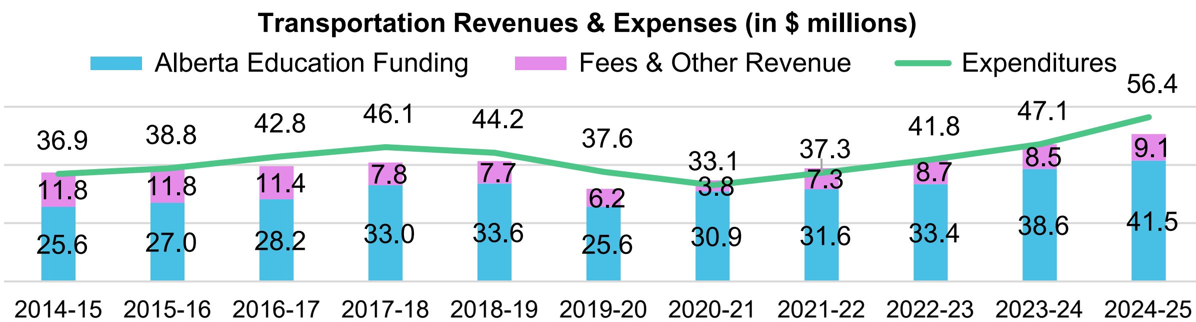
This calculation excludes total spending of School Generated Funds and the cost for External Services.

Financial Highlights for the Year Ended August 31, 2025

Transportation

Student Transportation is funded by targeted provincial transportation grants and student transportation fees. Surpluses previously held in the transportation reserves reflected the net effect of the Division's transportation costs, targeted grants, and fees collected in years prior to 2024-2025. In recent years, a budget surplus was accumulated due to the inability to hire sufficient drivers due to an ongoing shortage.

Student Transportation staff continue to work to find efficiencies within a growing system to minimize costs, while providing reasonable and sustainable transportation services. Grant funding was reduced by approximately $2.8 million subsequent to the spring budget announcement and the approved use of prior year transportation surpluses was required during the year. The School Bus Driver Grant Program resulted in more available drivers, and therefore additional routes being fulfilled, causing a significant rise in expenditures in 2024-2025.



School Generated Funds

The 2024-2025 gross receipts in School Generated Funds (SGF) were $29.6 million, compared to $27.3 million projected in the spring budget. The budget is based on prior year averages, while the current year's increase is attributed to the Division's growth.

Gross receipts in SGF is comprised of:

Type	Budget ($ millions)	Actual ($ millions)
Fees	13.9	16.2
Fundraising	2.2	1.4
Gifts and Donations	6.2	5.7
Other sales and services	5.0	6.3
Total	27.3	29.6

- SGF expenses for the year totaled $29.2 million, consisting of:
  - $22.8 million related primarily to extra-curricular activities and School Council funded activities and initiatives
  - $6.4 million related to direct costs of other sales and services and fundraising
- Unexpended SGF on August 31, 2025 was $5.3 million, higher than the amount at the beginning of the school year of $4.9 million. This balance consists of:
  - Deferred revenue - $1.4 million
  - Unearned revenue - $1.3 million
  - Accumulated surplus - $2.6 million

Financial Highlights for the Year Ended August 31, 2025

Current Year Operating Surplus

For 2024-2025, the Division's total revenues exceeded expenses by $46.2 million, resulting in an operating surplus for the year. This surplus represents 3.5% of total expenses and is added to the Division's accumulated surplus balance.

Accumulated Surplus (Reserves)

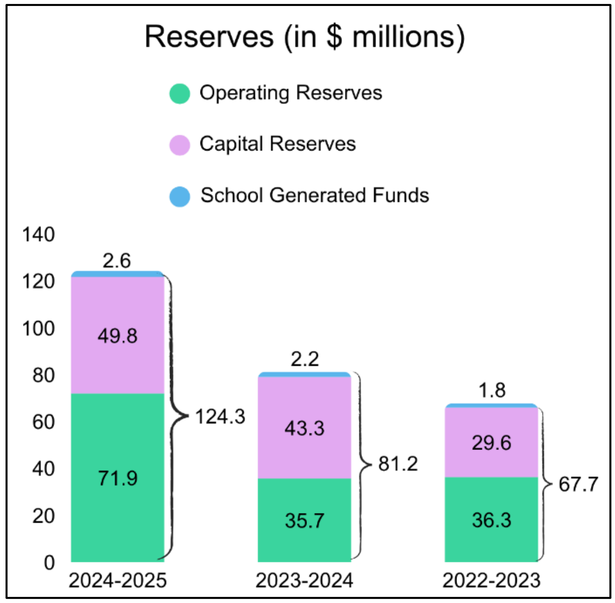
The Division's reserves represent the accumulation of surpluses, net of deficits since inception.

2024-2025 changes in accumulated surplus from the prior year include:

- Increase in SGF operating reserves of $0.4 million
- Increase in operating reserves of $36.2 million
- Increase in capital reserves of $6.5 million

The increase in capital reserves of $6.5 million is attributed to:

- $0.9 million received for the sale of Blue Quill East *
- $0.7 million received for the sale of Parkdale dry pond **
- $5 million from a targeted transfer from the operating reserves for the Division's identified capital needs



Less:

- $0.6 million used to fund previous board approved capital projects, including:
  - Growth and Student Accommodation Programs (portable projects)
  - The Division's Energy and Environmental Strategy

The Funding Manual for School Authorities identifies a maximum limit on operating reserves as a percentage of total expenses from the previous school year. In 2024-2025, this percentage was revised from 3.2% to 6.0%. As of August 31, 2025, operating reserves represent 5.5% of total operating expenses reported in the August 31, 2024 Consolidated Financial Statements, calculated as:

$$\frac{\textbf{71.9 million}}{\textbf{1,307.8 million}} = \textbf{5.5\%}$$

* Funds from the City of Edmonton through a Surplus School Site revenue sharing agreement signed in 2007. This partnership established under the First Place Program has resulted in 16 surplus school sites being developed into 904 units for first time home buyers across the city. This program is now complete; however, revenue is still expected from two remaining sites – Clareview (Kirkness) and Mill Woods (Michaels Park).

** Funds from the City of Edmonton under the Dry Pond Acquisition Agreement for EPCOR to construct dry ponds on the purchased land. This portion of Parkdale land was declared surplus to the Division's needs and received ministerial approval for sale prior to the enactment of the Real Property Governance Act.

Consolidated Statement of Financial Position

The Division's Consolidated Financial Statements are compiled in accordance with Public Sector Accounting Standards (PSAS) – a set of rules that guide how public sector organizations, including school divisions, record and report their financial information to ensure its reports are accurate, consistent, and transparent.

The Consolidated Statement of Financial Position reports on the assets the Division owns or controls, liabilities that are owed, and the accumulated surplus that we may use for future operations.

Statement of Financial Position restated in a "traditional" balance sheet format:

Balance Sheet as at August 31, 2025 (In $ millions)	**2025**	**2024**	**Increase (Decrease)**
Assets:			
Cash and Cash Equivalents	205.4	145.2	60.2
Accounts Receivable	39.5	24.4	15.1
Capital Assets	1,410.3	1,405.4	4.9
Prepaid Expenses	11.1	10.7	0.4
Inventory of Supplies	5.2	5.3	(0.1)
Total Assets	**1,671.5**	1,591.0	80.5
Liabilities:			
Accounts Payable & Accrued Liabilities	78.1	57.7	20.4
Deferred Contributions	1,232.8	1,231.2	1.6
Employee Future Benefits	9.2	9.3	(0.1)
Asset Retirement Obligations	88.5	87.1	1.4
Debt: Debenture	7.5	8.3	(0.8)
Debt: Capital lease	11.8	-	11.8
	1,427.9	1,393.6	34.3
Accumulated Surplus:			
Opening Accumulated Surplus	197.4	171.9	25.5
Current Year's (Deficit) Surplus	46.2	25.5	20.7
Ending Accumulated Surplus	243.6	197.4	46.2
Total Liabilities and Accumulated Surplus	**1,671.5**	1,591.0	80.5

Accumulated Surplus Includes:			
School Generated Funds Reserves	2.6	2.2	0.4
Operating Reserves	71.9	35.7	36.2
Capital Reserves	49.8	43.3	6.5
Investment in our Board Assets	119.3	116.2	3.1
Total Accumulated Surplus	243.6	197.4	46.2

Consolidated Statement of Financial Position – Analysis

NOTE: *Detailed definitions for each asset and liability category are found in Appendix II: Definitions (page 16).*

As reflected in the Consolidated Statement of Financial Position, the Division's **Net Financial Assets** position is $0.4 million. Included in this balance is an **asset retirement obligation** (ARO) liability of $88.5 million (2023-2024 - $87.1 million).

In the absence of an upfront provincial funding commitment, the Division has recorded its ARO as an unsupported tangible capital asset until this funding is committed. Once remediated, the cost will be recorded against the ARO liability, reflecting the liability being settled.

in $ millions	**2025**	**2024**
Net Financial Debt (Unadjusted)	0.4	(30.0)
Remove: ARO Liability	88.5	87.1
Net Financial Asset (Adjusted)	88.9	47.1

By removing the ARO liability, we arrive at a net financial asset position of $88.9 million, indicating financial health. As of August 31, 2025, all remaining liabilities are covered using either cash or assets that can be quickly converted to cash, with an adequate healthy balance of assets remaining.

In 2024-2025, the calculated ARO liability increased by $1.4 million due to an additional ARO on the amiskwaciy Academy building, acquired under a capital lease.

The Division's **cash and cash equivalents** balance is $205.5 million, compared to $145.2 million in the prior year. This higher balance is attributed to an increase in grants from Alberta Education and Childcare announced subsequent to the spring budget, unexpected cost reductions, along with the timing of payments made at the end of the year, resulting in a higher accounts payable balance (i.e. lower cash outflows). Additionally, higher unspent CMR and IMR balances at the end of the year (i.e. higher cash inflows and lower cash outflows) also contributed to the higher cash balance.

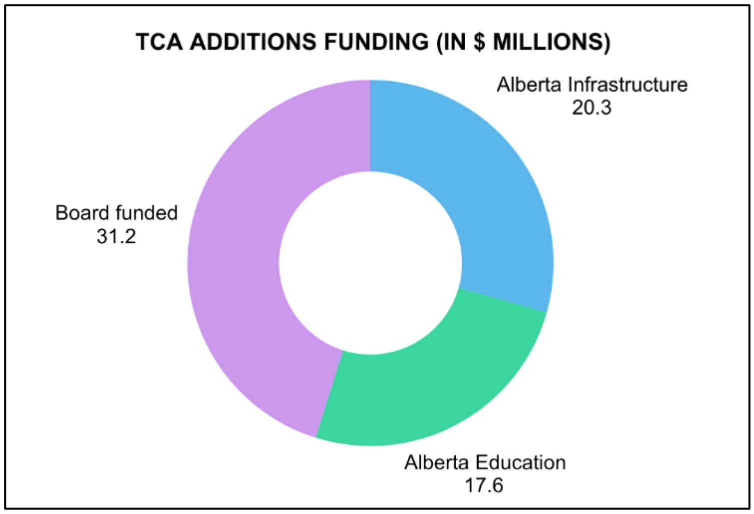
The Division monitors its cash and cash equivalents balance and strategically places funds in short-term investments when appropriate, to take advantage of higher interest rates.

Unspent Funds (in $ millions)	**CMR**	**IMR**	**Other**
Opening balance	10.7	7.1	19.4
Received/receivable	18.6	14.1	115.1
Spent	(9.7)	(13.0)	(112.9)
Closing balance	**19.6**	**8.2**	**21.6**

The table above details **unspent funds** at the end of the year, received under the CMR and IMR initiatives. Included in "Other" is operational funding received from the province for curriculum implementation, which must be spent prior to the end of the 2025-2026 school year.

Consolidated Statement of Financial Position – Analysis

Total **tangible capital assets** (TCA) of $1.4 billion increased by $4.8 million. This change consists of net additions of $69.0 million ($69.1 million in current year additions less $0.1 million in disposals) offset by accumulated amortization (net of disposals) of $64.2 million.



Additions to TCA consist of:

$37.9 million in fully supported construction in progress and building costs funded by Alberta Infrastructure and Alberta Education. This includes:

- Design and construction of five new schools and two replacement schools (all funded through the GOA's School Construction Accelerator Program):

Location	Grade	Type	Phase	Estimated Opening
Edgemont	K-9	New	Construction	TBD
Glenridding Heights	K-6	New	Construction	Fall 2029
Glenridding Heights	7-12	New	Construction	Fall 2028
McConachie	7-9	New	Construction	Fall 2029
Rosenthal	K-6	New	Construction	TBD
Delton	K-6	Replacement	Design	TBD
Spruce Ave	7-9	Replacement	Design	TBD

- Various modular projects
- Various Capital IMR Projects
- Various CMR Projects

$31.2 million in Board-funded capital purchases (including the use of the Division’s capital reserves), net of $0.1 million in disposals. This includes:

- $5.4 million in capital projects and purchases using school budgets (includes Chromebooks and carts, various equipment, minor renovations, etc.)
- $25.8 million for various capital projects (including $6.6 million of Growth Accommodation funded by the operating reserve)

Consolidated Statement of Financial Position – Analysis

The Division's **spent deferred capital contributions** (SDCC) balance of $1.2 billion consists of capital funds spent. This balance remains consistent from the previous year and is made up of $37.9 million spent on supported capital, as noted under TCA above, and transferred to SDCC for various provincially funded capital projects. This is offset by $48.7 million in revenue recognized as amortization of the associated capital.

Finally, as at August 31, 2025, the Division has a total **accumulated surplus** of $243.6 million (2024 - $197.4 million). This is comprised of:

- $74.5 million in Operating Reserves (includes $2.6 million restricted for SGF). The current year operating surplus of $46.2 million and the net effect of capital related items of $9.7 million resulted in a $36.5 million increase to the operating reserves balance, compared to the prior year.

- $49.8 million in Capital Reserves (see Financial Highlights, page 5 for details).

- $119.3 million in Investment in Tangible Capital Assets which represents the net book value of the accumulated assets purchased by the Division less any unpaid debt used to pay for these assets.

Consolidated Statement of Operations

The Consolidated Statement of Operations reports on revenues, expenses and the financial results of operations for the fiscal year. This statement includes the spring budget figures, as well as current year and prior year results. Revenues and expenses include non-cash items, such as the amortization of SDCC associated with the corresponding amortization of supported TCA.

As a requirement under PSAS, the Consolidated Statement of Operations reflects the Division's original budget submission approved in the spring, which relies on projected FTE enrolment. As detailed in the table, the budget was based on the three-year Weighted Moving Average (WMA) FTE enrolment of 111,820, which was 0.3% higher than actual.

Year	Weighted Factor	FTE (Budget)	FTE (Actual)
2022-2023	20%	104,522	104,522
2023-2024	30%	110,043	110,043
2024-2025	50%	115,805	115,025
WMA FTE Enrolment	**100%**	**111,820**	**111,430**

In the 2025-2026 year, the WMA calculation will be replaced by the Adjusted Enrolment Method.

Consolidated Statement of Operations – updated to show variances

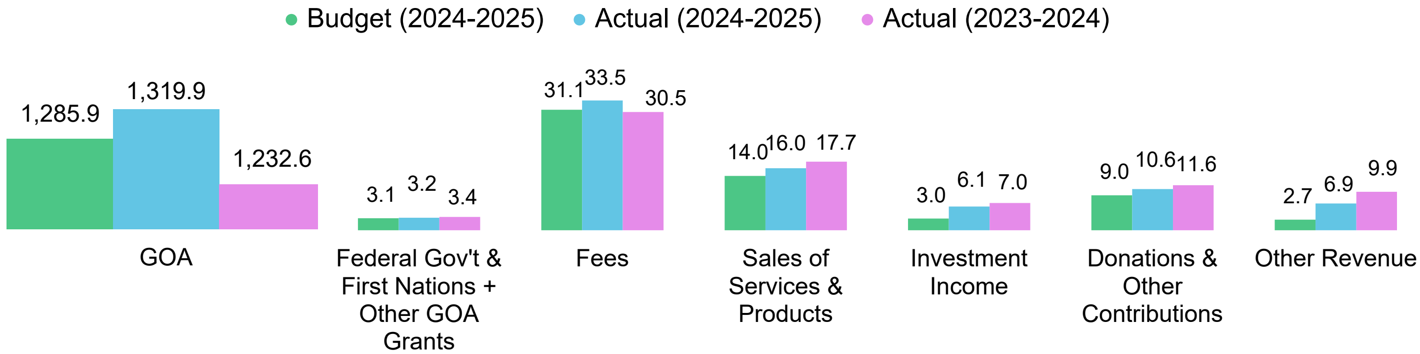
(in $ millions)	Actual 2025	Spring Budget 2024-25	Actual 2024	Actual 2025 vs Spring Budget	%	Actual 2025 vs Actual 2024	%
	A	B	C	D = A - B	E = D/B	F = A - C	G = F/C
Revenues							
Government of Alberta	1,319.9	1,285.9	1,232.6	34.0	2.6%	87.3	7.1%
Federal Government and Other Government Grants	3.2	3.1	3.4	0.1	3.2%	(0.2)	-5.9%
	1,323.1	1,289.0	1,236.0	34.1	2.6%	87.1	7.0%
Fees	33.5	31.1	30.5	2.4	7.7%	3.0	9.8%
Sales of Services and Products	16.0	14.0	17.7	2.0	14.3%	(1.7)	-9.6%
Investment Income	6.1	3.0	7.0	3.1	103.3%	(0.9)	-12.9%
Donations and Other Contributions	10.6	9.0	11.6	1.6	17.8%	(1.0)	-8.6%
Other Revenue	6.9	2.7	9.9	4.2	155.6%	(3.0)	-30.3%
	17.5	11.7	21.5	5.8	49.6%	(4.0)	-18.6%
	73.1	59.8	76.7	13.3	22.2%	(3.6)	-4.7%
Total Revenue	**1,396.2**	**1,348.8**	**1,312.7**	**47.4**	**3.5%**	**83.5**	**6.4%**
Expenses							
Instruction - ECS	55.3	52.5	55.4	2.8	5.3%	(0.1)	-0.2%
Instruction - Grade 1 to Grade 12	993.8	1,000.3	958.0	(6.5)	-0.6%	35.8	3.7%
Operations and Maintenance	188.0	201.3	189.5	(13.3)	-6.6%	(1.5)	-0.8%
Transportation	56.4	57.6	47.1	(1.2)	-2.1%	9.3	19.7%
System Administration	39.7	38.5	39.0	1.2	3.1%	0.7	1.8%
External Services	16.8	15.0	18.8	1.8	12.0%	(2.0)	-10.6%
Total Expenses	**1,350.0**	**1,365.2**	**1,307.8**	**(15.2)**	**-1.1%**	**42.2**	**3.2%**
Operating (Deficit) Surplus	**46.2**	**(16.4)**	**4.9**				

Consolidated Statement of Operations – Revenue Variances

While the Division's spring budget was calculated based on projected WMA FTE enrolment, funding received in the year is based on September 30th enrolment numbers and adjusted at year end. Additionally, grant changes and announcements subsequent to the original budget submission date are reflected in actual revenue.

Total revenue was $47.4 million (3.5%) higher than budget and $83.5 million (6.4%) higher than the prior year.

Revenue by Type (in $ millions)



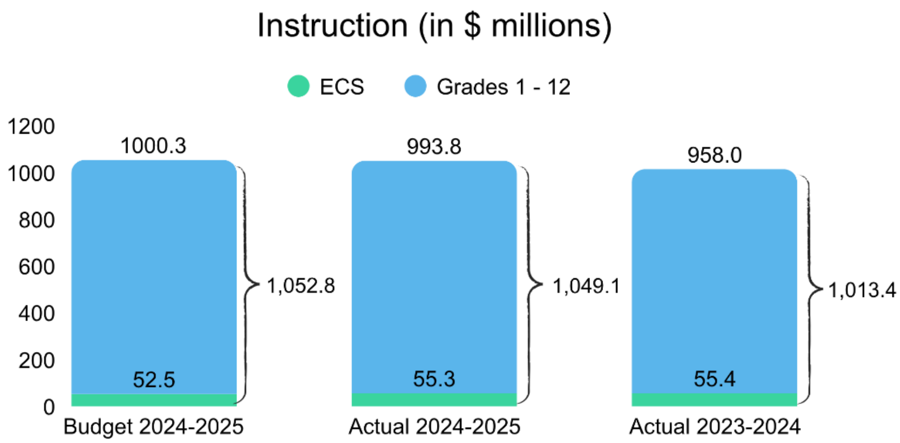
For 2024-2025, variances between budgeted and actual revenue include the following:

- Total revenue from GOA was $34.0 million (2.6%) higher than budget and $87.3 million (7.1%) higher than the prior year. Variances from budget are noted under Financial Highlights, page 2.
- Federal Government and First Nations and Other Government Grants was $0.1 million (3.2%) higher than budget and $0.2 million (5.9%) lower than the prior year, remaining relatively consistent.
- Fees were $2.4 million (7.7%) higher than budget since fees are budgeted conservatively year over year, and $3.0 million (9.8%) higher than the prior year as small fee increases across the board increased fee revenue in the current year.
- Sales of Services and Products was $2.0 million (14.3%) higher than budget due to more international students and associated revenue than anticipated, and $1.7 million (9.6%) lower than the prior year based on the elimination of staff parking costs at schools. This category represents optional purchases made in schools, including clothing, food, optional supply purchases, yearbooks, pictures, etc. Sales fluctuate based on demand, preferences, and economic factors.
- Investment Income was $3.1 million (103.3%) higher than budget since the budget considered a lower bank balance and conservative interest rates. The reduction of average interest rates in 2024-2025 is reflected in a variance of $0.9 million (12.9%) lower than the prior year.
- Donations and Other Contributions were $1.6 million (17.8%) higher than budget since Parent Advisory Committees (PAC) donations exceeded a conservative budget, and $1.0 million (8.6%) lower than the prior year, which is in line with a reduction in EPS Foundation donations.
- Other revenue was $4.2 million (155.6%) higher than budget and $3 million (30.3%) lower than the prior year. Other revenue includes leasing revenue, as well as proceeds from the sale of tangible capital assets. The overall increase compared to budget is related to inflation adjustments to leasing rates that occurred during the year, as well as unbudgeted sale proceeds. Proceeds can vary year over year based on the sale of surplus land, which must have ministerial approval.

Consolidated Statement of Operations – Expense Variances

The Division's 2024-2025 total expenses were $15.2 million (1.1%) lower than budget and $42.2 million (3.2%) higher than the prior year.

Six programs are identified in the Consolidated Statement of Operations, detailed below. Program definitions are summarized from Alberta Education and Childcare's Guidelines for the Preparation of School Jurisdiction Audited Financial Statements for the Year Ended August 31, 2025.



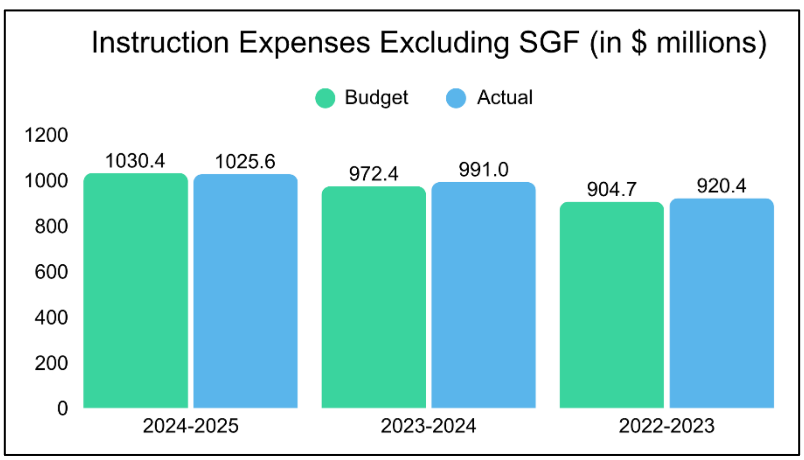
Instruction

The Instruction Program includes all costs related to classroom and online learning including but not limited to teaching staff, support staff in classrooms or school administration, services, supplies, and furnishings and equipment. All academic, vocational and technical courses, along with organized instructional activities are included in this definition. This program consists of two blocks:

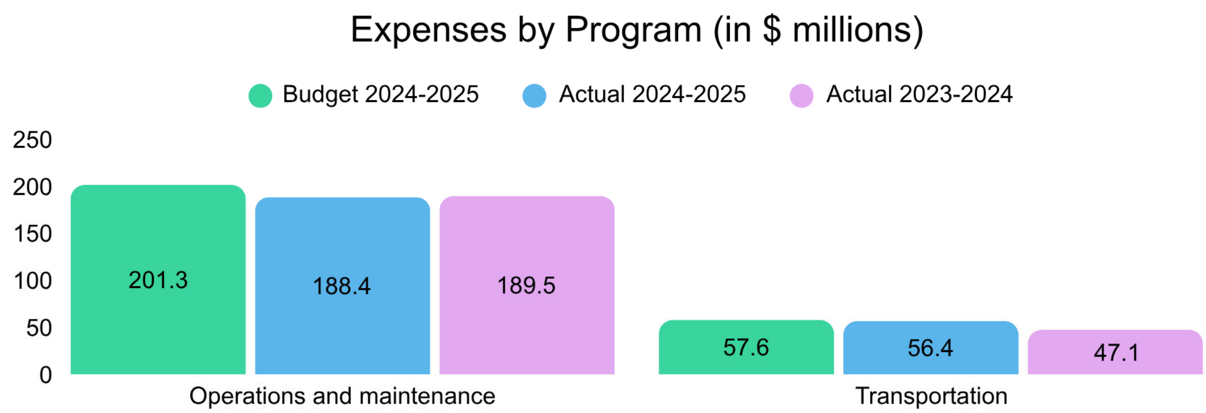
- **Early Childhood Education (ECS) -** Included in these costs are expenses related to full-day Kindergarten. This program was $2.8 million (5.3%) higher than budget and $0.1 million (0.2%) lower than the prior year. Variances to budget are due to uncertainties at spring budget on specialized learning supports for kindergarten, which are offset in Grades 1 - 12 budgeted expenses.
- **Grades 1 - 12 -** this program was $6.5 million (0.6%) lower than budget and $35.8 million (3.7%) higher than the prior year.

The variance in Instruction, as a whole (including SGF), was $3.7 million (0.4%) lower than budget and $35.7 million (3.5%) higher than the prior year. Variances from budget are explained under Financial Highlights, page 3.

Once SGF expenses are excluded, the instruction variance for the year is $4.8 million (0.5%) lower than budget and $34.6 million (3.5%) higher than the previous year.



Consolidated Statement of Operations – Expense Variances



<u>Operations and Maintenance (O&M)</u>

O&M consists of activities that relate to the Division's responsibility for the construction, operation, maintenance, safety and security of all school buildings, including costs related to the supervision of these activities.

- This program was $13.3 million (6.6%) lower than budget and $1.5 million (0.8%) lower than the prior year.

- Utilities were lower than anticipated due to new contracts offering lower rates as well as milder winter temperatures.

- The timing of when IMR projects can be completed, along with the occurrence of project delays, led to lower operational expenses in the program compared to the budget.

- As detailed in Schedule 3 of the Consolidated Financial Statements, total expenses for O&M exceeded the targeted grant revenue, creating a program operating deficit of $12.6 million (2023-2024 - $16 million). Historically, O&M grant funds are not adequate to cover related expenses, requiring the Division to use other grant categories to cover the shortfall.

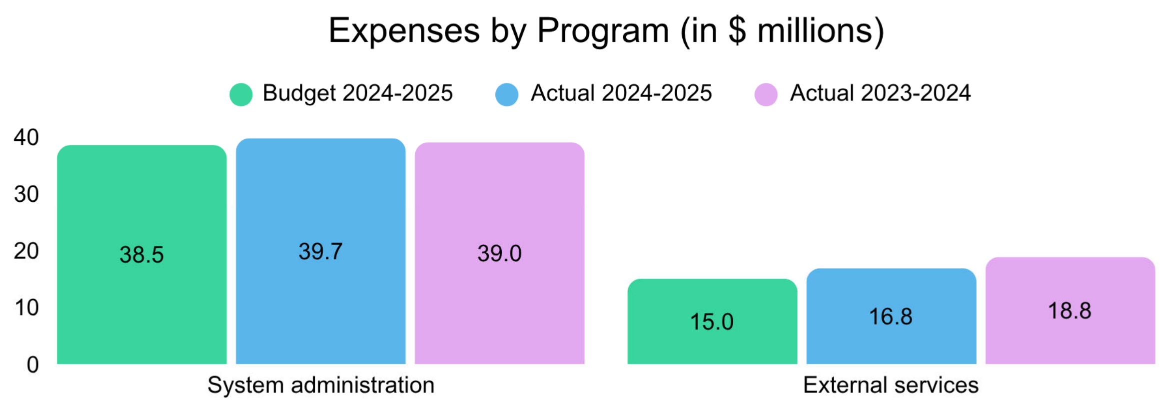
<u>Transportation</u>

Transportation consists of activities related to the transportation of students to, from, and between schools and boarding of eligible students away from home.

- This program was $1.2 million (2.1%) lower than budget and $9.3 million (19.7%) higher than the prior year.

- Budgeted costs were based on the grant amount prior to a change to the GOA's funding model and eligibility criteria which reduced transportation funding for the year. As previously mentioned in Financial Highlights (page 5), more routes were fulfilled compared to the prior year, leading to higher spending.

Consolidated Statement of Operations – Expense Variances



System Administration (SA)

SA comprises all administrative costs related to the operations of the Division including the responsibilities of the Boards of Trustees, Superintendent, Corporate Secretary-Treasurers and their respective staffs. Supplies and amortization of administrative equipment and facilities related to these administrative groups are also included in this program.

- As per the funding manual, SA is a targeted and dedicated allocation based on 3.2% of prior year expenditures.
- This program was $1.2 million (3.1%) higher than budget and $0.7 million (1.8%) higher than the prior year. Variances related to budget and the prior year include the impact of Bill 20 *Municipal Affairs Statutes Amendment Act* where the Division's portion of Elections costs increased by $1.3 million.
- Management regularly reviews the allocation of expenditures based on changing roles and responsibilities to ensure an accurate representation of these costs.
- Expenses in this program cannot exceed System Administration funding; however, surpluses can be carried forward. This year’s surplus of $1.2 million (net of amortization expense) will be added to the internally restricted SA reserve.

External Services

External services include services offered outside the Division's regular educational programs for ECS children and students in grades 1 to 12 who are served by the Division. Activities such as adult education, family school liaison programs and those of a cultural and recreational nature are included in this program (e.g. programming offered out of the Bennett Centre).

- This program was $1.8 million (12.0%) higher than budget and $2.0 million (10.6%) lower than the prior year. The variance to budget is offset by revenue as programs in external services must be fully self-funded and can vary year over year based on activity.

Other Statements and Schedules Included in the Audited Consolidated Financial Statements

Consolidated Statement of Cash Flows

- Identifies where cash came from and where it was used. It highlights operating, capital, investing and financing transactions that impacted the Division's cash.

Consolidated Statement of Change in Net Financial Assets

- Presents information to understand the changes in financial assets and liabilities. This statement shows the impact on net debt due to operational results via the operating surplus and changes in tangible capital assets, prepaid expenditures, other non-financial assets, endowments and re-measurement gains and losses.

Consolidated Statement of Remeasurement Gains and Losses

- Provides the changes in value of financial assets and liabilities due to the re-measurement of their value to current exchange rates or fair value. This statement may indicate financial risk in an investment. Since the Division does not hold investments with any risk, this statement is not used.

Consolidated Schedule of Changes in Net Assets

- Provides information about the Division's activities that resulted in an increase or decrease in accumulated surplus. It breaks down all the components of the accumulated surplus. This statement, required by Public Sector Accounting Standards, is not particularly user-friendly to the lay person.

Consolidated Schedule of Deferred Contributions

- Provides information on the receipt, transfer, and use of funds for each type of deferred contribution: deferred operating contributions, unspent deferred capital contributions, and spent deferred capital contributions provided to the Division.

Consolidated Schedule of Program Operations

- Provides a summary of revenue allocated to programs by type and expenditures by type for each program area. This information provides supplementary information to the Consolidated Statement of Operations.

The descriptions above were taken or adapted from ASBOA's *Audit and Financial Resources Toolkit* (https://asboalberta.ca/page/resources).

Appendix I: Impact of Bill 2 *Back to School Act*

On October 28, 2025, the Government of Alberta enacted Bill 2 *Back to School Act*, which legislated the resolution of the province-wide teachers' strike involving members of the Alberta Teachers' Association (ATA). The strike began near the start of October 2025 and resulted in the suspension of regular instruction across Alberta school divisions for several weeks.

Bill 2 *Back to School Act* established a new collective agreement for ATA members, effective September 1, 2024, that includes the following key financial provisions:

- A 3% salary increase for certificated staff retroactive to September 1, 2024; and
- Additional 3% salary increases in each of the subsequent three school years (2025-2026, 2026-2027, 2027-2028).

Because the terms of the agreement provided additional information about conditions that existed at August 31, 2025, the Division determined that the impact of the initial 3% increase should be reflected in the 2024-2025 Consolidated Financial Statements.

Management has estimated the financial impact of this adjusting subsequent event at approximately 3% of certificated salaries for the 2024-2025 school year. This estimate has been incorporated into the Division's Consolidated Financial Statements as part of certificated salaries and benefits expense (allocated between ECS and Grades 1 - 12) and corresponding accrued liabilities, along with an increase to accrued revenue and accounts receivable, as the Division expects to receive funding from the GOA to offset these additional costs.

in $ millions	**Before adjustment**	**After adjustment**	**Change**
Accounts receivable (net after allowances)	21.4	39.4	18.0
Accounts payable and accrued liabilities	60.0	78.0	18.0
Revenues - GOA	1,301.9	1,319.9	18.0
Expenses - Instruction - ECS	54.5	55.3	0.8
Expenses - Instruction - Grades 1 - 12	976.6	993.8	17.2

The additional 3% annual increases that take effect in future years are considered non-adjusting subsequent events under PSAS. They will be recognized in the respective fiscal years as the increases become effective.

This settlement provides resolution and cost certainty following the 2025 labour disruption, while also representing a material financial consideration for future budgeting and collective agreement planning.

Appendix II: Definitions

Accounts Payable include amounts for which goods and services were received by the Division but not yet paid.

Accounts Receivable are funds owing to the Division**.**

Asset Retirement Obligation (ARO) is a legal obligation incurred by the Division to dismantle, decommission, or remove a long-lived asset, such as a school building. This obligation can involve significant costs, including demolition, site restoration, and environmental cleanup.

Debt represents funds borrowed by the Division for capital purposes.

Employee Future Benefit Liabilities represent future financial obligations to employees, such as retirement allowances and sick leave.

Financial assets are comprised of cash or items that will eventually be turned into cash to discharge the Division's liabilities or provide resources for future programs and services.

Liabilities are comprised of amounts owed by the Division.

Net Assets (Accumulated Surplus) represent the financial resources that are available to the Division to provide future services to students.

Net Financial Assets represent the financial resources available to the Division after paying our liabilities.

Non-financial Assets represent assets that are used in the operation of the Division for the provision of services and are not readily converted to cash resources.

Spent Deferred Capital Contributions (SDCC) typically represent school buildings funded by the Province for which the Division has a service obligation to use for educational purposes. SDCC is amortized at the same rate as the related building over the course of the building's economic life. Even though the money has been spent on building the asset, the Government-funded school building must be used for its intended purpose (educating children) over its useful life. Therefore, it should be treated as a liability and recognized as it is depreciated (i.e., as it is used to educate children).

Tangible Capital Assets is the cost of assets less accumulated amortization (depreciation) of assets. This represents the assets' net book value. Tangible capital assets may be supported (funded by the GOA) or unsupported (funded from reserves, targeted donations or unspent general revenues).

Amortization expense shows how much of a tangible capital asset's cost is "used up" each year as the capital asset—like a building, bus, or computer—wears out or provides value over time.

Unspent Deferred Capital Contributions (UDCC) represent funds received for capital purposes which have yet to be expended. Once the funds have been spent, the associated obligation is classified as SDCC.

Unspent Deferred Contributions include grants and donations received for a specific purpose. These represent obligations that the Division has for resources it has been provided. The most common deferred contributions the Division receives is for operational grants and donations. For example, Infrastructure Maintenance and Renewal (IMR) grants must be spent on school maintenance and repair. Unspent deferred contributions may also be capital in nature. Capital expenditures have a service life of multiple years, such as buildings, equipment, and motor vehicles. Externally restricted capital funds are classified as either Unspent Deferred Capital Contributions or Spent Deferred Capital Contributions.