

Board Agenda Item



Topic: **Audited Financial Statements August 31, 2024**

Presenter: **Colin Cairney**
Meeting Date: **November 27, 2024**

Background

Independent Auditor's Report

The audited financial statements for Red Deer Public Schools are attached to this agenda. Our auditors have provided Red Deer Public Schools an opinion, that the accompanying financial statements present fairly, in all material respects, the financial position of Red Deer Public Schools as at August 31, 2024.

They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their opinion.

Financial Highlights

- **Actual Surplus:** The surplus for the year totaled \$486,650, which includes \$327,075 from School-Generated Funds. This contrasts with the May 2023 spring budget, which had projected a deficit of \$1,000,000. The budget figures are provided for comparative purposes in the audited financial statements.

Revenue and Expenses

- Total Revenue: \$133.8M (up from \$125.8M in 2023).
 - Revenues came primarily from the Government of Alberta, totalling \$124,123,441. Other sources of revenue include Fees, Sales of service and products, Investment income and donations/fundraising.
 - Investment income increased to \$767,583 from \$377,064 in 2023.
- Total Expenses: \$133.3M (up from \$126.8M in 2023).
 - The largest portion of the Division's expenses went to certificated salaries and benefits, which totaled \$78,142,384. Similarly, non-certificated salaries, wages and benefits totaled \$26,309,952.

Division Surplus Breakdown:

1. **Instruction (K-12):** \$120,152 surplus
2. **Operations & Maintenance (O&M):** Balanced

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3. **Transportation:** Balanced (targeted funding, non-transferable)
4. **System Administration:** \$39,423 surplus
5. **School-Generated Funds:** \$327,075 surplus

Total Surplus: \$486,650

Instruction (K–12) Variances

Additional funding above the budgeted amounts were made in key areas:

- **Learning Loss Support:** \$175,341
 - **Supplemental Enrollment Growth:** \$442,000
 - **Curriculum Implementation (PD & Materials):** \$453,155
 - **Mental Health in Schools Pilot:** \$352,000
 - **Low Incidence Supports & Services:** \$54,406
 - **Digital Assessment:** \$142,641
 - **Dual Credit Programming:** \$50,000
 - **Additional School Nutrition Program funding:** \$77,850
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Operations & Maintenance (O&M)

- The approved budget projected a balanced outcome, which was achieved due to higher-than-expected investment earnings.
 - Cost pressures arose from increased staffing costs and rising utility expenses.
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Transportation

- A balanced budget was achieved.
 - In compliance with the 2023/24 Funding Manual, Transportation funding is targeted and cannot be reallocated to other areas. Restricted grants are reflected in Schedule 2 under "Transportation."
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System Administration

- Expenditures totaled \$3,930,034, within the \$3,969,457 budget cap for the 2023/24 school year.
- As targeted funding, this grant is strictly allocated for governance and system administration costs, ensuring no overspending.

Weighted Moving Average (WMA) Adjustment

- A funding increase of \$1,144,634 was recognized, reflecting a higher-than-anticipated student enrollment for the 2023/24 school year.
- WMA adjustments adhere to accrual accounting principles, with variances recorded as receivables or payables.

Reserves Overview

- **Operating Reserves & Unrestricted Surplus:**

- **School & Instruction:** \$2,748,057
- **O&M:** \$510,480
- **System Administration:** \$1,718,436
- **Transportation:** \$0

Total Operating Reserves: \$4,977,973

- **Unrestricted Surplus:** \$3,159,531 (includes unspent School-Generated Funds).
- **Capital Reserves:** Increased to \$837,301 due to the sale of board-funded capital assets, designated for future acquisitions.

The maximum operating reserve percentage for each school jurisdiction is six per cent of the school jurisdiction's total expenses for the school year.

The requirement to obtain Ministerial approval prior to using operating reserves or transferring to capital reserves was removed.

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Change in Accounting Policies

- **PS 3160 (Public-Private Partnerships):** Changes applied retroactively to P3 agreements, with updates reflected in the Statement of Financial Position and Schedules 1 & 6.
- **PS 3400 (Revenue):** Introduced new guidance for exchange and non-exchange transactions. No significant measurement changes.
- **PSG-8 (Purchased Intangibles):** Purchased intangibles are now recognized as assets. However, no such assets were reported as of August 31, 2024.

Audit Committee Review

The Audit Committee met on November 26 to review the financial statements and will present their recommendations to the Board of Trustees during the meeting.

The financial statements will be discussed in detail at the meeting.

Leadership Quality Standard:

Building Effective Relationships

- Modeling ethical leadership practices, based on integrity and objectivity.
- Establishing constructive relationships with students, staff, school councils, parent/guardians, employee organizations, the education ministry and other stakeholder organizations.
- Facilitating the meaningful participation of members of the school community in decision-making.

School Authority Operations & Resources

- Providing direction on fiscal and resource management in accordance with all statutory, regulatory and school authority requirements.
- Ensuring effective alignment of the school authority's human resources to achieve the school authority's education plan.

Recommendation:

The Superintendent of Schools recommends THAT that the Board of Trustees approves the audited financial statements for the year ended August 31, 2024.