

Audited Financial Statements

August 31, 2018

Report to the Board



Prepared by: Keith Gervais, Chief Financial Officer
Presented: November 22, 2018

Audit Findings

The audit of the August 31, 2018 Good Spirit School Division was completed by Betty Lam with the Provincial Auditor of Saskatchewan and Gary Kreklewich of Miller Moar Grodecki Kreklewich & Chorney.

The opinion of the audit which is included on page 2 of the audited financial statements indicates the financial statements present fairly, in all material respects, the financial position of the Good Spirit School Division No. 204 as at August 31, 2018 and the results of its operations and accumulated surplus from operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards for other government organizations.

All reports were filed on time with the Ministry of Education.

Items that were not identified in the Management Letter but not considered to be of concern based on discussions with the Accounting Manager.

1. Accrued Salaries - Seb plan payments accrual included days from 2018 - 2019 school year.
2. Accounts Payable - there was an invoice which was expensed in 2017-18 for work that was not completed prior to August 31, 2018. There was also offsetting revenue recorded which results in a net effect of \$0.
3. Caution Fees

These adjustments were not made as they were considered immaterial.

Overview of Audited Financial Statements

Statement of Financial Position – page 3

- This is the balance sheet which reports the assets, liabilities and accumulated surplus of the school division.

Financial Assets

- Cash increased by \$3,736,210
- Accounts receivable (*Note 8*) decreased by \$11,452,452
 - Taxes receivable decreased by 10,276,749 due to the ministry taking over all tax collections. School divisions will be funded strictly through grants on a go forward. This resulted in clearing a large account receivable from the balance sheet but also a \$2M expense for uncollectible taxes to be written off. This amount has been verified through the final tax reconciliation.
 - Provincial grant decreased by \$925,000. The current amount receivable is for the YRHS Asbestos removal project (\$175,000).
 - GST receivable decreased by \$86,647
 - Other receivables decreased by \$195,855. This is mainly due to the timely payment of tuition fees. The allowance set up to account for estimated uncollectible other receivables remained the same.
- Portfolio investments (*Note 4*) which is the equity shares in Coops increased by \$361.

Liabilities

- Accounts payable and accrued liabilities (*Note 9*) increased by \$393,435
 - Accrued salaries and benefits increased by \$505,442. This is the time teachers' work in August but paid in September and vacation time earned but not taken by staff.
 - Supplier payments decreased by \$6,346. The change in this is due to timing of work and receipt of invoices.
 - Other accounts payable decreased by \$103,891
- Long-term debt (*Note 10*) decreased by \$1,844,345. There was no new debt proceeds. Although provision was made for the possibility of a new loan for the annual purchase of buses, given the cash level it was decided to proceed without applying to the Ministry for a loan. The details are outlined in note 10 on pages N-12 and N-13
- Liability for Employee Future Benefits (*Note 6*) increased by \$89,600. The Ministry engages the services of Morneau Shepell Ltd. to provide school divisions with an actuarial valuation and estimate. The school division provided detailed information on collective bargaining agreements and out of scope contract provisions along with demographic information on employees and usage of benefits that is used to make these calculations.
- Deferred Revenue (*Note 11*) decreased by \$3,679,792
 - Federal capital tuition fees collected and added for the year of \$63,718 increasing the fund to \$499,889. This amount must be used on capital projects and is subject to approval by the Ministry.

- An amount of \$408,263 is from the sale of the excess property surrounding Fairview Education Centre. This amount must be used on capital projects and is subject to approval by the Ministry.
- All “pre-paid” education property taxes of \$3,784,148 were removed from deferred revenue as taxes will be collected by the ministry on a go forward.
- Third party grants increased by \$40,639 (Anne Portnuff Theatre Donations and PPEP)

Net Financial Assets

- If we had collected all of our accounts receivable and cashed in our long term investments and paid all debts there would be about \$10 million, which is our net financial assets.

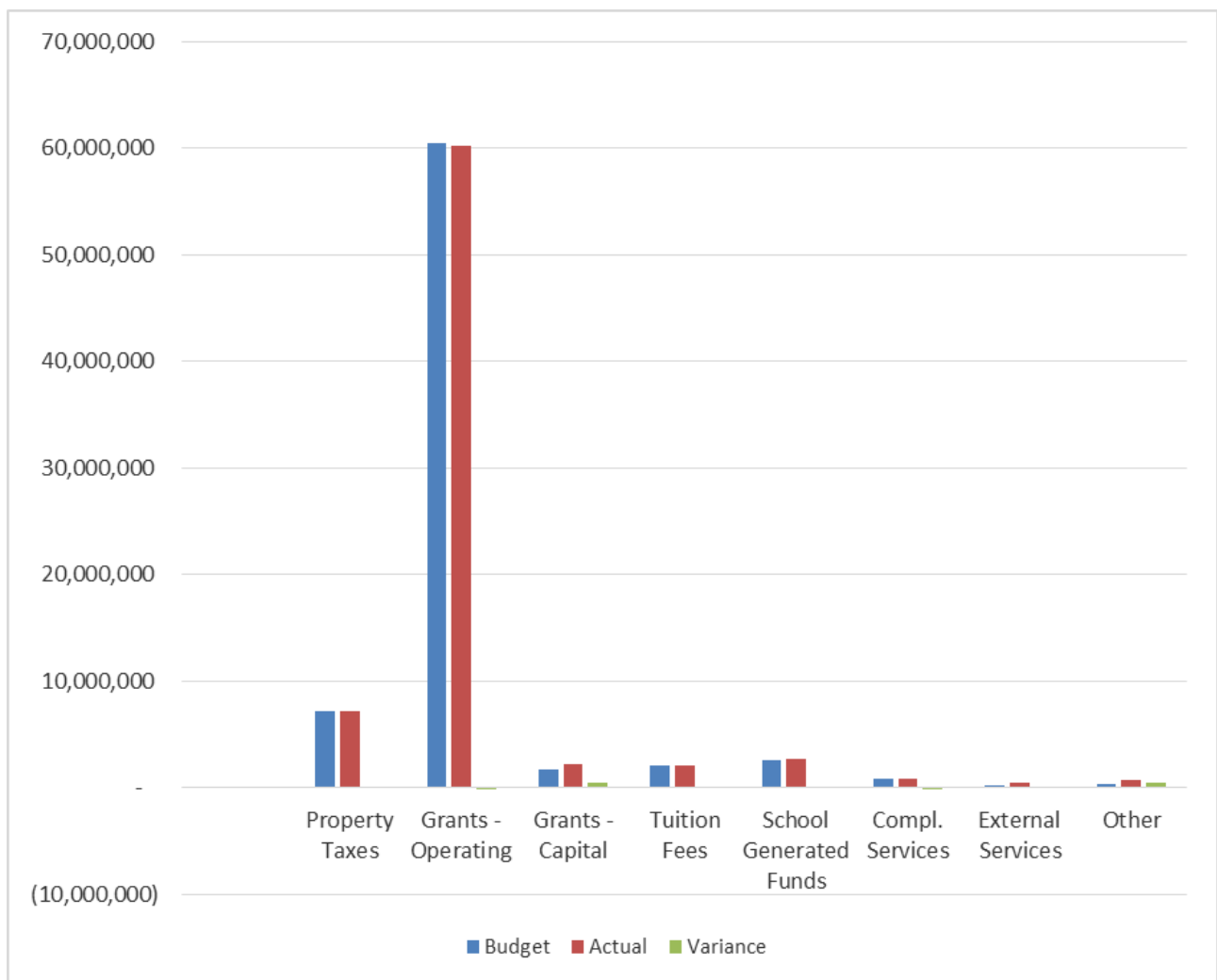
Non-Financial Assets

- The non-financial assets are detailed in Schedule C
 - Investment in tangible capital assets - \$64,151,353
 - August 31, 2018 closing balance \$117,114,570
 - Less: August 31, 2018 amortized \$52,963,217
 - Net \$64,151,353
- Purchases during the year:
 - Buses - Timing ended up with 10 buses in 2017-18 \$1,064,848
 - Other vehicles – Van \$52,943
 - Furniture & Equipment at Schools \$514,385
 - Computer hardware / software \$231,199
 - Assets under construction (schools) \$1,942,400
- Disposals during year – deemed dispositions when fully amortized (\$3,406,655)
- Transfers from work in progress to asset account
 - Columbia Portables \$815,805
 - Langenburg School \$365,152
 - Removal from Work in Progress (\$1,180,957)
- Prepaid Expenses - \$905,110
 - Includes SGI licenses, software, and inventory

Statement of Operations and Accumulated Surplus from Operations – page 4

Summary Report of 2017-2018 Revenue Budget to Actual

	Budget	Actual	Variance	
Property Taxes	7,132,489	7,227,419	94,930	1.3%
Grants - Operating	60,434,962	60,256,657	(178,305)	-0.3%
Grants - Capital	1,673,360	2,207,233	533,873	31.9%
Tuition Fees	2,029,248	2,091,494	62,246	3.1%
School Generated Funds	2,580,000	2,692,557	112,557	4.4%
Compl. Services	844,460	843,196	(1,264)	-0.1%
External Services	276,896	424,857	147,961	53.4%
Other	338,000	761,658	423,658	125.3%
Total	75,309,415	76,505,071	1,195,656	1.6%



Property Taxes – 9.4%

Budget	Actual	Variance	%
\$7,132,489	\$7,227,419	\$94,930	1.4%

- Amount included in budget is based on what is provided by the Ministry in the budget document. The ministry reconciles taxes based on actual cash collections as of the end of December. There was an increase of cash collections.

Grants – Operating – 78.8%

Budget	Actual	Variance	%
\$60,434,962	\$60,256,657	(\$178,305)	(0.2%)

- Reduction in monthly operating grant payments due to increase in property taxes (\$354,880)
- EAL assessment \$21,421
- Following Their Voices Grant (\$5,724)
- Reimbursements Leadership Conference and Gazebo \$6,600
- SGI grant for Drivers program \$54,598
- Mental Health First Aid Grant \$8000
- Receipt of Community Funding
LCS Project \$91,683

Grants – Capital – 2.9%

Budget	Actual	Variance	%
\$1,673,360	\$2,207,233	\$533,873	31.9%

- Preventative Maintenance and Renewal (PMR) Funding \$183,873

The amount included in budget was based on the 2017-2018 amount which was \$1,673,360. The amount for 2018-2019 was higher and is required to be reported in the current fiscal year as it was committed from the Ministry which is 2017-2018. PMR allocations that are not used are carried forward as restricted accumulated surplus and annually reported to the Ministry
- During the year GSSD received additional capital grant commitments and these are included in the current year:
 - Emergent funding for YRHS asbestos abatement \$350,000

Tuition Fees – 2.7%

Budget	Actual	Variance	%
\$2,029,248	\$2,091,494	\$62,246	3.1%

- Amount included in budget is based on what is provided by the Ministry in the budget document. This is calculated using the estimate number of tuition paying students which is compiled using historical information. The actual number of these students was slightly more than expected.

School Generated Funds – 3.5%

Budget	Actual	Variance	%
\$2,580,000	\$2,692,557	\$112,557	4.3%

- Amount included in budget is based on prior year activity which was lower than current year amounts
- Changes flow through internally restricted accumulated surplus

Complementary Services – 1.2%

Budget	Actual	Variance	%
\$844,460	\$843,196	(\$1,264)	(.1%)

- More received/recognized for PPEP \$4,675
- Dr. Brass Daycare (\$5,939)

External Services – 0.6%

Budget	Actual	Variance	%
\$276,896	\$424,857	\$147,961	53.4%

- Received a grant for *Invitational Shared Services* \$150,000
- YRHS Cafeteria (\$2,039)
- The amount of deposits was less than budgeted, however overall the program was cost neutral – see details in note 13 on page N-15.

Other – 1.0%

Budget	Actual	Variance	%
\$338,000	\$761,658	\$423,658	125.3%

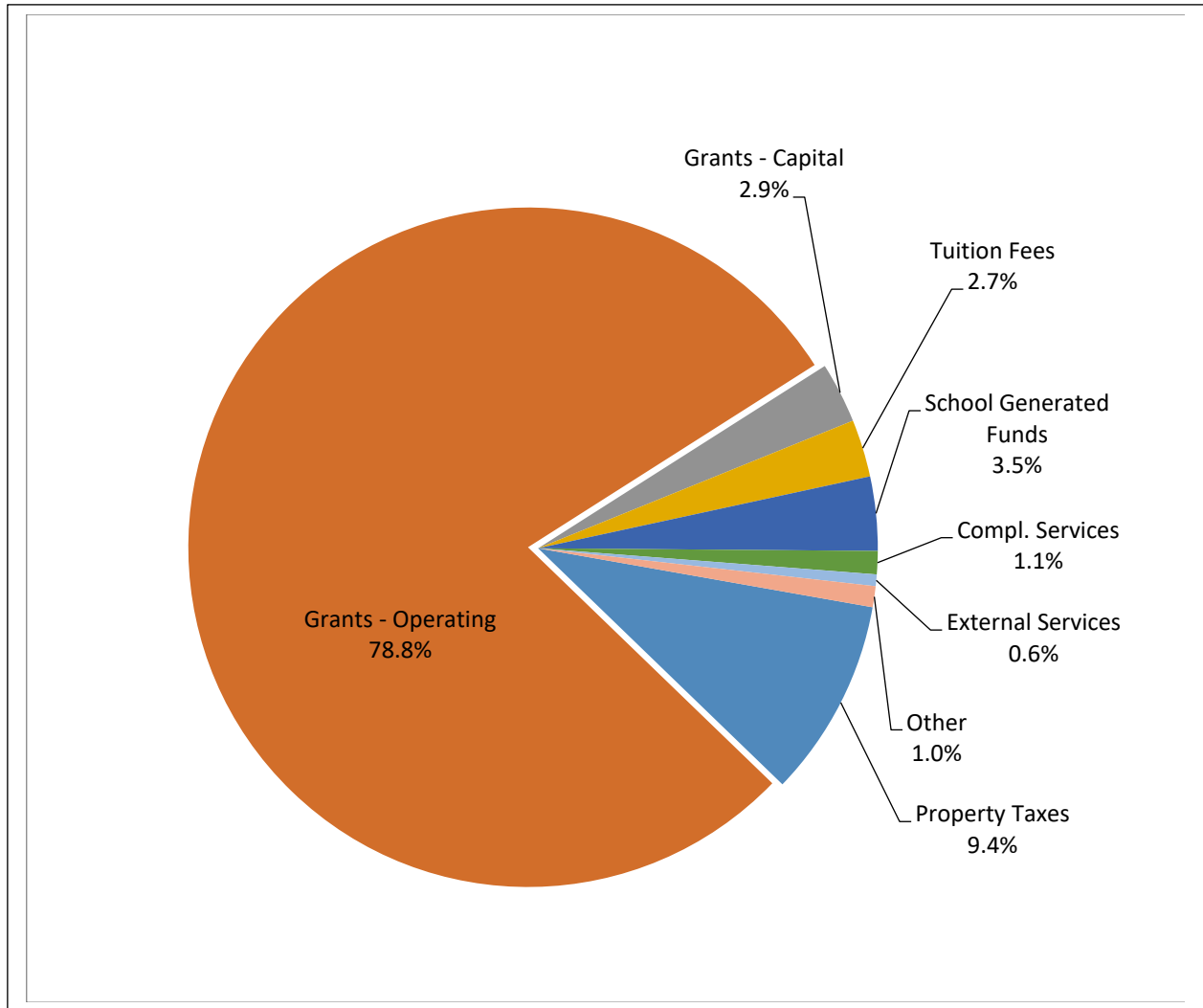
- Miscellaneous Revenue \$286,907

Insurance claims at Dr. Brass, Columbia, and Yorkdale
Anne Portnuff lights and sound anonymous donor

- Sales and Rentals (\$14,560)

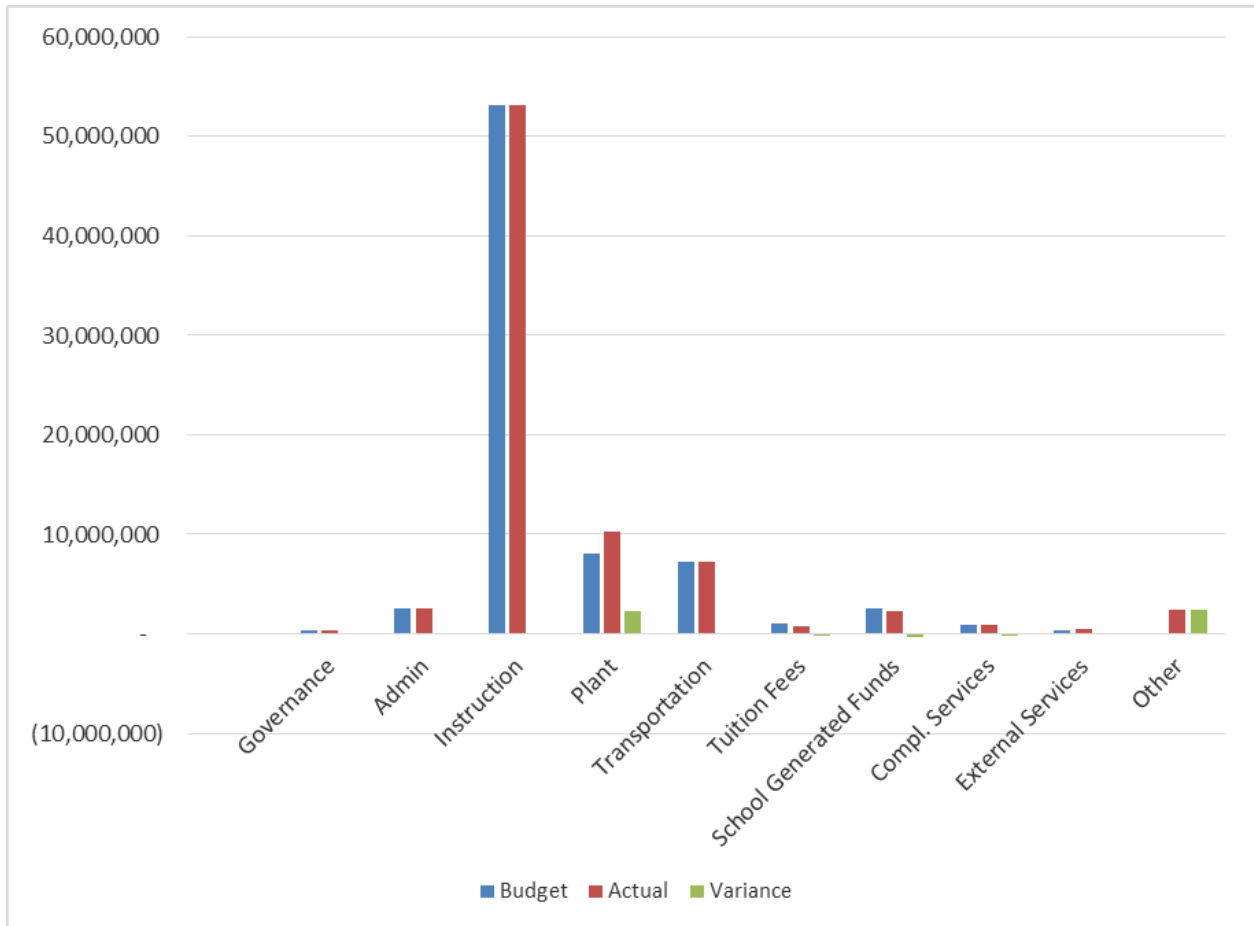
- Investments \$151,311

Interest revenue increased due to higher interest rates received and higher than projected bank balance



Summary Report of 2017-2018 Expense Budget to Actual

	Budget	Actual	Variance	
Governance	316,181	319,182	3,001	0.9%
Admin	2,492,913	2,552,814	59,901	2.4%
Instruction	53,102,566	53,160,207	57,641	0.1%
Plant	8,005,097	10,233,909	2,228,812	27.8%
Transportation	7,254,334	7,299,620	45,286	0.6%
Tuition Fees	972,907	795,407	(177,500)	-18.2%
School Generated Funds	2,584,637	2,286,616	(298,021)	-11.5%
Compl. Services	847,824	844,491	(3,333)	-0.4%
External Services	285,481	415,959	130,478	45.7%
Other	107,035	2,479,042	2,372,007	2216.1%
Total	75,968,975	80,387,247	4,418,272	5.8%



Governance – 0.4%

Budget	Actual	Variance	%
\$316,181	\$319,182	\$3,001	0.9%

- Board members expenses (\$1,268)
- Professional development \$2,733
- SCCs (\$2,817)
- SCC professional development (\$10,918)
- Other \$15,272

Administration – 3.2%

Budget	Actual	Variance	%
\$2,492,913	\$2,552,814	\$59,901	2.4%

- Salaries and benefits \$65,410
 - Some overlap in CFO salary, signing bonus, OT/backfill, payouts
- Supplies & services \$41,117
 - HR Consulting costs were over budget
- Non-capital furniture & equipment (\$3,979)
- Building operating expenses (\$13,216)
- Communications \$10,848
 - Costs of CFO recruitment
- Travel (\$16,386)
- Professional development (\$28,730)
- Amortization of tangible capital assets (TCA) \$4,837

Instruction – 66.1%

Budget	Actual	Variance	%
\$53,102,567	\$53,160,207	\$57,640	0.1%

- Professional staff salaries and benefits (\$164,038)
- Support staff salaries and benefits \$86,942
- Instructional aids \$83,407
- Supplies & services \$146,875
- Non-capital furniture & equipment (\$114,512)
- Communications (\$19,258)
- Student related expenses \$14,779
- Travel (\$37,494)
- Professional development (\$69,889)
- Amortization of TCA \$130,829

Plant – 12.7%

Budget	Actual	Variance	%
\$8,005,097	\$10,233,908	\$2,228,811	27.8%

- Salaries and benefits (\$7,703)
- Supplies & services and non-capital furniture & equipment (\$6,559)
- Building operating expenses \$2,287,140
 - Completion of a number of (PMR) projects that were expensed during the year and not capitalized:
 - Roofing projects at Invermay, Sturgis, Saltcoats and Norquay
 - Renovations at Sturgis Composite and Preeceville
 - Projects funded through previously approved reserves
 - MCS Ceiling
 - YRHS Asbestos abatements in A Wing and Anne Portnuff
 - Preeceville and PJ Gillen Classroom upgrades
 - Insurance claims at Dr. Brass, Yorkdale, and Columbia
 - Canora water & sewer levy
- Communications (\$387)
- Travel \$26,018
 - Increased fuel costs and repairs
- Professional development (\$11,378)
- Amortization of TCA (\$62,713)

Transportation – 9.1%

Budget	Actual	Variance	%
\$7,254,334	\$7,299,621	\$45,287	0.6%

- Salaries and benefits (\$51,369)
- Supplies & services \$98,509
 - Gas and oil costs over by \$120K
- Non-capital furniture & equipment (\$12,391)
 - Replacement program of the 2012 has resulted in savings in the repairs and maintenance of our fleet
- Building operating expenses \$21,177
 - Contracted Services used for bus driver evaluations
- Communications (\$1,430)
- Travel \$9,589
- Professional development \$23,349
 - 15 passenger van training provided by Sask Safety Council
- Contracted transportation \$3,547
- Amortization of TCA (\$46,424)
 - Timing of the actual in-service dates of the buses

Tuition Fees – 1.0%

Budget	Actual	Variance	%
\$972,907	\$795,407	(\$177,500)	(18.2%)

- Tuition fees paid (\$177,100)
There were fewer students attending Parkland College than budgeted
- Transportation fees (\$400)

School Generated Funds – 2.8%

Budget	Actual	Variance	%
\$2,584,637	\$2,286,616	(\$298,021)	(11.5%)

- Amount included in budget is based on prior year activity which was lower than current year amounts
- Changes flow through internally restricted accumulated surplus

Complementary Services – 1.1%

Budget	Actual	Variance	%
\$847,824	\$844,491	(\$3,333)	(0.4%)

- Pre-K program actual expenses were slightly more than grant \$1,116
- Other miscellaneous third party expenses less than grants (\$4,449)

External Services – 0.5%

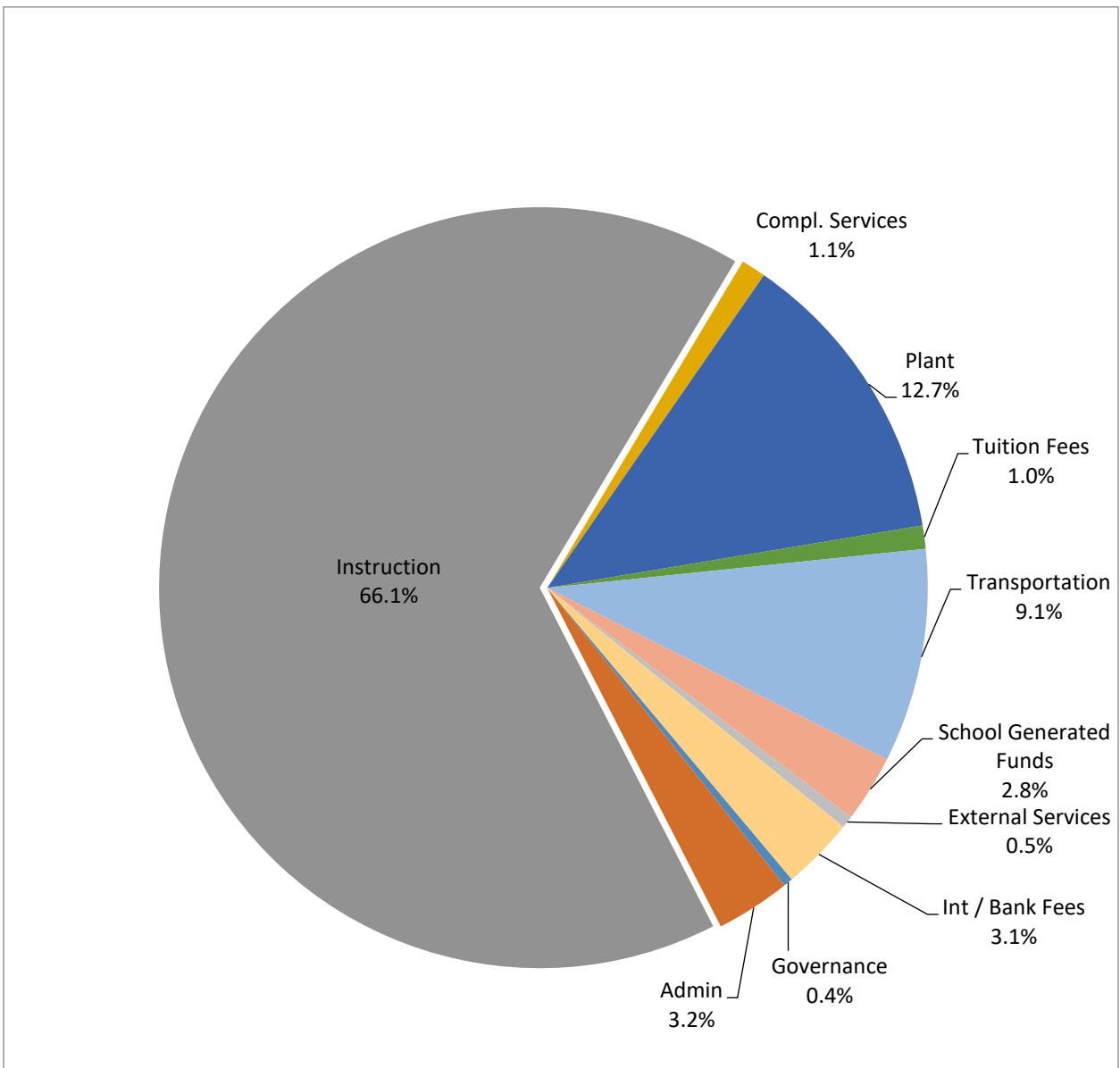
Budget	Actual	Variance	%
\$285,481	\$415,959	\$130,478	45.7%

- YRHS cafeteria program (\$7,710)
- Regional Kids First program \$36,772
- Received a grant for *Invitational Shared Services* which is paid to Treaty 4 \$150,000

Other – 3.1%

Budget	Actual	Variance	%
\$108,913	\$2,479,042	\$2,370,129	2176.2%

- Transfer of Taxes Receivable \$2,001,157
- Current interest and bank charges (\$1,289)
- Interest on long-term debt \$2,057
- Loss on disposal of TCA (deemed disposition adjustment) \$361,204



Accumulated Surplus from Operations, End of Year – page N-16

	August 31 2017	Additions during the year	Reductions during the year	August 31 2018
Invested in Tangible Capital Assets:				
Net Book Value of Tangible Capital Assets	\$ 65,345,493	\$ 3,337,329	\$ 4,531,469	\$ 64,151,353
Less: Debt owing on Tangible Capital Assets	(4,383,480)	-	(1,844,345)	(2,539,135)
	60,962,013	3,337,329	2,687,124	61,612,218
PMR maintenance project allocations (1)	1,685,599	1,857,233	1,324,037	2,218,795
Internally Restricted Surplus:				
Capital projects:				
Designated for tangible capital asset expenditures	69,225	45,000	-	114,225
Minor Renovations	1,000,000	-	710,566	289,434
Feasibility Study Non-School Facilities	200,000	-	35,560	164,440
Risk Management & Security	134,000	-	94,374	39,626
Purchase of Buses	800,000	-	772,868	27,132
Unified Student Information System - USIS	-	300,000	-	300,000
	2,203,225	345,000	1,613,368	934,857
Other:				
School generated funds	1,204,018	355,497	-	1,559,515
Future Expenditures YRHS flood	100,000	-	-	100,000
School budget carryovers	289,569	316,864	289,569	316,864
Third Party Programs	49,579	196,571	183,119	63,031
	1,643,166	868,932	472,688	2,039,410
Unrestricted Surplus	12,933,883	-	4,193,453	8,740,430
Total Accumulated Surplus	\$ 79,427,886	\$ 6,408,494	\$ 10,290,670	\$ 75,545,710

- Net increase in tangible capital assets \$650,205
- Net increase in PMR \$533,196
- Net increase in designated TCA expenditures (from tuition) \$45,000
- Net change to other restricted reserves (\$1,613,368)
- Transfer from unrestricted to internally restricted \$300,000
- School Generated Funds increased \$355,497
- School budget carryovers increased \$27,295
- Third party programs increased \$13,452
- Reduction to unrestricted (\$4,193,453)
- **Net change to Total Accumulated Surplus = Operating Surplus/Deficit (\$3,882,176)**

Unrestricted Surplus Analysis

• Total unrestricted surplus	\$8,740,430
• Less: uncollected education property taxes recognized as revenue	\$0
• Less: provincial grants receivable set up but not received	(\$175,000)
• Less: other receivables	(\$759,232)
Net unrestricted surplus, August 31, 2018	\$7,806,198

Comparison to August 31, 2017 Position:

• Total unrestricted surplus	\$12,933,883
• Less: accounts receivable	(\$12,386,684)
Net unrestricted surplus, August 31, 2017	\$547,199
Change, decrease over the year	\$7,258,999