

2014-15 Budget Estimates

Respectfully submitted by
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Introduction

The 2014-15 Budget Estimates contain an in-year surplus of **\$843,155** on a Public Sector Accounting Board (PSAB) basis and is **balanced** (\$0 surplus/deficit) on a Ministry of Education compliance basis. Since this compliance surplus/deficit value does not exceed 1% of our operating allocation, we do not require Ministry approval prior to Board approval.

The difference between the PSAB surplus and the Compliance balanced budget is due to the annual amortization of the employee future benefits liability for retirement gratuities, and post-retirement health benefits; plus interest expense to be accrued at year-end. There is an employee future benefits liability of about \$5.6 Million being amortized over the affected employees' average remaining service life of 7.0 years.

The following table shows the calculations of the PSAB and Compliance surplus/(deficit) for the 2014-15 and 2013-14 Estimates and the 2012-13 Actuals.

Table 1
Summary Statement of Operations
(amounts in dollars)

| | 2014-15 Estimates PSAB | 2014-15 Estimates Compliance | 2013-14 Estimates PSAB | 2013-14 Estimates Compliance | 2012-13 Actuals PSAB | 2012-13 Actuals Compliance |
|-------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------------|----------------------------|----------------------------------|
| Total Revenue | 86,334,914 | 83,892,141 | 83,546,809 | 81,082,809 | 85,871,190 | 83,958,149 |
| Total Expenses | 85,491,759 | 83,892,141 | 83,540,656 | 81,645,650 | 84,423,859 | 83,179,918 |
| Annual Surplus/(Deficit) | 843,155 | 0 | 6,153 | (562,841) | 1,447,331 | 778,231 |
| Accumulated Surplus-beginning | 14,909,909 | 19,916,781 | 13,003,704 | 17,956,906 | 14,257,516 | 19,547,551 |
| Accumulated Surplus-ending | 15,753,064 | 19,916,781 | 13,009,857 | 17,394,065 | 15,704,847 | 20,325,782 |

Schedule 5 of the Estimates contains detail on the various internally appropriated reserves and the unappropriated surplus (formerly known as the "working funds reserve.")

The Student Achievement Reserve is providing \$312,909 to support:

- Two (2) "elementary leadership" teaching positions which provide release time for teachers to participate in professional learning communities at a cost of \$180,000
- \$132,909 worth of supply teacher days to release teachers for Professional Learning Community (PLC) activities.

The balance in the Student Achievement Reserve is projected to be \$0 at the end of the 2014-15 fiscal year. That means that the expenses supported by that reserve will have to be reduced in 2015-16 or a new appropriation of funds from the accumulated surplus will be necessary if we wish to continue those expenditures.

The Committed Capital Projects Reserve will increase by a net \$192,041 as appropriated surplus is transferred to fund minor capital projects as approved by the Board while at the same time funds are consumed to cover amortization of previously completed projects.

The Dryden Training Centre (DTC) Reserve is providing \$119,512 to fund the amortization of this building which was not a Ministry-funded project.

Revenues

Total revenues for 2014-15 are projected to be \$86,334,914 which is an increase of \$2,788,105 or 3.3% from the 2013-14 Budget. Table 2 below provides a breakdown by revenue category.

Grants for Students Needs are up due to the inclusion of funding for full day kindergarten into the GSN for the first time, and due to inflationary increases provided for elementary teacher salaries (2% catch up) and various non-payroll costs (utilities, transportation, etc.).

Other Provincial Grants are down as this was where full day kindergarten was previously funded.

Federal Grants and Fees are up due to higher First Nation tuition revenue and First Nation partnerships.

Table 2

Consolidated Revenues

| Revenues (in dollars) | 2014-15 Budget | 2013-14 Revised Estimates | 2013-14 Budget | 2012-13 Actuals | 2014-15 vs 2013-14 Budget \$ |
|--------------------------------|-------------------|---------------------------|-------------------|-------------------|------------------------------|
| Grants for Student Needs | 58,155,445 | 55,071,098 | 54,698,505 | 55,544,999 | 3,456,940 |
| Other Provincial Grants | 1,287,415 | 3,452,041 | 3,379,058 | 3,397,271 | -2,091,643 |
| Local Taxation | 14,974,793 | 14,403,590 | 14,949,658 | 14,640,711 | 25,315 |
| School Generated Funds | 2,442,773 | 2,464,000 | 2,464,000 | 1,913,041 | -21,227 |
| Federal Grants and Fees | 5,710,641 | 4,802,271 | 4,827,808 | 5,189,423 | 882,833 |
| Investment Income | 18,750 | 18,750 | 18,750 | 249,487 | 0 |
| Other School Boards' Revenue | 0 | 145,500 | 145,498 | 208,710 | -145,498 |
| Other Fees and Revenues | 1,188,164 | 810,399 | 705,360 | 1,390,245 | 482,804 |
| Deferred Capital Contributions | 2,556,933 | 2,496,013 | 2,358,172 | 3,337,303 | 198,761 |
| TOTAL REVENUE | 86,334,914 | 83,663,662 | 83,546,809 | 85,871,190 | 2,788,285 |

Operating Expenses

Total operating expenses are projected at \$85,491,759 a increase of \$1,951,103 or 2.3% from the 2013-14 Budget. Table 3A below provides a breakdown by expense "function."

Instruction expenses are up \$940,021 due to:

- Elementary teacher salary catch up of 2% being assumed
- Addition of 1 speech language pathologist
- Addition of 1 board-funded FASD class at Keewatin PS

Administration expenses are up \$473,709 from the 2013-14 Budget. The increase includes: 1 Human Resources Officer to deal with increased compliance requirements and service to schools (Reg 274, replacement staffing, health & safety, attendance mgt.); 0.5 Purchasing/Accts Payable Clerk to address government procurement directive; rent for the new office space; increased legal budget to reflect recent cost trend.

Transportation expenses are up \$224,049. The increase in cost is related to additional buses required for special education and route restructuring, plus anticipated fuel costs.

Pupil accommodation costs are down \$143,130 from the 2013-14 Budget due to lower cost of interest on long term debt due to refinancing & retirement of debt.

School Generated Funds expenses are slightly lower at \$2,442,773.

Other expenses are up \$477,681. This is because we have added a provision for contingencies of \$413,878 into the budget.

Table 3A

Operating Expenses by Function

| Expenses (in dollars) | 2014-15 Budget | 2013-14 Revised Estimates | 2013-14 Budget | 2012-13 Actuals | 2014-15 vs 2013-14 Budget \$ |
|------------------------|-------------------|---------------------------|-------------------|-------------------|------------------------------|
| Instruction | 60,540,289 | 59,410,450 | 59,600,268 | 60,092,035 | 940,021 |
| Administration | 3,765,459 | 3,291,750 | 3,291,750 | 3,827,584 | 473,709 |
| Transportation | 4,510,524 | 4,286,475 | 4,286,475 | 3,983,175 | 224,049 |
| Pupil Accommodation | 12,740,154 | 12,681,907 | 12,883,284 | 13,541,864 | -143,130 |
| School Generated Funds | 2,442,773 | 2,464,000 | 2,464,000 | 1,936,944 | -21,227 |
| Other Expenses | 1,492,560 | 936,717 | 1,014,879 | 1,042,257 | 477,681 |
| TOTAL EXPENSES | 85,491,759 | 83,071,299 | 83,540,656 | 84,423,859 | 1,951,103 |

Table 3B below shows the breakdown of expenses by "object."

Salaries and benefits are \$814,223 higher than the 2013-14 budget due to the assumed increase in elementary teacher salaries, and movement on salary grids at the mid-point of the year (rather than the beginning as normally allowed)

Supplies & services are \$603,865 higher than the 2013-14 budget due to a number of increases throughout the budget and also due to the Communications non-payroll budget having been inadvertently left out of the original 2013-14 budget for a difference of \$90,890.

Interest charges are \$474,209 lower than the 2013-14 budget due to a lower cost of interest on long term debt due to refinancing & retirement of debt as noted above.

Fees, contracts, and rentals are up \$393,561 from the 2013-14 budget due mainly to increased transportation costs from additional vehicles and higher fuel prices.

Other expenses are up \$344,784 from the 2013-14 budget due mainly to the inclusion of the expense contingency of \$413,878 as noted above.

Table 3B

Operating Expenses by Object

| Expenses (in dollars) | 2014-15 Budget | 2013-14 Revised Estimates | 2013-14 Budget | 2012-13 Actuals | 2014-15 vs 2013-14 Budget \$ |
|--------------------------------|-------------------|---------------------------|-------------------|-------------------|------------------------------|
| Salaries & Benefits | 62,501,239 | 61,497,198 | 61,687,016 | 62,838,056 | 814,223 |
| Supplies, Services, PD. | 11,018,783 | 10,466,158 | 10,414,918 | 9,591,106 | 603,865 |
| Amortization of Capital Assets | 3,436,156 | 3,167,277 | 3,167,277 | 4,064,202 | 268,879 |
| Interest Charges | 1,262,152 | 1,483,744 | 1,736,361 | 1,328,134 | -474,209 |
| Fees, Contracts, Rentals | 6,059,826 | 5,666,265 | 5,666,265 | 5,791,706 | 393,561 |
| Other Expenses | 1,213,603 | 790,657 | 868,819 | 810,655 | 344,784 |
| TOTAL EXPENSES | 85,491,759 | 83,071,299 | 83,540,656 | 84,423,859 | 1,951,103 |

Capital Expenditures

Most of the capital activity in 2014-15 will be focused on the planning of the new high school in Sioux Lookout. Construction expenditures have not been included in the 2014-15 Estimates, although it is possible that construction will start in the summer of 2015. Amortization expense on the new school will not be incurred until it is put into service in 2017

The school condition improvement grant of \$1,715,907 will be “parked” in deferred revenue until a new capital plan is developed. This grant is expected to double in the following 2 years, generated a total of \$8.5 Million to support the new capital plan.

Table 4 below summarizes the planned capital expenditures for 2014-15.

Table 4

Capital Expenditures

| Funding Source | Amount (\$) |
|---|----------------|
| Confederation College – Red Lake DHS | 400,000 |
| Minor tangible capital assets - various | 70,000 |
| | |
| Total | 470,000 |

Enrolment

The Average Daily Enrolment (ADE) projection for 2014-15 is 4,920.01 for the combined elementary and secondary grades in total. ADE is now calculated with Junior and Senior Kindergarten pupils counted as 1.00 Full-Time Equivalents (FTE) each and secondary pupils counted as part-time with their FTE based on 300 minutes/day equal to 1.00 FTE.

The large increase in elementary ADE is due to the Kindergarten students being calculated as 0.50 ADE each in prior years.

Table 5 below shows the elementary and secondary totals and the comparison to the 2013-14 Estimates. The year over year change is +9.4% for elementary and -1.0% for secondary. Overall, the enrolment projection is +4.6% for the elementary and secondary combined total.

Table 5

Enrolment Summary

| Average Daily Enrolment | 2014-15 Budget | 2013-14 Revised Estimates | 2013-14 Budget | 2012-13 Actuals | 2014-15 vs 2013-14 Budget \$ | 2014-15 vs 2013-14 Budget % |
|-------------------------|-------------------|---------------------------------|-------------------|--------------------|------------------------------------|-----------------------------------|
| Elementary | 2,799.00 | 2,553.00 | 2,558.50 | 2,576.75 | 240.50 | 9.4% |
| Secondary | 2,121.01 | 2,175.14 | 2,143.14 | 2,224.05 | -22.13 | -1.0% |
| Total | 4,920.01 | 4,728.14 | 4,701.64 | 4,800.80 | 218.37 | 4.6% |

Table 6 (next page) shows the ADE projections by school.

Table 7 (two pages following) shows the projected October 2013 pupil headcount projections by school and by grade.

Table 6

Average Daily Enrolment Projections

| School | 2014-15 Budget* | 2013-14 Revised Estimates | 2013-14 Budget | 2012-13 Actuals | 2014-15 vs 2013-14 Budget \$ | 2014-15 vs 2013-14 Budget % |
|-------------------------|-----------------|---------------------------|-----------------|-----------------|------------------------------|-----------------------------|
| Beaver Brae | 179.00 | 161.00 | 162.00 | 0.00 | 17.00 | 10.5% |
| Crolancia | 64.00 | 51.00 | 50.00 | 55.50 | 14.00 | 28.0% |
| Ear Falls | 158.00 | 142.00 | 143.00 | 140.00 | 15.00 | 10.5% |
| Evergreen | 165.00 | 125.50 | 139.50 | 119.50 | 25.50 | 18.3% |
| Golden Learning Centre | 201.00 | 188.00 | 194.50 | 194.25 | 6.50 | 3.3% |
| Ignace | 86.00 | 90.50 | 86.50 | 100.75 | -0.50 | -0.6% |
| Keewatin | 83.00 | 75.50 | 78.00 | 75.50 | 5.00 | 6.4% |
| King George VI | 238.00 | 226.50 | 226.50 | 191.00 | 11.50 | 5.1% |
| Lakewood | 0.00 | 0.00 | 0.00 | 212.50 | 0.00 | #DIV/0! |
| Lillian Berg | 71.00 | 69.00 | 69.00 | 73.75 | 2.00 | 2.9% |
| New Prospect | 328.00 | 309.00 | 309.00 | 324.00 | 19.00 | 6.1% |
| Open Roads | 436.00 | 396.50 | 412.00 | 418.75 | 24.00 | 5.8% |
| Red Lake - Madsen | 170.00 | 158.00 | 166.50 | 162.00 | 3.50 | 2.1% |
| Savant Lake | 21.00 | 15.50 | 16.50 | 14.25 | 4.50 | 27.3% |
| Sioux Mountain | 306.00 | 314.00 | 314.00 | 308.50 | -8.00 | -2.5% |
| Sioux Narrows | 17.00 | 18.50 | 21.00 | 16.00 | -4.00 | -19.0% |
| Upsala | 19.00 | 15.50 | 12.50 | 11.50 | 6.50 | 52.0% |
| Valleyview | 257.00 | 197.00 | 158.00 | 159.00 | 99.00 | 62.7% |
| ELEMENTARY TOTAL | 2,799.00 | 2,553.00 | 2,558.50 | 2,576.75 | 240.50 | 9.4% |
| Beaver Brae SS | 552.00 | 595.13 | 566.13 | 634.25 | -14.13 | -2.5% |
| Crolancia HS | 21.88 | 23.63 | 38.63 | 31.91 | -16.75 | -43.4% |
| Dryden HS | 714.00 | 710.00 | 723.50 | 725.38 | -9.50 | -1.3% |
| Ignace HS | 76.25 | 83.88 | 74.88 | 74.88 | 1.37 | 1.8% |
| Queen Elizabeth DHS | 462.25 | 472.00 | 449.50 | 456.38 | 12.75 | 2.8% |
| Red Lake DHS | 294.63 | 290.50 | 290.50 | 301.25 | 4.13 | 1.4% |
| SECONDARY TOTAL | 2,121.01 | 2,175.14 | 2,143.14 | 2,224.05 | -22.13 | -1.0% |
| BOARD TOTAL | 4,920.01 | 4,728.14 | 4,701.64 | 4,800.80 | 218.37 | 4.6% |

Table 7

Projected October 2013 Headcount by School by Grade

Elementary

| SCHOOL/GRADE | JK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Total |
|---------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Beaver Brae | | | | | | | | | 107 | 72 | 179 |
| Crolancia | 7 | 7 | 6 | 7 | 6 | 6 | 5 | 5 | 6 | 9 | 64 |
| Ear Falls | 15 | 13 | 16 | 16 | 18 | 14 | 14 | 18 | 16 | 18 | 158 |
| Evergreen | 28 | 28 | 29 | 20 | 17 | 17 | 16 | 10 | | | 165 |
| Golden Learning Ctr | 23 | 23 | 17 | 20 | 23 | 19 | 22 | 22 | 13 | 19 | 201 |
| Ignace | 7 | 2 | 12 | 7 | 9 | 6 | 9 | 10 | 11 | 13 | 86 |
| Keewatin | 12 | 13 | 8 | 8 | 8 | 9 | 7 | 18 | | | 83 |
| King George VI | 26 | 26 | 18 | 32 | 33 | 36 | 27 | 40 | | | 238 |
| Lillian Berg | 8 | 5 | 10 | 5 | 5 | 6 | 10 | 2 | 11 | 9 | 71 |
| New Prospect | 28 | 30 | 26 | 34 | 23 | 38 | 30 | 50 | 32 | 37 | 328 |
| Open Roads | 40 | 35 | 45 | 40 | 39 | 37 | 57 | 37 | 44 | 62 | 436 |
| Red Lake - Madsen | 21 | 20 | 20 | 14 | 15 | 17 | 13 | 14 | 17 | 19 | 170 |
| Savant Lake | 2 | 0 | 3 | 1 | 3 | 5 | 0 | 1 | 5 | 1 | 21 |
| Sioux Mountain | 27 | 25 | 30 | 33 | 30 | 29 | 37 | 35 | 28 | 32 | 306 |
| Sioux Narrows | 2 | 1 | 3 | 2 | 2 | 1 | 4 | 2 | | | 17 |
| Upsala | 2 | 3 | 2 | 2 | 1 | 1 | 2 | 2 | 1 | 3 | 19 |
| Valleyview | 38 | 46 | 32 | 36 | 17 | 31 | 28 | 29 | | | 257 |
| ELEMENTARY TOTALS | 286 | 277 | 277 | 277 | 249 | 272 | 281 | 295 | 291 | 294 | 2799 |

Secondary

| SCHOOL/GRADE | 9 | 10 | 11 | 12 | Total |
|---------------------|-----|-----|-----|-----|-------|
| Beaver Brae SS | 115 | 117 | 125 | 210 | 567 |
| Crolancia HS | 4 | 4 | 4 | 12 | 24 |
| Dryden HS | 154 | 175 | 175 | 228 | 732 |
| Ignace HS | 18 | 18 | 15 | 34 | 85 |
| Queen Elizabeth DHS | 114 | 98 | 90 | 170 | 472 |
| Red Lake DHS | 78 | 64 | 66 | 98 | 306 |
| SECONDARY TOTALS | 483 | 476 | 475 | 752 | 2186 |

Staffing

Overall, staffing is up 10.0 FTE positions from the 2013-14 Estimates. There is an increase in professional/paraprofessional/technicians of 6.10 FTE. This includes an additional 1.0 FTE speech/language pathologist, the reinstatement of 3.0 FTE Communication Assistants, an additional 1.0 IT Software Specialist, and an increase of 1.1 FTE IT Student Technicians. The increase in Principal – Administration time includes changes at some of the high schools to eliminate VP teaching time, and a secondment arrangement with a First Nation. The increase of 2.5 FTE in Administration – Technical & Clerical includes 1.0 FTE Human Resources Officer, 0.5 FTE Purchasing/Accounts Payable Clerk, and 1.0 Executive Assistant in the Dryden board office (partially funded by New Teacher Induction Program grant).

Table 8

Staffing (Full-time equivalents)

| | 2014-15 Budget | 2013-14 Revised Estimates | 2013-14 Budget | 2012-13 Actuals | 2014-15 vs 2013-14 Budget \$ |
|---|---------------------------|--|---------------------------|----------------------------|---|
| Classroom Teachers - Elementary | 197.10 | 198.90 | 199.40 | 198.90 | -2.30 |
| Classroom Teachers - Secondary | 167.70 | 171.10 | 168.00 | 177.40 | -0.30 |
| Teacher Assistants | 121.00 | 119.00 | 119.00 | 120.60 | 2.00 |
| Early Childhood Educators | 20.00 | 20.00 | 20.00 | 13.00 | 0.00 |
| Professional/Para-prof/Technicians | 32.40 | 26.30 | 26.30 | 28.50 | 6.10 |
| Library Techs & Guidance Teachers | 20.60 | 20.70 | 20.70 | 21.80 | -0.10 |
| Principals & VPs - Administration time | 27.50 | 24.50 | 25.00 | 25.00 | 2.50 |
| School Administrative Assistants | 30.60 | 31.10 | 30.60 | 31.60 | 0.00 |
| Coordinators - Teachers & P/VPs | 23.10 | 22.10 | 23.10 | 22.00 | 0.00 |
| Custodial & Maintenance - Schools | 63.60 | 64.00 | 64.00 | 66.50 | -0.40 |
| Facilities - Mgt, Supervisory, Clerical | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 |
| Transportation - Mgt & Technical | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 |
| Administration - Mgt & Supervisory | 9.00 | 9.00 | 9.00 | 9.00 | 0.00 |
| Administration - Technical & Clerical | 17.50 | 15.00 | 15.00 | 16.00 | 2.50 |
| Trustees | 12.00 | 12.00 | 12.00 | 12.00 | 0.00 |
| Total | 752.10 | 743.70 | 742.10 | 752.30 | 10.00 |

Budget Risks

There are a variety of risks that could cause the Board to fail to achieve the results projected in the approved budget. A summary of these risks and our strategies to mitigate these risks is presented in Table 9:

Table 9

Budget Risks and Mitigation Strategies

| Description of risk element | Probability of risk occurring | Mitigation strategy(ies) employed |
|---|--------------------------------------|--|
| Actual enrolment less than projected, causing reduction in grant or tuition revenues | Moderate | - conservative estimates used in budget - adjust staffing in September as needed - declining enrolment grant mitigates loss |
| Unexpected cost pressures (e.g. utility rates, salary settlements, benefit costs) cause expenses to exceed budget | Moderate | - unappropriated surplus >\$5,000,000 - utilities fluctuation reserve > \$350,000 - Ministry recognition of in-year costs |
| Cost items overlooked in budget preparation | Low | - budgets are developed by those responsible for activity and subject to multiple reviews |
| Interest rates higher or lower than projected | Moderate | - long term liabilities financed at fixed rates - conservative estimates for both investments and short term borrowing |
| Staff responsible for budget centres overspend the approved budget | Moderate | - monthly variance reports are provided to staff and Finance monitors all budgets on a regular basis |
| Catastrophic events requiring substantial funds to address (e.g. property damage due to fire or weather), | Low | - insurance is carried for all major types of losses (property, liability, crime, auto, etc.) |
| Capital project costs exceed budget projections | Moderate | - capital projects are tendered to ensure competitive, fixed price - change orders require approval in accordance with authorization limits - redesign and/or retender as needed |
| Ministry fails to provide funding to support the programs and activities it mandates | Moderate | - lobbying efforts directly and through OPSBA to ensure provincial accountability |
| Property taxes lower than expected due to economic factors | Moderate | - Funding model designed to compensate 100% for any shortfalls |
| Revenues prove to be uncollectable (e.g. tuition fees and rent) | Low | - Allowance made for doubtful accounts in prior year financial statements - collection efforts focused on large accounts |