



Board Meeting

June 12, 2018

Finance Committee

2018-19 Estimates

Respectfully submitted by:
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Introduction

All dollar amounts referenced are in thousands (000's) of Canadian dollars unless otherwise noted.

The 2018-19 Budget Estimates contain an in-year surplus of \$456 on a Public Sector Accounting Board (PSAB) basis and is in a deficit of \$373 on a Ministry of Education compliance basis. Since this compliance deficit value does not exceed 1% (\$793) of the operating allocation, we do not require Ministry approval prior to Board approval.

The difference between 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 \$1.6 Million being amortized over the affected employees' average remaining service life of 4.0 years.

The following table shows the calculation of the PSAB and Compliance surplus/(deficit) for the 2018-19 and 2017-18 Estimates and the 2016-17 Actuals.

Table 1
Summary Statement of Operations

	2018-19 Estimates PSAB	2018-19 Estimates Compliance	2017-18 Estimates PSAB	2017-18 Estimates Compliance	2016-17 Actuals PSAB	2016-17 Actuals Compliance
Total Revenue	96,077	93,938	92,406	90,240	89,367	86,937
Total Expenses	95,621	94,311	92,252	90,919	88,706	87,168
Annual Surplus/Deficit	456	(373)	154	(679)	661	(231)
Opening Accumulated Surplus	19,435	18,688	19,380	20,450	19,883	20,393
Ending Accumulated Surplus	19,891	18,315	19,534	19,771	20,544	20,162

Schedule 5 of the Estimates contains detail on the various internally appropriated reserves and the unappropriated surplus.

The Committed Capital Projects Reserves will be decreased by \$341. There is an addition of \$50 to upgrade the teacherages in Pickle Lake less amortization of \$391 for all previously committee capital projects. In future, funds may be transferred to Committed Capital Projects Reserve as minor capital projects are approved by the Board and sanctioned by the Ministry if required.

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

Revenues

Total revenues for 2018-19 are projected to be \$96,077 which is an increase of \$3,671 or 4.0% from the 2017-18 Estimates. Table 2 below provides a breakdown by revenue category.

Changes are due to an increase in grants for student needs to support the increase in salaries and benefits as a result of provincial bargaining. Enrolment is estimated to decrease from 2017-

18 Estimates. Part of the decrease is due to the increased success with summer school enabling students to graduate on time.

Federal Grants and Fees are impacted by an increase in the projected Full-Time Equivalent (FTE) of 12.75 First Nation fee paying pupils. Sioux North High School is predicted to attract more students from the north.

Other Fees and Revenues have decreased slightly due to the return of seconded personnel.

Deferred Capital Contribution is the amount taken into revenue to cover supported amortization on capital expenditures. The cash to purchase the assets has already been flowed to the board. The decrease is due capital projects that are amortized over the life of the asset.

Table 2

Consolidated Revenues

Revenue	2018-19 Estimates	2017-18 Estimates	2016-17 Actuals	2018-19 to 2017-18 Estimates \$	2018-19 to 2017-18 Estimates %
Grants for Student Needs	67,508	63,204	59,080	4,304	6.8%
Other Provincial Grants	1,865	1,852	2,214	13	0.7%
Local Taxation	14,879	15,388	15,086	(509)	-3.3%
School Generated Funds	2,138	2,166	2,452	(28)	-1.3%
Federal Grants and Fees	6,027	5,278	5,420	749	14.2%
Investment Income	119	119	150	0	0.0%
Other School Boards' Revenue	0	0	15	0	0.0%
Other Fees and Revenues	1,116	1,229	2,107	(113)	-9.2%
Deferred Capital Contrib	2,425	3,170	2,843	(745)	-23.5%
TOTAL REVENUE	96,077	92,406	89,367	3,671	4.0%

Operating Expenses

Total operating expenses are projected at \$95,621 an increase of \$3,369 or 3.7% from 2017-18 Estimates. Table 3A below provides a breakdown by expense "function".

Instruction is up due to the salary and benefit increases in the Provincial agreements. All Employee Life & Health Trusts (ELHT) will be in place in 2018-19. This has created a projected increase in costs. There were also additional staff added as part of a "Local Priorities Fund" (see 2017: SB14 – in package) which was part of the Ministry and Bargaining Units Extension Agreements.

Administration is down due to a reduction in a position.
School Generated Funds mirror the changes in enrolment.

Table 3A

Operating Expenses by Function

	2018-19	2017-18	2016-17	2018-19 to 2017-18 Estimates	2018-19 to 2017-18 Estimates
Expenses	Estimates	Estimates	Actuals	\$	%
Instruction	68,174	65,105	62,877	3,069	4.7%
Administration	4,087	4,169	3,957	(82)	-2.0%
Transportation	5,173	5,010	4,623	163	3.3%
Pupil Accommodation	14,662	14,380	13,448	282	2.0%
School Generated Funds	2,138	2,166	2,334	(28)	-1.3%
Other Expenses	1,387	1,422	1,467	(35)	-2.5%
TOTAL EXPENSES	95,621	92,252	88,706	3,369	3.7%

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

Salaries and benefits are up by \$2,526 or 3.7% due to the increase in staff (Table 8) and the salary and benefit increases in the collective agreements.

Supplies and services are up by \$130 or 1.2%.

Interest charges are down \$209 due to a miscoding of the short-term capital borrowing in 2017-18.

Fees and services are up as contracted services are rising (Firefly and professional other services).

Table 3B

Operating Expenses by Object

	2018-19	2017-18	2016-17	2018-19 to 2017-18 Estimates	2018-19 to 2017-18 Estimates
Expenses	Estimates	Estimates	Actuals	\$	%
Salaries & Benefits	69,942	67,416	65,350	2,526	3.7%
Supplies, Services, PD	11,295	11,165	10,716	130	1.2%
Amortization of Capital Assets	4,486	4,173	3,858	313	7.5%
Interest Charges	948	1,157	1,096	(209)	-18.1%
Fees, Contracts, Rentals	8,094	7,485	6,827	609	8.1%
Other Expenses	856	856	859	0	0.0%
TOTAL EXPENSES	95,621	92,252	88,706	3,369	3.7%

Capital Expenditures

Most of the capital activity, \$14,904, is for the two major renovation projects at Ear Falls and Beaver Brae Tech wing. There is also \$1,210 in funding for Child Care at Sioux Mountain. The rest is for various projects.

Table 4 below summarizes the planned capital expenditures for the 2017-18 year.

Table 4

Capital Expenditures

Funding Source	Amount
Capital Priorities - capital interest on Sioux North	139
Child Care Capital - Dryden, Sioux Mountain	1,210
School Condition - Ear Falls, Beaver Brae, 1 Roof, CCTV & Sound systems, water service upgrade	14,904
Greenhouse Gas Reduction - TBD	0
School Renewal - various projects	139
Surplus- teacherages in Pickle Lake	50
Minor tangible capital assets - computers & equip	310
Total	16,752

Enrolment

The Average Daily Enrolment (ADE) projection for 2018-19 is 4,708.49 for the combined elementary and secondary grades total. ADE is calculated with each elementary student as 1.0 FTE and secondary pupils counted as part-time with their FTE based on 300 minutes/day equal to 1.00 FTE.

Table 5 below shows the elementary and secondary totals and the comparison to the 2017-18 Estimates.

The change from 2017-18 Estimates to 2018-19 Estimates is a decrease of 61.09. Sixteen FTE decrease was due to an assumption about returning students in grade 12 in 2017-18 that did not occur.

Table 5

Enrolment Summary

	2018-19	2017-18	2016-17	2018-19 to 2017-18 Estimates #	2018-19 to 2017-18 Estimates %
Average Daily Enrolment	Estimates	Estimates	Actuals		
Elementary	2,780.50	2,802.00	2,795.25	(21.50)	-0.77%
Secondary	1,927.97	1,967.56	1,979.94	(39.59)	-2.01%
TOTAL	4,708.47	4,769.56	4,775.19	(61.09)	-1.28%

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

Table 7 (two pages following) shows the projected October 2018.

Table 6

Projected ADE by School

School	2018-19 Estimates	2017-18 Estimates	2016-17 Actuals	2017-18 vs 2016-17 Estimates	2017-18 vs 2016-17 Estimates %
Beaver Brae	199.00	209.00	192.00	(10.00)	-4.78%
Crolancia	46.00	54.00	55.00	(8.00)	-14.81%
Ear Falls	100.50	111.00	124.25	(10.50)	-9.46%
Evergreen	159.00	166.00	161.00	(7.00)	-4.22%
Golden Learning Centre	196.00	164.00	162.00	32.00	19.51%
Ignace	95.00	91.00	92.00	4.00	4.40%
Keewatin	87.00	81.00	77.00	6.00	7.41%
King George VI	230.00	221.00	241.00	9.00	4.07%
Lillian Berg	83.00	77.00	70.00	6.00	7.79%
New Prospect	339.00	340.00	355.50	(1.00)	-0.29%
Open Roads	341.00	382.00	389.00	(41.00)	-10.73%
Red Lake - Madsen	152.00	156.00	146.50	(4.00)	-2.56%
Savant Lake	10.00	9.00	8.00	1.00	11.11%
Sioux Mountain	341.00	372.00	363.50	(31.00)	-8.33%
Sioux Narrows	30.00	14.00	10.50	16.00	114.29%
Upsala	10.00	7.00	6.00	3.00	42.86%
Valleyview	362.00	347.00	342.00	15.00	4.32%
ELEMENTARY TOTAL	2,780.50	2,801.00	2,795.25	(20.50)	-0.73%
Beaver Brae SS	501.38	501.88	516.25	(0.50)	-0.10%
Crolancia HS	20.00	23.00	23.00	(3.00)	-13.04%
Dryden HS	631.54	654.13	674.38	(22.59)	-3.45%
Ignace HS	51.88	71.38	65.38	(19.50)	-27.32%
Queen Elizabeth DHS	498.56	472.06	471.25	26.50	5.61%
Red Lake DHS	224.63	245.13	237.50	(20.50)	-8.36%
SECONDARY TOTAL	1,927.99	1,967.58	1,987.76	(39.59)	-2.01%
BOARD TOTAL	4,708.49	4,768.58	4,783.01	(60.09)	-1.26%

Table 7

Projected October 2018 Headcount by School by Grade

Elementary

SCHOOL/GRADE	JK	K	1	2	3	4	5	6	7	8	Total
Beaver Brae									89	110	199
Crolancia	4	6	5	4	3	7	6	2	3	6	46
Ear Falls	8	11	9	7	7	10	14	12	14	9	101
Evergreen	18	18	21	20	14	21	26	21			159
Golden Learning Centre	20	16	24	23	14	27	22	19	13	18	196
Ignace	10	10	6	13	7	6	12	9	11	11	95
Keewatin	13	13	15	8	12	12	8	6			87
King George VI	28	28	27	25	38	29	17	38			230
Lillian Berg	7	12	6	10	8	9	10	7	6	8	83
New Prospect	35	35	41	30	39	28	32	35	23	41	339
Open Roads	28	28	29	30	33	31	41	39	42	40	341
Red Lake - Madsen	13	13	17	13	16	18	16	13	21	12	152
Savant Lake	1	1	0	1	2	0	1	0	1	3	10
Sioux Mountain	26	26	45	33	35	23	35	40	40	38	341
Sioux Narrows	2	3	5	3	0	6	5	6			30
Upsala	1	1	0	1	1	2	2	1	1	0	10
Valleyview	44	44	44	55	44	57	38	36			362
ELEMENTARY TOTALS	258	265	294	276	273	286	285	284	264	296	2781

Secondary

SCHOOL/GRADE	9	10	11	12	Total
Beaver Brae SS	122	119	112	171	524
Crolancia	5	5	4	8	22
Dryden HS	136	135	142	232	645
Ignace HS	11	11	14	17	53
Queen Elizabeth DHS	112	99	114	190	515
Red Lake DHS	42	62	49	81	234
SECONDARY TOTAL	428	431	435	699	1,993

Staffing

Overall, staffing is up 17.8 FTE positions from the 2017-18 Estimates or 2.3%.

Table 8

	2018-19	2017-18	2016-17	2018-19 vs 2017-18	2018-19 vs 2017-18 Estimates %
Appendix H October 31	Estimates	Estimates	Actuals	Estimates	
Classroom Teachers - Elementary	213.0	209.2	202.4	3.8	1.8%
Classroom Teachers - Secondary	158.2	157.5	161.5	0.7	0.4%
Teacher Assistants	129.6	124.0	125.7	5.6	4.3%
Early Childhood Educators	23.0	24.0	22.0	(1.0)	-4.3%
Professional/Para-prof/Technicians	43.2	40.9	33.3	2.3	5.3%
Library Techs & Guidance Teachers	19.0	18.2	18.0	0.8	4.2%
Principals & VP - Administrative time	27.0	27.0	26.0	0.0	0.0%
School Administrative Assistants	32.5	31.0	31.0	1.5	4.6%
Coordinators - Teachers & P/VP	14.5	13.5	20.6	1.0	6.9%
Custodial & Maintenance - Schools	64.9	62.9	63.4	2.0	3.1%
Facilities - Mgt, Supervisory, Clerical	2.0	3.0	4.0	(1.0)	-50.0%
Transportation - Mgt & Technical	5.8	5.0	5.0	0.8	13.8%
Administration -Director & Supervisory	4.0	4.0	4.0	0.0	0.0%
Directors Office	3.0	3.0	3.0	0.0	0.0%
Finance	5.5	5.0	5.0	0.5	9.1%
Capital Planning Capacity	1.0	1.0	0.0	0.0	0.0%
Procurment	1.5	1.5	1.5	0.0	0.0%
Human Resource Administration	5.0	5.0	5.0	0.0	0.0%
Payroll Administration	4.0	4.0	4.0	0.0	0.0%
Information Tech	1.0	1.0	1.0	0.0	0.0%
Other	2.8	2.0	1.0	0.8	28.6%
Trustees	12.0	12.0	12.0	0.0	0.0%
Total	772.5	754.7	749.4	17.8	2.3%

Budget Risks

There are a variety of risks that could cause the Board to fail to achieve the results projected in the approved budget. The risks are similar each year. 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 is less than projected, causing reduction in grant or tuition revenues.	Moderate	- somewhat conservative estimates used in budget - staff cannot be decreased once hired. This could put pressure if the enrolment is less
Unexpected cost pressures (e.g. utility rates, salary settlements, benefit costs) cause expenses to exceed budget	Moderate	- unappropriated surplus >\$5,380 - utilities fluctuation reserve >\$350 - Ministry recognition of in-year costs
Expense items overlooked in budget preparation	Low	- budgets are developed by those responsible for the activity and subject to multiple reviews
Interest rates higher or lower than projected	Moderate	- long term liabilities financed at fixed rates - somewhat 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 the 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, cyber, 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 - highly regulated by Ministry of Education
Ministry fails to provide funding to support the programs and activities it mandates	Moderate	- lobbying efforts directly and through OPSBA to ensure provincial accountability
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