



Board Meeting

July 15, 2019

Finance Committee

2019-20 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 2019-20 Budget Estimates contain an in-year surplus of \$196 on a Public Sector Accounting Board (PSAB) basis and is in a deficit of \$602 on a Ministry of Education compliance basis. Since this compliance deficit value does not exceed 1% (\$777) 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, post-retirement health benefits, and interest expense to be accrued at year-end. There is an employee future benefits liability of about \$1.5 Million being amortized over the affected employees' average remaining service life of 2 years.

The following table shows the calculation of the PSAB and Compliance surplus/(deficit) for the 2019-20 and 2018-19 Estimates and the 2017-18 Actuals.

Table 1
Summary Statement of Operations

	2019-20 Estimates PSAB	2019-20 Estimates Compliance	2018-19 Estimates PSAB	2018-19 Estimates Compliance	2017-18 Actuals PSAB	2017-18 Actuals Compliance
Total Revenue	94,952	92,612	96,077	93,938	92,406	90,240
Total Expenses	94,756	93,214	95,621	94,311	92,252	90,919
Annual Surplus/Deficit	196	(602)	456	(373)	154	(679)
Opening Accum Surplus	25,409	23,588	19,435	18,688	19,380	20,450
Ending Accum Surplus	25,605	22,986	19,891	18,315	19,534	19,771

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 \$39. 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.

Revenues

Total revenues for 2019-20 are projected to be \$94,952 which is a decrease of \$1.1 Million (1.2%) compared to the 2018-19 Estimates. Table 2 below provides a breakdown by revenue category.

Changes are due to a decrease in grants for student needs (\$1.8 Million) to reflect the provincial austerity measures. Enrolment is projected to increase in Elementary by 95 students and decrease in Secondary by 98 students compared to 2018-19 Estimates. Overall, most of the enrolment decline is at the Secondary Schools in Dryden and Ignace.

Federal Grants and Fees are impacted by an increase in the projected Full-Time Equivalent (FTE) of First Nation fee paying pupils. Sioux North High School is predicted to attract more students from the north, but we were conservative in our estimates for 2019-20.

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	2019-20 Estimates	2018-19 Estimates	2017-18 Actuals	2019-20 to 2018-19 Estimates \$	2019-20 to 2018-19 Estimates %
Grants for Student Needs	64,746	66,508	64,041	(1,722)	-2.6%
Other Provincial Grants	1,666	1,865	3,225	(199)	-10.7%
Local Taxation	14,759	14,879	14,505	(120)	-0.8%
School Generated Funds	2,340	2,138	2,383	202	9.4%
Federal Grants and Fees	6,301	6,027	6,104	274	4.5%
Investment Income	0	119	196	(119)	
Other School Boards' Revenue	0	0	69	0	
Other Fees and Revenues	1,342	1,116	2,435	226	20.3%
Deferred Capital Contribution	3,798	3,425	3,012	373	10.9%
TOTAL REVENUE	94,952	96,077	95,970	(1,125)	-1.2%

Operating Expenses

Total operating expenses are projected at \$94,756 a decrease of \$865 or 0.9% from 2018-19 Estimates. Table 3A below provides a breakdown by expense "function".

Instruction is down \$911 due to 25% cuts to school supplies and services to protect front-line classroom staff.

Administration is up overall due to an increase in amortization of capital assets.

Pupil Accommodation is down \$235 due to a reduction in school operations and maintenance.

Table 3A
Operating Expenses by Function

Expenses	2019-20 Estimates	2018-19 Estimates	2017-18 Actuals	2019-20 to 2018-19 Estimates \$	2019-20 to 2018-19 Estimates %
Instruction	67,263	68,174	64,417	(911)	-1.3%
Administration	4,145	4,087	4,226	58	1.4%
Transportation	5,228	5,173	4,845	58	1.1%
Pupil Accommodation	14,427	14,662	13,858	(235)	-1.6%
School Generated Funds	2,340	2,138	2,310	202	9.4%
Other Expenses	1,353	1,387	1,650	(34)	-2.5%
TOTAL EXPENSES	94,756	95,621	91,307	(865)	-0.9%

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

Salaries and benefits are up by \$585 or 0.8% due to salary and benefit increases in the collective agreements.

Supplies and services and professional development are down by \$1,679 or 14.9% due to cuts across the board to protect front-line staff in schools.

Fees and services are down \$91 due to cutbacks to protect front-line staff.

Table 3B
Operating Expenses by Object

Expenses	2019-20 Estimates	2018-19 Estimates	2017-18 Actuals	2019-20 to 2018-19 Estimates \$	2018-19 to 2017-18 Estimates %
Salaries & Benefits	70,527	69,942	67,351	585	0.8%
Supplies, Services, PD	9,616	11,295	10,681	(1,679)	-14.9%
Amortization of Capital Assets	4,496	4,486	4,078	10	0.2%
Interest Charges	868	948	1,024	(80)	-8.4%
Fees, Contracts, Rentals	8,003	8,094	7,296	(91)	-1.1%
Other Expenses	846	856	877	(10)	-1.2%
TOTAL EXPENSES	94,756	95,621	91,307	3,369	-0.9%

Capital Expenditures

Most of the capital activity is for the two major renovation projects at Ear Falls and Beaver Brae Tech wing. Other major capital activities include HVAC reconfiguration at Evergreen PS and Golden Learning Centre, energy upgrade at Dryden HS, and elevator accessibility at Keewatin PS. There is also \$1,210 in funding for Child Care at Keewatin PS and Evergreen PS. The rest is for various projects.

Table 4 below summarizes the planned capital expenditures for the 2019-20 year.

Table 4

Capital Expenditures	Amount
Child Care Capital – Evergreen PS, Keewatin PS	1,210
School Condition - Ear Falls, Beaver Brae, HVAC, CCTV & Sound systems, Keewatin PS elevator	26,344
School Renewal - various projects	89
Minor tangible capital assets - computers & equip	367
Total	28,010

Enrolment

The Average Daily Enrolment (ADE) projection for 2019-20 is 4,706.25 for the combined elementary and secondary grades total. ADE is calculated with each Secondary student 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 2018-19 Estimates.

Secondary enrolment estimates for 2019-20 are fairly conservative. We are hoping for more enrolment at the new Sioux North High School that we have not accounted for in our 2019-20 estimates.

Table 5

Enrolment Summary

	2019-20	2018-19	2017-18	2019-20 to 2018-19 Estimates #	2019-20 to 2018-19 Estimates %
Average Daily Enrolment	Estimates	Estimates	Actuals		
Elementary	2,876.00	2,780.50	2,822.79	95.50	3.4%
Secondary	1,830.25	1,927.97	1,910.38	(97.72)	-5.1%
TOTAL	4,706.25	4,708.47	4,733.17	(2.22)	-0.1%

Table 6 below shows the ADE projections by school.

Table 7 (two pages following) shows the projected October 2019.

Table 6
Projected ADE by School

School	2019-20 Estimates	2018-19 Estimates	2017-18 Actuals	2019-20 to 2018-19 Estimates \$	2019-20 to 2019-20 Estimates %
Beaver Brae Elem	217.00	199.00	207.00	18.00	9.0%
Crolancia Elem	53.00	46.00	47.50	7.00	15.2%
Ear Falls	113.00	100.50	108.25	12.50	12.4%
Evergreen	146.00	159.00	163.00	(13.00)	-8.2%
Golden Learning Centre	195.00	196.00	182.00	(1.00)	-0.50%
Ignace	103.00	95.00	93.50	8.00	8.40%
Keewatin	116.00	87.00	84.79	29.00	33.3%
King George VI	245.00	230.00	233.00	15.00	6.5%
Lillian Berg	86.00	83.00	90.00	3.00	3.6%
New Prospect	318.00	339.00	338.00	(21.00)	-6.2%
Open Roads	363.00	341.00	369.00	22.00	6.5%
Red Lake - Madsen	153.00	152.00	154.75	1.00	0.7%
Savant Lake	10.00	10.00	9.00	0.00	0.0%
Sioux Mountain	365.00	341.00	362.00	24.00	0.0%
Sioux Narrows	32.00	30.00	31.50	2.00	6.7%
Upsala	11.00	10.00	8.00	1.00	10.0%
Valleyview	350.00	362.00	341.50	(12.00)	-3.3%
ELEMENTARY TOTAL	2,876.00	2,780.50	2,822.79	(95.50)	3.4%
Beaver Brae SS	509.88	501.38	510.75	8.50	1.7%
Crolancia HS	19.00	20.00	22.25	(1.00)	-5.0%
Dryden HS	576.63	631.54	625.23	(54.91)	-8.7%
Ignace HS	37.38	51.88	55.75	(14.50)	-27.9%
Red Lake DHS	219.63	224.63	236.75	(5.00)	-2.2%
Sioux North HS	467.56	498.56	468.38	(31.00)	-6.2%
SECONDARY TOTAL	1,830.08	1,927.99	1,919.11	(97.91)	-5.1%
BOARD TOTAL	4,706.08	4,708.49	4,741.90	(2.41)	-0.1%

Table 7
Projected October 2019 Headcount by School by Grade

Elementary

SCHOOL/GRADE	JK	K	1	2	3	4	5	6	7	8	Total
Beaver Brae									108	109	199
Crolancia	4	6	9	5	7	3	7	6	3	3	53
Ear Falls	9	9	12	9	8	9	14	14	14	15	113
Evergreen	16	16	15	20	16	18	22	23			146
Golden Learning Centre	22	26	17	21	22	12	26	20	17	12	195
Ignace	9	12	9	9	15	10	5	14	8	12	103
Keewatin	23	14	14	19	7	12	12	12			116
King George VI	31	32	32	31	27	39	34	19			245
Lillian Berg	9	10	13	3	10	7	10	13	8	3	86
New Prospect	30	39	35	40	26	34	30	26	35	23	318
Open Roads	27	30	35	29	30	32	35	43	53	49	363
Red Lake - Madsen	14	5	12	20	15	20	19	16	12	20	153
Savant Lake	1	1	1	0	1	2	0	2	1	1	10
Sioux Mountain	34	35	29	42	34	39	25	35	45	47	365
Sioux Narrows	6	4	3	3	3	1	7	5			32
Upsala	1	1	1	0	1	1	2	1	1	2	11
Valleyview	39	35	44	42	51	46	54	39			350
ELEMENTARY TOTALS	275	275	281	293	273	285	302	288	305	296	2876

Secondary

SCHOOL/GRADE	9	10	11	12	Total
Beaver Brae SS	133	108	130	166	537
Crolancia	6	5	4	6	21
Dryden HS	136	131	137	197	601
Ignace HS	12	10	10	10	42
Red Lake DHS	58	52	59	63	232
Sioux North HS	109	89	100	197	495
SECONDARY TOTAL	454	395	440	639	1,928

Staffing

Overall, staffing is up 0.8 FTE positions from the 2018-19 Estimates or 0.1%.

Table 8

	2019-20	2018-19	2017-18	2019-20 vs 2018-19 Estimates \$	2019-20 vs 2018-19 Estimates %
Appendix H October 31	Estimates	Estimates	Actuals		
Classroom Teachers - Elementary	219.9	213.0	212.3	6.9	3.2%
Classroom Teachers - Secondary	149.1	158.2	161.4	-9.1	-5.8%
Teacher Assistants	138.5	129.6	128.0	8.9	6.9%
Early Childhood Educators	23.0	23.0	24.0	0	0.0%
Professional/Para-prof/Technicians	42.0	43.2	33.3	-1.2	-2.8%
Library Techs & Guidance Teachers	17.8	19.0	18.2	-1.2	-6.3%
Principals & VP - Administrative time	28.0	27.0	27.0	1.0	3.7%
School Administrative Assistants	34.0	32.5	32.5	1.5	4.6%
Coordinators - Teachers & P/VP	15.3	14.5	12.5	0.8	5.5%
Custodial & Maintenance - Schools	62.4	64.9	61.9	-2.5	-3.9%
Facilities - Mgt, Supervisory, Clerical	2.0	2.0	3.0	0	0.0%
Transportation - Mgt & Technical	4.0	5.8	5.0	-1.8	-31.0%
Admin -Director & Supervisory	4.0	4.0	4.0	0.0	0.0%
Directors Office	2.5	3.0	3.0	-0.5	-16.7%
Finance	5.5	5.5	5.5	0.0	0.0%
Capital Planning Capacity	1.0	1.0	0.0	0.0	0.0%
Procurement	1.5	1.5	1.5	0.0	0.0%
Human Resource Administration	4.0	5.0	5.0	-1.0	-20.0%
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	1.8	2.8	1.0	-1.0	-35.7%
Trustees	12.0	12.0	12.0	0.0	0.0%
Total	773.3	772.5	769.5	0.8	0.1%

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 strategies employed
Actual enrolment is less than projected, causing reduction in grant or tuition revenues.	Moderate	- conservative estimates used in budget - staff cannot be decreased once hired. This could put pressure if the enrolment is less than projected.
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