



Finance Committee Meeting

August 13, 2020

Finance Committee 2020-21 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 2020-21 Budget Estimates contain an in-year surplus of \$799 on a Public Sector Accounting Board (PSAB) basis and we have a balanced budget for Ministry of Education compliance purposes. Since we have a balanced compliance budget, 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 (\$768), post-retirement benefits (\$22), and interest expense (\$10) to be accrued at year-end.

The following table shows the calculation of the PSAB and Compliance surplus for the 2020-21 Estimates, the 2019-20 Revised Estimates and the 2018-19 Actuals.

Table 1
Summary Statement of Operations

	2020-21 Estimates PSAB	2020-21 Estimates Compliance	2019-20 RevEstimates PSAB	2019-20 RevEstimates Compliance	2018-19 Actuals PSAB	2018-19 Actuals Compliance
Total Revenue	100,237	97,852	98,536	96,196	98,707	96,348
Total Expenses	99,438	97,852	97,311	95,760	97,069	95,317
Annual Surplus/Deficit	799	-	1,225	436	1,638	1,031
Opening Accum Surplus	28,071	25,652	26,845	25,216	25,207	24,185
Ending Accum Surplus	28,870	25,652	28,071	25,652	26,845	25,216

Revenues

Total revenues for 2020-21 are projected to increase by \$1.7 Million (1.7%) compared to the 2019-20 Revised Estimates. Table 2 below provides a breakdown by revenue category.

Other Fees and Revenues includes amounts from the Dryden Training Centre, reimbursements for Secondments, and Northwestern Health Unit funding for Navigator positions.

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.

Table 2

Consolidated Revenues

Revenue	2020-21 Estimates	2019-20 RevEstimates	2018-19 Actuals	2020-21 Est to 2019-20 RevEstimates \$	2020-21 Est to 2019-20 RevEstimates %
Grants for Student Needs	67,751	65,028	64,210	2,723	4.2%
Other Provincial Grants	1,946	3,090	3,398	(1,144)	-37.0%
Local Taxation	14,631	14,631	14,563	-	0.0%
School Generated Funds	2,385	2,340	2,359	45	1.9%
Federal Grants and Fees	5,963	6,754	6,994	(791)	-11.7%
Investment Income	-	-	74	-	
Other School Bds' Revenue	-	66	190	(66)	
Other Fees and Revenues	1,540	1,342	2,206	198	14.8%
Deferred Capital Contrib'n	6,021	5,286	4,712	735	13.9%
TOTAL REVENUE	100,237	98,537	98,706	1,700	1.7%

Operating Expenses

Total operating expenses are projected at \$99,438 in 2020-21, an increase of 2,126 (2.2%) from 2019--20 Revised Estimates. Table 3A below provides a breakdown by expense "function".

Administration is up 9.5% overall due to a reallocation of a Supervisory Officer' salary and benefits to this line and an increase in amortization of capital assets.

Pupil Accommodation is up 5.3% due to an increase in contract services and amortization of capital assets.

Table 3A

Operating Expenses by Function

Expenses	2020-21 Estimates	2019-20 RevEstimates	2018-19 Actuals	2020-21 Est to 2019-20 RevEstimates \$	2020-21 Est to 2019-20 RevEstimates %
Instruction	68,513	68,540	67,688	(27)	0.0%
Administration	4,718	4,310	4,809	408	9.5%
Transportation	5,347	5,228	5,108	119	2.3%
Pupil Accommodation	16,369	15,541	15,437	828	5.3%
School Generated Funds	2,385	2,340	2,550	45	1.9%
Other Expenses	2,106	1,353	1,477	753	55.7%
TOTAL EXPENSES	99,438	97,312	97,069	2,126	2.2%

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

Salaries and benefits are up by \$676 or 0.9% due to salary and benefit increases in the collective agreements and non-union grids.

Rental, Fees, Contracts expenditures are up \$996 (12.2%) due to an increase in facility expenditures. We also reallocated some items that were historically coded to *Other Expenses* to this line item in the budget for 2020-2, which also increased expenditures on this line.

Other Expenses includes items such as OPSBA memberships and interest on capital expenditures.

Table 3B

Operating Expenses by Object

Expenses	2020-21 Estimates	2019-20 RevEstimates	2018-19 Actuals	2020-21 Est to 2019-20 RevEstimates \$	2020-21 Est to 2019-20 RevEstimates %
Salaries & Benefits	72,198	71,522	70,240	676	0.9%
ProfDev, Supplies, Services	9,915	10,055	11,387	(140)	-1.4%
Amort'n of Capital Assets	7,160	5,837	5,837	1,323	22.7%
Interest Charges on Capital	788	868	948	(80)	-9.2%
Rental, Fees, Contracts	9,163	8,167	7,732	996	12.2%
Other Expenses	214	862	925	(648)	-75.2%
TOTAL EXPENSES	99,438	97,311	97,069	2,127	2.2%

Capital Expenditures

Most of the projected capital expenditures include mechanical upgrades at Red Lake DHS, Golden Learning Centre, and Dryden HS. Other major capital activities include LED lighting retrofits (Phase 2) across the system, Child Care space at Evergreen PS, and site improvements at New Prospect PS. We are still waiting for final Ministry approval to move ahead with Child Care project at Keewatin PS. See Table 4 below for planned capital expenditures for 2020-21.

Table 4

Capital Expenditures

	Amount
Child Care Capital Funding – Evergreen PS	807
School Condition - Mechanical Upgrades (RLDHS, GLC, DHS), LED lighting Phase 2, etc.	12,984
School Renewal - various projects (New Prospect site improvements)	1,041
Minor tangible capital assets - computers & equip	353
Total	15,185

Enrolment

The Board's Average Daily Enrolment (ADE) projection for 2020-21 is 4,774. Elementary ADE remains stable and there is a projected increase of about 36 students in Secondary. Most of the Secondary ADE increase is in Red Lake (increase of 37 students or 18% due to a very high number of returning Grade 12 students who did not graduate) and Sioux Lookout (up 30 students or 7% due to increased engagement with students from the north). This was offset to some extent by ADE decreases in Kenora due to students shifting to the Bimose high school under the Reciprocal Education Approach (19 students or 4%) and Dryden (trending down 16 students or 3%). See Tables 5, 6, and 7 below for projected ADE breakdowns and Head Counts by school.

				2020-21 Est to 2019-20 RevEstimates #	2020-21 Est to 2019-20 RevEstimates %
	2020-21 Estimates	2019-20 RevEstimates	2018-19 Actuals		
Avg Daily Enrolment					
Elementary	2,928.25	2,927.20	2,853.25	1.05	0.0%
Secondary	1,845.76	1,794.10	1,848.13	51.66	2.9%
TOTAL	4,774.01	4,721.30	4,701.38	52.71	1.1%

Table 6
Projected ADE by School

School	2020-21 Estimates	2019-20 RevEstimates	2018-19 Actuals	2020-21 Est to 2019-20 RevEstimates #	2020-21 Est to 2019-20 RevEstimates %
Beaver Brae Elem	214.00	224.00	219.50	(10.00)	-4.5%
Crolancia Elem	49.00	46.00	52.50	3.00	6.5%
Ear Falls	104.50	107.00	108.75	(2.50)	-2.3%
Evergreen	138.00	146.00	144.50	(8.00)	-5.5%
Golden Learning Centre	201.00	189.00	185.00	12.00	6.3%
Ignace	104.00	105.00	103.00	(1.00)	-1.0%
Keewatin	130.00	123.00	102.00	7.00	5.7%
King George VI	258.00	245.00	247.50	13.00	5.3%
Lillian Berg	99.00	91.00	83.50	8.00	8.8%
New Prospect	319.00	316.00	321.00	3.00	0.9%
Open Roads	399.00	407.00	370.00	(8.00)	-2.0%
Red Lake - Madsen	162.00	165.50	148.25	(3.50)	-2.1%
Savant Lake	9.00	8.00	10.00	1.00	12.5%
Sioux Mountain	345.00	361.00	370.50	(16.00)	-4.4%
Sioux Narrows	39.00	35.00	32.00	4.00	11.4%
Upsala	8.00	9.00	10.50	(1.00)	-11.1%
Valleyview	353.00	354.00	345.00	(1.00)	-0.3%
Elementary Total	2,931.50	2,931.50	2,853.50	-	-%

Beaver Brae SS	481.00	499.63	502.63	(18.63)	-3.7%
Crolancia HS	13.50	13.00	19.25	0.50	3.8%
Dryden HS	579.75	596.00	606.00	(16.25)	-2.7%
Ignace HS	49.50	46.13	47.88	3.37	7.3%
Red Lake DHS	243.50	206.50	223.00	37.00	17.9%
Sioux North HS	478.50	448.63	462.00	29.87	6.7%
Secondary Total	1,845.75	1,809.89	1,860.76	35.86	2.0%
Board total	4,777.25	4,741.39	4,714.26	35.86	0.8%

Table 7

Projected October 2020 Headcount by School by Grade

Elementary

School/Grade	JK	K	1	2	3	4	5	6	7	8	Total
Beaver Brae									99	115	214
Crolancia	2	6	5	9	2	7	3	5	7	3	49
Ear Falls	12	13	10	8	7	7	8	13	14	15	107
Evergreen	15	16	15	12	23	18	21	18			138
GLC	19	22	24	15	25	21	13	27	21	14	201
Ignace	10	12	13	9	9	13	10	5	14	9	104
Keewatin	18	28	15	13	19	8	14	15			130
King George VI	31	41	31	28	31	24	38	34			258
Lillian Berg	10	11	13	13	5	10	7	10	11	9	99
New Prospect	30	34	37	34	41	29	33	29	20	32	319
Open Roads	31	28	33	33	35	34	38	43	59	65	399
Red Lake-Madsen	18	18	5	11	18	17	24	20	18	16	165
Savant Lake	1	1	-	1	-	1	2	-	2	1	9
Sioux Mountain	29	30	39	30	40	31	40	25	37	44	345
Sioux Narrows	9	5	5	3	5	3	2	7			39
Upsala	1	1		1	-	-	1	2	1	1	8
Valleyview	35	43	39	43	43	49	45	56			353
ELEM TOTAL	271	309	284	263	303	272	299	309	303	324	2,937

Secondary

School/Grade	9	10	11	12	Total
Beaver Brae SS	111	110	117	163	501
Crolancia	2	3	5	5	15
Dryden HS	111	135	135	212	593
Ignace HS	15	14	11	12	52
Red Lake DHS	67	53	51	103	274
Sioux North HS	103	123	110	164	500
SEC TOTAL	418	448	440	671	1,935

Staffing

Table 8 (Appendix H) below shows a staffing increase of 8.5 FTE positions from the 2019-20 Revised Estimates. Most of the additional positions showing below are staff that have recoverable salaries and these positions were not included in Appendix H in the past because they are revenue neutral. Beginning with the 2020-21 budget year, we have changed the way that we budget, so these positions now show up in Appendix H.

On the *Prof/Para-Prof/Technicians* line below, we added 2.0 FTE positions in 2020-21: *Indigenous Lead* 1.0 FTE and *Navigator* 1.0 (part of the Four Directions Program).

On the line entitled *Other*, we included the ETFO and OSSTF representatives (2.3 FTE). These are recoverable salary positions and were not included on Appendix H in the past. This line includes members of the *Rapid Response Northern Support Team*.

Table 8
Staffing

Appendix H October 31	2020-21 Estimates	2019-20 Rev Estimates	2018-19 Actuals	2020-21 Est to 2019-20 Rev Estimates FTE	2020-21 to 2019-20 Rev Estimates %
Classroom Teachers-Elem	220.7	224.0	219.5	-3.30	-1.5%
Classroom Teachers-Sec	151.0	149.0	159.4	2.00	1.3%
Teacher Assistants	138.5	137.2	131.5	1.30	0.9%
Early Childhood Educators	22.0	23.0	23.0	-1.00	-4.3%
Prof/Para-prof/Technicians	39.3	35.1	39.7	4.20	12.0%
LibTechs&Guidance Tchrs	17.8	17.8	18.0	0.00	0.0%
Principals&VP-Admin time	28.0	28.0	28.0	0.00	0.0%
School Admin Assistants	35.0	35.0	35.5	0.00	0.0%
Coordinators-Tchrs&P/VP	16.8	15.8	10.8	1.00	6.3%
Custodial/Maint-Schools	64.4	64.9	63.9	-0.50	-0.8%
Facilities - Mgmt, Clerical	2.0	2.0	2.0	0.00	0.0%
Transportation-Mgmt & Tech	4.0	4.0	6.0	0.00	0.0%
Admin-Director/Supervisory	5.0	4.0	5.0	1.00	25.0%
Directors Office	3.0	2.5	3.0	0.50	20.0%
Finance	5.5	5.5	5.5	0.00	0.0%
Capital Planning Capacity	1.0	1.0	1.0	0.00	0.0%
Procurement	1.5	1.5	1.5	0.00	0.0%
Human Resource Admin	5.0	4.0	5.0	1.00	25.0%
Payroll Administration	4.0	4.0	4.0	0.00	0.0%
Information Tech	1.0	1.0	1.0	0.00	0.0%
Other	6.3	4.0	2.0	2.30	57.5%
Trustees	12.0	12.0	12.0	0.00	0.0%
Total	783.8	775.3	777.3	8.50	1.1%

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