

Management's Report on the 2018-19 Audited Financial Statements

(in thousands of dollars)

Overall, the financial picture for Keewatin-Patricia DSB looks promising. The 2018-19 fiscal year saw a greater surplus than was approved in the budget passed by the Board. Overall expenses were up by \$1,448 compared to estimates, but this was more than offset by revenues that were \$2,630 higher than budgeted. Although Grants for Student Needs (GSN) funding and taxation revenue were down by \$1,326 compared to budget, the Board benefited from provincial grants that were \$1,533 higher than budgeted to promote government initiatives in the classroom. Partnerships to support mental health programs accounted for some of this extra funding.

The Board is compliant with all the Ministry of Education benchmarks.

FINANCIAL POSITION

Annual PSAB Surplus for the year amounted to **\$1,638**, increasing our **Accumulated Surplus** to **\$26,845** as of August 31, 2019. The increase is due to a combination of factors: \$1.5 million more in other provincial grants than budgeted, \$1.1 million more in other fees and revenues than budgeted, combined with a \$1.3 million drop in GSN and taxation revenue compared to budget.

Financial Assets increased by **\$9,447** resulting in a year-end balance of **\$56,514**. \$2 million of the increase is attributable to the accounts receivable associated with capital projects (including Beaver Brae SS, Ear Falls PS, Sioux North HS). Delayed grant payments from the Ministry of Education at the beginning of the 2018-19 year accounted for another \$15 million of the increase.

Liabilities increased by **\$28,017** over 2017-18, resulting in a year-end balance of **\$154,604**. \$19,417 of the increase relates to deferred capital contributions. Temporary borrowing is up \$7,236, accounts payable is up \$5,830 mainly due to timing of capital payments, and long term debt continues to be reduced as the principal is paid off. Deferred revenue has decreased by \$1,913 over last fiscal year due to funds being used to finance the Beaver Brae SS renovations (\$1,500) and Sioux North HS Cafetorium (\$500).

Non-Financial Assets increased by **\$20,208** resulting in a year-end balance of **\$124,934**. The increase is mostly attributable to the completion of the Sioux North HS project.

OPERATING RESULTS

A variance report on operating revenues and expenses is attached in Appendix 1. Highlights and explanations for some of the more significant revenue and expense variances follow.

REVENUES - \$98,707

Local taxation revenues of **\$14,563** were \$315 lower than the estimates. This was due to tax write-offs. Fortunately, our overall funding is not affected by declines in local taxation because provincial grants are increased correspondingly to ensure we receive a total funding allocation that is based on enrolments and the provincial education funding model.

Provincial grants under the “Grants for Student Needs” or “GSN” funding model were **\$68,922**. This was \$1,011 lower than the estimates, mainly due to a decrease in Special Education funding.

Provincial Grants – Other at **\$3,398** was \$1,533 more than the estimates. This is because the estimates contain only known grants at the time the estimates are approved, and additional “other” grants are made throughout the year. These grants are to address provincial initiatives such as math strategies and student mental health needs.

Federal grants and fees revenues of **\$6,994** were \$967 higher than the estimates mainly due to higher than budgeted enrolment of other pupils.

Other Fees & Revenues of **\$2,206** were \$1,091 more than budgeted due to a number of projects and activities that were funded in year and not known at budget preparation time.

EXPENSES - \$97,069

Instruction expenses of **\$67,688** were \$486 less than the estimates. There was less spent on professional services and consultants than budgeted for the classroom.

Administration expenses of **\$4,809** were \$722 more than the estimates. The main reasons for this were: fees and contract services (such as legal expenses, software licensing, and Mercer consulting services for non-union job evaluations and market benchmarking) were \$360 over estimates and salaries and benefits were over budget by \$200 due to departmental downsizing and restructuring to save costs in the long term.

Transportation expenses of **\$5,108** were \$65 lower than the estimates. This is partially the result of snow days when the operators receive only the fixed amount of the contract.

Pupil Accommodation expenses of **\$15,437** were \$776 over the estimates. \$1,200 of the increase relates to amortization as the Board performed a periodic review of the remaining service lives of buildings. This was offset by savings of \$500 in utility costs due to energy efficiencies in our facilities.

Other expenses of **\$1,477** were \$90 higher than the estimates.

COMPLIANCE

Surplus / Deficit

The 2018-19 surplus for Ministry of Education compliance purposes was **\$1,031**, which is better than the budgeted deficit of \$372. The Board was **compliant** with the “Balanced Budget Determination” requirement (i.e. deficit less than 1% of operating budget). Note that this is different from the “PSAB” surplus value of \$1,638 discussed earlier.

Administration and Governance

The net expenses of \$3,476 were less than the funding allocation of \$3,518. Therefore, the Board was **compliant** with this enveloping requirement.

Respectfully submitted by:
Richard Findlay, Superintendent of Business

APPENDIX 1

**Keewatin-Patricia District School Board
 2018-19 Financial Statements
 Consolidated Statement of Operations
 Variance Report (in thousands of dollars)**

	2017-18 Financial Statements	2018-19 Estimates (Original)	2018-19 Financial Statements	F/S vs Est Variance (\$)	F/S vs Est Variance (%)
REVENUES					
Local Taxation	14,505	14,879	14,564	-315	-2.1
Provincial Grants for Student Needs	67,053	69,933	68,922	-1,011	-1.5
Sub-total (Funding Allocation)	81,558	84,812	83,486	-1,326	-1.6
Provincial Grants - Other	3,225	1,865	3,398	1,533	82.2
School Generated Funds	2,383	2,138	2,359	221	10.3
Federal Grants and Fees	6,104	6,027	6,994	967	16.0
Investment Income	196	119	74	-45	-37.8
Other Revenues - School Boards	69	0	190	190	0.0
Other Fees & Revenues	2,435	1,116	2,206	1,090	97.7
TOTAL REVENUES	95,970	96,077	98,707	2,630	2.7
EXPENSES					
Instruction	64,417	68,174	67,688	-486	-0.7
Administration	4,226	4,087	4,809	722	17.7
Transportation	4,845	5,173	5,107	-66	-1.3
Pupil Accommodation	13,859	14,662	15,438	776	5.3
School Generated Funds	2,310	2,138	2,550	412	19.3
Other	1,650	1,387	1,477	90	6.5
TOTAL EXPENSES	91,307	95,621	97,069	1,448	1.5
Annual Surplus	4,663	456	1,638	1,182	
Accumulated Surplus at beginning of year	20,544	19,435	25,207	-1,182	
Accumulated Surplus at end of year	25,207	19,891	26,845		

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