

Management's Report on the 2017-18 Audited Financial Statements

(in thousands of dollars)

Overall, the financial picture for Keewatin-Patricia DSB looks good. The 2017-18 fiscal year saw a greater surplus than was approved in the budget passed by the Board. Overall expenses were down by \$945 compared to estimates, but all of the savings were realized by a \$980 reduction in employee benefit costs as a result of taking our rate stabilization fund for benefits off the books. The board also benefited from provincial grants to promote government initiatives in the classroom. Partnerships accounted for some of the extra funding; there were funds issued for programs to support NAN and wrap-around funding to support mental health programs.

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

FINANCIAL POSITION

Annual PSAB Surplus for the year amounted to **\$4,663**, increasing our **Accumulated Surplus** to **\$25,207** as of August 31, 2018. The increase is due to a combination of factors: \$2 million more in government grants than budgeted, \$1.5 million more in other revenue than budgeted, and the above-mentioned savings from the employee benefit plan.

Financial Assets increased by **\$4,662** resulting in a year-end balance of **\$47,067**. The increase is mainly attributable to the accounts receivable associated with the construction of the new high school in Sioux Lookout. Cash on hand also increased to support the financing of capital projects until the cash is flowed from the Ministry.

Liabilities increased by **\$15,595** over 2016-17, resulting in a year-end balance of **\$126,587**. Temporary borrowing is up \$188, accounts payable is up \$1,403 mainly due to timing of capital payments, and long term debt continues to be reduced as the principal is paid off. Deferred revenue has increased by \$535 over last fiscal year.

Non-Financial Assets increased by **\$15,595** resulting in a year-end balance of **\$104,727**. The increase is attributable to the new high school, roof replacements, and other capital projects.

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 - \$95,970

Local taxation revenues of **\$14,505** were \$883 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 **\$64,041**. This was \$837 higher than the estimates. This was mainly due to the decrease in local taxation.

Provincial Grants – Other at **\$3,225** was \$1,373 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 **6,104** were \$826 higher than the estimates mainly due to higher than budgeted enrolment of other pupils.

Other Fees & Revenues of **\$2,435** were \$1,205 more than budget due to a number of projects and activities that were funded in year and not known at budget preparation time.

EXPENSES - \$91,307

Instruction expenses of **\$64,417** were \$688 less than the estimates. There was less spent on professional services, consultants, and computers than budgeted for the classroom.

Benefits and Sick Leave Plans

Benefit costs were less than estimated as the benefit formula was changed by the province and is out of the Board's control. Because some of the employee groups transitioned to the provincial plans later in the fiscal year than planned, some of the costs were lower than estimates. We expect that benefit costs will increase in 2018-19. Sick leave absences are becoming an increasing burden on the Board and we have identified this as an area to focus attention on.

Administration expenses of **\$4,226** were \$57 more than the estimates. This is mainly due to the higher-than-expected initial costs of the new SparkRock accounting software implementation.

Transportation expenses of **\$4,845** were \$165 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 **\$13,858** were \$522 less than the estimates. There were \$163 in savings on utilities / insurance and \$144 in savings on benefits because the CUPE group did not transition to the provincial plan until March 2018. There were further savings on contracts and interest on capital in the amount of \$117.

Other expenses of **\$1,650** were \$228 higher than the estimates.

COMPLIANCE

Surplus / Deficit

The 2017-18 surplus for Ministry of Education compliance purposes was **\$3,793**, which is better than the budgeted deficit of \$679. 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 \$4,663 discussed earlier.

Administration and Governance

The net expenses of \$3,489 were less than the funding allocation of \$3,590. Therefore, the Board was **compliant** with this enveloping requirement.

Respectfully submitted by:
Richard Findlay, Superintendent of Business

APPENDIX 1

**Keewatin-Patricia District School Board
 2017-18 Financial Statements**

| Statement of Operations Variance Report (in thousands of dollars) | 2016-17 Financial Statements | 2017-18 Estimates (Original) | 2017-18 Financial Statements | F/S vs Est Variance (\$) | F/S vs Est Variance (%) |
|--|------------------------------------|------------------------------------|------------------------------------|--------------------------------|-------------------------------|
| REVENUES | | | | | |
| Local Taxation | 15,086 | 15,388 | 14,505 | -883 | -5.7 |
| Provincial Grants for Student Needs | 61,923 | 66,374 | 67,053 | 679 | 1.0 |
| Sub-total (Funding Allocation) | 77,009 | 81,762 | 81,558 | -204 | -0.2 |
| Provincial Grants - Other | 2,214 | 1,852 | 3,225 | 1,373 | 74.1 |
| School Generated Funds | 2,452 | 2,166 | 2,383 | 217 | 10.0 |
| Federal Grants and Fees | 5,420 | 5,278 | 6,104 | 826 | 15.7 |
| Investment Income | 150 | 119 | 196 | 77 | 64.7 |
| Other Revenues - School Boards | 15 | 0 | 69 | 69 | 0.0 |
| Other Fees & Revenues | 2,107 | 1,229 | 2,435 | 1,206 | 98.1 |
| TOTAL REVENUES | 89,367 | 92,406 | 95,970 | 3,564 | 3.9 |
| EXPENSES | | | | | |
| Instruction | 62,876 | 65,105 | 64,417 | -688 | -1.1 |
| Administration | 3,958 | 4,169 | 4,226 | 57 | 1.4 |
| Transportation | 4,623 | 5,010 | 4,845 | -165 | -3.3 |
| Pupil Accommodation | 13,448 | 14,380 | 13,859 | -521 | -3.6 |
| School Generated Funds | 2,334 | 2,166 | 2,310 | 144 | 6.7 |
| Other | 1,467 | 1,422 | 1,650 | 228 | 16.0 |
| TOTAL EXPENSES | 88,706 | 92,252 | 91,307 | -945 | -1.0 |
| ANNUAL SURPLUS | 661 | 154 | 4,663 | 4,509 | |

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