

**North East School Division
Revised 2022-23 Budget Report
Annual Operating and Capital Budget Estimates**

Background:

The North East School Division submitted the 2022-23 budget that was approved by the school board to the Ministry of Education prior to the June 30, 2022 deadline.

On July 21, 2022, the North East School Division received correspondence from the Ministry of Education announcing a one-time investment for the kindergarten to grade twelve education sector of \$20 million for the 2022-23 fiscal year to assist with the rising fuel and insurance costs. The share for the North East School Division is \$672,400.

Due to this new funding, school divisions were directed by the Ministry of Education to revise their 2022-23 fiscal year budgets to incorporate this new funding. The funding cannot be used to reduce the school division's use of accumulated surplus to balance the budget. An extension of the budget submission deadline to September 20, 2022 was granted to allow time for revisions and board approvals.

Proposed Board Motion:

That the Board of Education of the North East School Division approves the revised 2022-23 Budget as presented, including minor changes made after Ministry of Education's review and approval.

North East School Division
Revised Budget 2022-23
Statement of Operations
(Prepared using Public Sector Accounting Board (PSAB) Standards)

	Notes	2022-23 Budget	2021-22 Budget	Variance
Revenues				
Grants	1	\$ 69,448,965	\$ 63,200,329	\$ 6,248,636
Tuition and related fees	2	552,838	486,440	66,398
School generated funds		993,100	1,049,475	(56,375)
Complementary services	3	731,154	627,258	103,896
External services		245,000	262,000	(17,000)
Other	4	716,500	530,000	186,500
Total revenues		\$ 72,687,557	\$ 66,155,502	\$ 6,532,055
Expenses				
Governance		\$ 276,960	\$ 265,060	\$ 11,900
Administration	5	2,533,831	2,613,186	(79,355)
Instruction	6	44,074,531	42,600,742	1,473,789
Plant	7	10,404,873	11,295,145	(890,272)
Transportation	8	5,535,391	4,832,957	702,434
Tuition and related fees	9	187,230	249,280	(62,050)
School generated funds		957,086	993,336	(36,250)
Complementary services		1,510,763	1,470,776	39,987
External services		322,593	361,232	(38,639)
Other expenses		265,623	283,494	(17,871)
Total expenses		66,068,881	64,965,208	1,103,673
Surplus		\$ 6,618,676	\$ 1,190,294	\$ 5,428,382

North East School Division
Revised Budget 2022-23
Conversion to Cash Basis and Balancing the Budget

	2022-23		2021-22		Variance
	Budget		Budget		
PSAB surplus	\$ 6,618,676	\$	1,190,294	\$	5,428,382
Tangible capital assets:					
Purchases	(12,348,057)		(7,903,500)		(4,444,557)
Proceeds from disposals	11,000		11,000		-
Long term debt:					
Repayments for the year	(439,463)		(421,587)		(17,876)
Non-cash items:					
Amortization expense	4,284,400		4,149,542		134,858
Gain on disposals of tangible capital assets	(11,000)		(11,000)		-
Employee Future Benefits expenses	47,900		89,100		(41,200)
Other cash requirements:					
Employee Future Benefits expected payments	(24,300)		(24,500)		200
Deficit cash for the year	<u>\$ (1,860,844)</u>	<u>\$</u>	<u>(2,920,651)</u>	<u>\$</u>	<u>1,059,807</u>

North East School Division
Revised Budget 2022-23
Balancing the Budget

	2022-23 Budget	2021-22 Budget	Variance
Deficit cash for the year	\$ (1,860,844)	\$ (2,920,651)	\$ 1,059,807
Changes to the accumulated surplus (use of reserves):			
<i>Externally restricted accumulated surplus:</i>			
Pandemic Support Funding	-	808,132	(808,132)
<i>Internally restricted accumulated surplus (major capital project):</i>			
New School in Carrot River	-	268,000	(268,000)
<i>Internally restricted accumulated surplus (school controlled):</i>			
School Generated Funds (net change)	242,830	145,861	96,969
<i>Unrestricted accumulated surplus:</i>			
<i>Annual purchases:</i>			
Technology (capital)	9,592	176,000	(166,408)
Technology (operating)	-	302,986	(302,986)
Carbon tax	300,000	-	300,000
<i>Not annual purchases:</i>			
Software	179,795	-	179,795
Updated enrolment projections	186,000	-	186,000
School buses - higher fuel costs	550,000	-	550,000
School bus two-way radios	150,000	-	150,000
	<u>1,375,387</u>	<u>478,986</u>	<u>896,401</u>
<i>Internally restricted accumulated surplus:</i>			
School Bus Replacement	757,000	712,700	44,300
Vehicle Replacement	50,000	123,000	(73,000)
	<u>807,000</u>	<u>835,700</u>	<u>(28,700)</u>
<i>Preventative Maintenance and Renewal (PMR):</i>			
PMR projects	1,348,000	2,137,460	(789,460)
PMR funding	(1,912,373)	(1,753,488)	(158,885)
	<u>(564,373)</u>	<u>383,972</u>	<u>(948,345)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

North East School Division
Revised Budget 2022-23
Notes (to Statement of Operations)

1. The operating grant from the Ministry of Education increased by approximately \$1.8 million. This amount includes the funding for the September 1, 2022 teachers' salary increase in the Provincial Collective Bargaining Agreement. The value of the in-kind donation by the Ministry of Education for CommunityNet increased by approximately \$150,000. New in 2022-23, the Ministry of Education provided a grant of \$173,400 to hire additional educational associates. In July 2022, the Ministry of Education provided another \$672,400 in additional one-time funding to the school division.

In addition, the funding from the province for the new kindergarten to grade twelve school in Carrot River is expected to be approximately \$4.4 million more than budget of the prior year. Construction of the new school started during the summer of 2022 and there will be more expenditures and grant revenue related to this project in 2022-23 (compared to 2021-22).

2. There are more First Nations students expected during the 2022-23 fiscal year. First Nations students that live on reserves and attend school at the North East School Division are funded by the federal government.

3. Complementary services revenue includes \$43,100 for a child nutrition grant and \$50,000 for an early learning intensive support grant. Both grants are from the province. In past years, this funding was too uncertain at budget time to be reported in the budget.

4. The interest rate for the investments of the school division has increased compared to the prior year. The interest rate for the investments is linked to the prime rate.

5. A portion of the insurance expense has been reallocated to instruction as it relates more to the instruction area of the budget.

6. The Provincial Collective Bargaining Agreement of the teachers will provide a 2% salary increase on September 1, 2022 to the teachers. This increase has been funded by the province. The collective bargaining agreement of CUPE Local 4875 (CUPE) expires on August 31, 2022. An estimated percentage increase for the agreement has been included in the budget. A portion of the insurance expense has been reallocated from administration. An additional temporary information technology technician has been included in the 2022-23 budget. There are 15.5 additional full-time equivalent educational associates planned for 2022-23: 5.5 full-time equivalents due to the grant from the Ministry of Education for this specific purpose and another 10.0 full-time equivalents due to the additional funding announced by the Ministry of Education in July 2022.

7. The additional caretakers provided during the pandemic that were funded by the province have been removed from the budget in 2022-23 as this additional funding from the province for pandemic support has ended. The Preventative Maintenance and Renewal budgeted expenses have decreased by approximately \$790,000 in 2022-23.

8. Due to the expected higher cost of fuel, the budget for fuel for the school buses has increased by \$650,000. An additional mechanic's helper working towards becoming a journeyman mechanic has been hired for succession purposes. The collective bargaining agreement for Teamsters Local Union No. 395 (Teamsters) also expires on August 31, 2022. The anticipated increases to the Teamsters and CUPE contracts have also been incorporated in the budget.

9. Less Adult Basic Education students expected in the 22-23 budget. This is fully funded with the operating grant.

**North East School Division
Revised Budget 2022-23
Tangible Capital Assets**

	Notes	2022-23 Budget	2021-22 Budget	Variance
New Carrot River school	1	\$ 10,667,000	\$ 6,582,000	4,085,000
Computer hardware		179,200	184,000	(4,800)
School buses	2	757,000	712,700	44,300
Furniture and equipment	3	277,218	129,300	147,918
Playground equipment		236,844	161,500	75,344
Vehicles	4	50,000	123,000	(73,000)
Computer software	5	180,795	11,000	169,795
Total tangible capital assets		\$ 12,348,057	\$ 7,903,500	\$ 4,444,557

Notes:

1. Construction of the new school in Carrot River started during the summer of 2022.
2. The 2022-23 budget includes the purchase of one 70-passenger and five 53-passenger buses. The school division purchases six new school buses on an annual basis. The cost of the buses has been increasing.
3. The furniture and equipment budget in 2022-23 includes the replacement the two-way radios on the school buses.
4. The Facilities Department is planning to purchase one new half-ton truck during the 2022-23 fiscal year.
5. Computer software includes the licenses for the new servers that will be purchased during the 2022-23 fiscal year and the cost of completing the implementation of Sparkrock for the Human Resources and Payroll departments.

North East School Division
Budget 2022-23

