

**North East School Division
2016-17 Budget Report
Annual Operating and Capital Budget Estimates**

Proposed Board Motion:

That the Board approve the annual operating and capital budget estimates for the fiscal year September 1, 2016 to August 31, 2017 as detailed in the *2016-17 Budget Report*.

North East School Division
Budget 2016-17
Statement of Operations
(Prepared using Public Sector Accounting Board (PSAB) Standards)

		2016-17	2015-16
		Budget	Budget
Revenues			
	Property taxation	\$ 11,010,960	10,011,408
	Grants	44,960,995	48,025,382
	Tuition and related fees	571,000	670,000
	School generated funds	1,029,150	1,016,650
	Complementary services	608,832	608,544
	External services	130,143	135,693
	Other	574,600	579,200
Total revenues		\$ 58,885,680	61,046,877
Expenses			
	Governance	\$ 459,450	427,100
	Administration	2,203,421	2,321,192
	Instruction	42,490,888	41,302,443
	Plant	10,238,897	10,280,141
	Transportation	4,762,053	4,595,854
	Tuition and related fees	275,000	200,000
	School generated funds	949,206	973,350
	Complementary services	1,450,215	1,366,176
	External services	228,208	226,451
	Other expenses	362,755	376,463
Total expenses		\$ 63,420,093	62,069,170
Surplus/(deficit)		\$ (4,534,413)	(1,022,293)

North East School Division

Budget 2016-17

Conversion to Cash Basis and Balancing the Budget

	2016-17	2015-16
	Budget	Budget
PSAB deficit	\$ (4,534,413)	(1,022,293)
Tangible Capital Assets:		
Purchases	(4,652,833)	(5,363,459)
Proceeds from disposals	8,000	11,000
Long Term Debt:		
Repayments for the year	(342,539)	(328,608)
Non-cash items:		
Amortization expense	4,240,208	4,130,821
Gain on disposals of tangible capital assets	(8,000)	11,000
Employee Future Benefits expenses	93,500	55,600
Other cash requirements:		
Employee Future Benefits expected payments	(17,000)	(10,000)
Deficit cash for the year	(5,213,077)	(2,515,939)
Changes to the accumulated surplus:		
<i>Internally restricted accumulated surplus:</i>		
Tisdale Office and Transportation Building	2,638,000	2,300,000
NESIP grants to schools	396,954	267,000
ISSI carryover	10,558	220,000
School generated funds (net change)	23,056	(43,300)
Violent Threat Assessment Response Training	8,000	-
<i>Preventative Maintenance and Renewal (PMR) Funding:</i>		(895,534)
2016-17 Project	1,200,000	-
PMR 2016-17 funding	(1,162,000)	-
<i>Unrestricted accumulated surplus:</i>		
Enrolment estimates (January projections too low)	300,000	-
Funding shortfall in 2016-17 provincial allocation	1,773,509	-
TMSS welding lab PMR project funded by NESD	-	500,000
New van at MUCC	25,000	
<i>Cash from Hudson Bay Community School capital loan</i>	-	167,773
	\$ -	-

REVENUES

Total 2016-2017 revenues are estimated at \$58,885,680, a decrease of 3.54 % compared to the previous year.

	Budget			
	2016-2017	2015-2016	\$ Change	% Change
<u>Revenues</u>				
Property taxes	\$ 11,010,960	\$ 10,011,408	\$ 999,552	9.98%
Provincial grants	44,960,995	48,025,382	(3,064,387)	(6.38)%
Tuition and related fees	571,000	670,000	(99,000)	(14.78)%
Complementary services	608,832	608,544	288	0.05%
External services	130,143	135,693	(5,550)	(4.09)%
School generated	1,029,150	1,016,650	12,500	1.23%
Other	574,600	579,200	(4,600)	(0.79)%
 Total Revenues	 \$ 58,885,680	 \$ 61,046,877	 \$ (2,161,197)	 (3.54)%

Total 2016-2017 revenues from operations (and not capital) are estimated at \$57,723,680, a decrease of 3.40% compared to the previous year. The decrease is due to a reduction in the school division operating funding as provided by the province on budget day and a decrease in tuition fees resulting from a decrease in the number of federally funded students being enrolled.

	Budget			
	2016-2017	2015-2016	\$ Change	% Change
<u>Revenues</u>				
Property taxes	\$ 11,010,960	\$ 10,011,408	\$ 999,552	9.98%
Provincial grants	43,798,995	46,735,801	(2,936,806)	(6.28)%
Tuition and related fees	571,000	670,000	(99,000)	(14.78)%
Complementary services	608,832	608,544	288	0.05%
External services	130,143	135,693	(5,550)	(4.09)%
School generated	1,029,150	1,016,650	12,500	1.23%
Other	574,600	579,200	(4,600)	(0.79)%
 Total Revenues	 \$ 57,723,680	 \$ 59,757,296	 \$ (2,033,616)	 (3.40)%

Note: The property taxes and the provincial grants combine to result in the annual operating grant as determined by the Ministry of Education. In 2015-16, the property tax estimate calculated by the Ministry of Education contained an error that resulted in an amount that was too low.

EXPENSES

In 2016-2017, expenses are estimated to be \$63,420,093, an increase of 2.18% compared to the previous year's budget.

	Budget		\$ Change	% Change
	2016-2017	2015-2016		
<u>Expenses</u>				
Governance (note 1)	\$ 459,450	\$ 427,100	\$ 32,350	7.57%
Administration (note 2)	2,203,421	2,321,193	(117,772)	(5.07)%
Instruction (note 3)	42,490,888	41,302,443	1,188,445	2.88%
Plant (note 4)	10,238,897	10,280,141	(41,244)	(0.40)%
School generated (note 5)	949,420	973,588	(24,168)	(2.48)%
Transportation (note 6)	4,762,053	4,595,854	166,199	3.62%
Tuition and related fees (note 7)	275,000	200,000	75,000	37.50%
Complementary services (note 8)	1,450,215	1,366,176	84,039	6.15%
External services (note 9)	228,208	226,450	1,758	0.78%
Other (note 10)	362,541	376,225	(13,684)	(3.64)%
Total Expenses	\$ 63,420,093	\$ 62,069,170	\$ 1,350,923	2.18%

Notes:

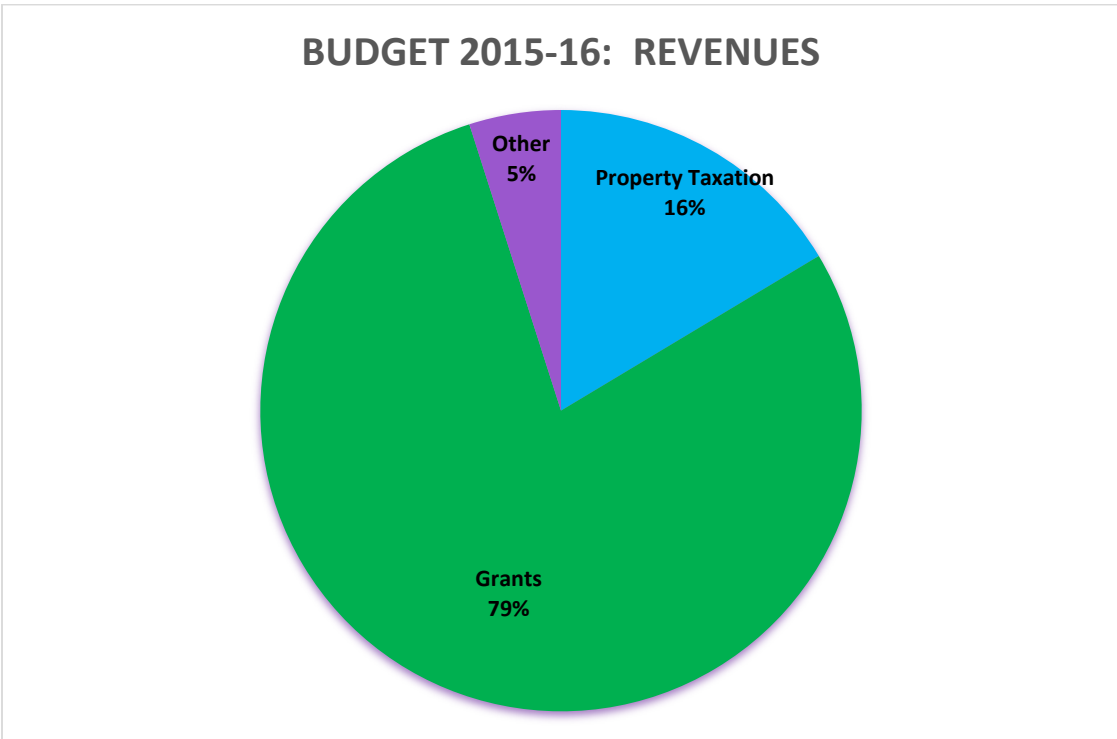
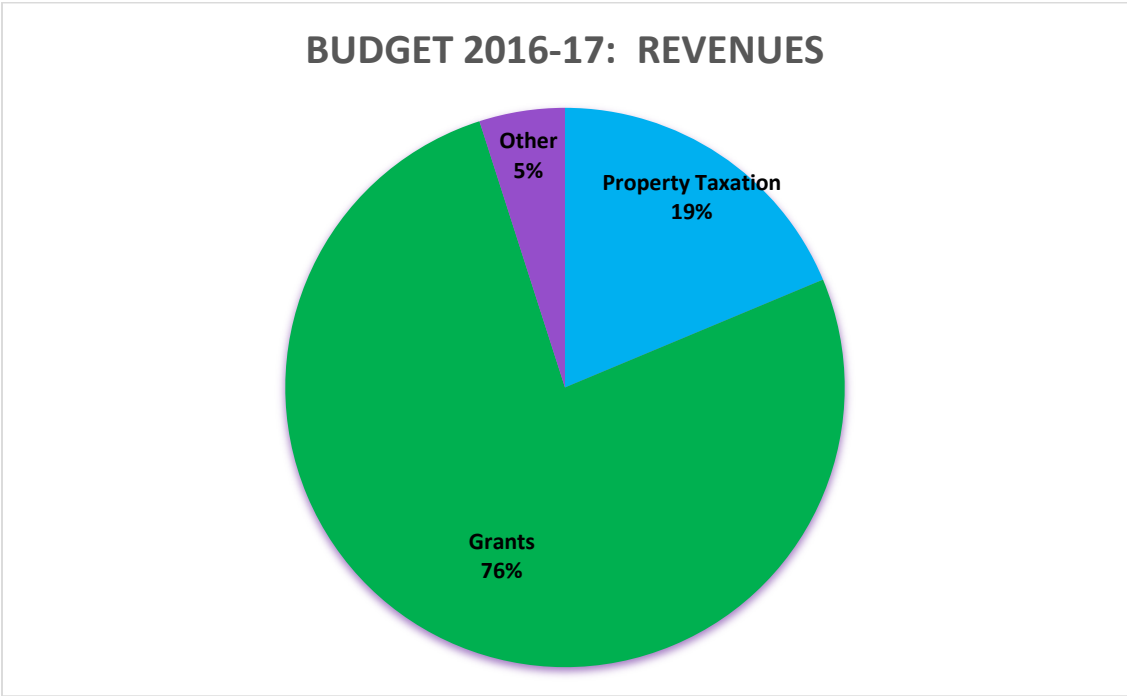
1. In 2016-2017, the increase relates to board elections which only occur once every four years.
2. In the 2016-17 budget, there is a decrease in salary costs due to the restructuring of administration positions at Division Office.
3. In 2016-2017, the budget includes the salary increases for the teachers and support staff. There were four diversity teachers added to the 2016-17 budget. A new higher capital threshold has shifted laptop expenditures from the capital budget to the instruction expenses.
4. The plant budget has been reduced as minor maintenance projects have decreased from \$450,000 to \$200,000 in 2016-2017. This decrease is then offset by the expected increase in the salaries of the caretakers, maintenance workers and other positions in the facilities department.
5. The school generated fund items are budgeted by the school administration staff and represent their plans for the school funds. No major changes are anticipated for the 2016-2017 school year.

6. The transportation budget for 2016-17 has increased due to the expected salary increases for the transportation positions, the hiring of an additional mechanic and the increase in amortization costs for the new buses purchased with the accumulated surplus during 2015-16 (and not included in the 2015-16 budget).
7. The 2016-2017 budget includes an increase in the estimated number of Adult Basic Education (ABE) students compared to the prior year. The increase in the estimated number is based on the 2015-16 actual enrolment in the ABE program.
8. The 2016-2017 additional cost associated with the collective agreement with the teachers has been included in the teachers' salaries. There is also an increase due to the new universal snack program for all kindergarten students in the division and a universal snack program for all of the students at Central Park School. Both programs started during 2015-16 but were not included in the budget.
9. The 2016-2017 increase relates to the cafeteria salary increases associated with support staff.
10. As the payments on the loan for the construction of the Hudson Bay Community School capital project progress, the amount of interest expense decreases and the amount of the principal repayment increases.

**North East School Division
Capital Expenditures: Budget 2016-17**

	Budget 2016-17	Budget 2015-16
Tisdale Office and Transportation Building (note 1)	\$ 2,638,000	2,300,000
Computer hardware (note 2)	803,888	1,205,468
School buses (note 3)	721,000	553,363
Furniture and equipment (note 2)	321,945	441,777
Playground equipment	78,000	258,000
Vehicles	50,000	90,000
Computer software	40,000	35,500
Hudson Bay Community School	-	479,351
	<u>\$ 4,652,833</u>	<u>5,363,459</u>
<u>Notes:</u>		
1. The renovation at the Tisdale Office and Transportation Building did not start in 2015-16. There are plans for this project to be done during the 2016-17 fiscal year.		
2. The threshold for reporting tangible capital assets will change from \$500 to \$1,000 starting on September 1, 2016. The overall computer hardware and furniture and equipment budgets have not decreased, only the allocations between capital and operating budgets have changed.		
3. The number of buses has remained consistent in Budget 2016-17 and Budget 2015-16. The high value of the United States dollar compared to the Canadian dollar has a negative impact on the amount that needs to be included in the budget.		

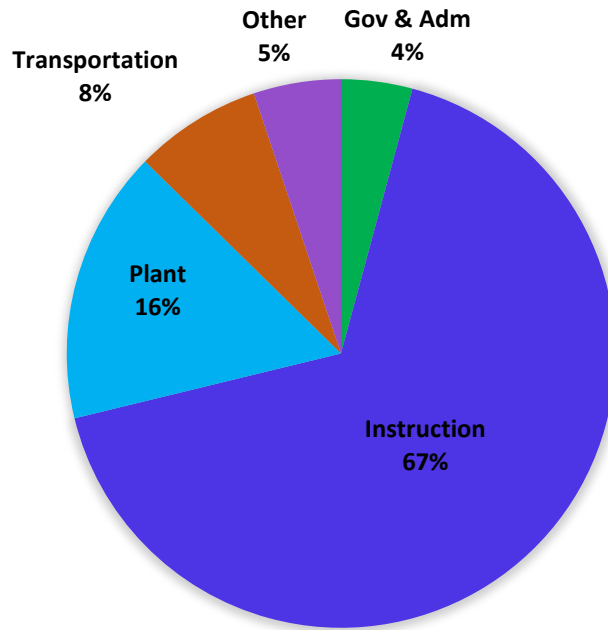
**North East School Division
Budget 2016-17**



Note: The 2015-16 budgeted property taxation revenues were based on the estimates received from the Ministry of Education. The estimate was too low. If the correct numbers were used in 2015-16, the property taxation percentage would have been 18% and the percentage for grants would have been 77%.

North East School Division
Budget 2016-17

BUDGET 2016-17: EXPENSES



BUDGET 2015-16: EXPENSES

