

**North East School Division  
2017-18 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, 2017 to August 31, 2018 as detailed in the *2017-18 Budget Report*.**

**North East School Division****Budget 2017-18****Statement of Operations****(Prepared using Public Sector Accounting Board (PSAB) Standards)**

	Notes	2017-18 Budget	2016-17 Budget	Variance
<b>Revenues</b>				
Property taxation	1	\$ 3,954,550	\$ 11,010,960	\$ (7,056,410)
Grants	2	50,847,242	44,960,995	5,886,247
Tuition and related fees	3	722,511	571,000	151,511
School generated funds	4	1,127,100	1,029,150	97,950
Complementary services		590,220	608,832	(18,612)
External services		132,698	130,143	2,555
Other	5	601,977	574,600	27,377
<b>Total revenues</b>		<b>\$ 57,976,298</b>	<b>\$ 58,885,680</b>	<b>\$ (909,382)</b>
<b>Expenses</b>				
Governance	6	\$ 236,736	\$ 459,450	\$ (222,714)
Administration	7	2,135,409	2,203,421	(68,012)
Instruction	8	41,858,631	42,490,888	(632,257)
Plant	9	10,417,683	10,238,897	178,786
Transportation	10	4,504,766	4,762,053	(257,287)
Tuition and related fees		290,500	275,000	15,500
School generated funds	11	1,032,173	949,206	82,967
Complementary services		1,461,441	1,450,215	11,226
External services		233,176	228,208	4,968
Other expenses	12	347,267	362,755	(15,488)
<b>Total expenses</b>		<b>62,517,782</b>	<b>63,420,093</b>	<b>(902,311)</b>
<b>Deficit</b>		<b>\$ (4,541,484)</b>	<b>\$ (4,534,413)</b>	<b>\$ (7,071)</b>

North East School Division  
 Budget 2017-18  
 Conversion to Cash Basis and Balancing the Budget

	2017-18 Budget	2016-17 Budget	Variance
PSAB deficit	\$ (4,541,484)	\$ (4,534,413)	\$ (7,071)
<b>Tangible Capital Assets:</b>			
Purchases	(2,878,257)	(4,652,833)	1,774,576
Proceeds from disposals	12,000	8,000	4,000
<b>Long Term Debt:</b>			
Repayments for the year	(357,063)	(342,539)	(14,524)
<b>Non-cash items:</b>			
Amortization expense	4,454,941	4,240,208	214,733
Gain on disposals of tangible capital assets	(12,000)	(8,000)	(4,000)
Employee Future Benefits expenses	102,400	93,500	8,900
<b>Other cash requirements:</b>			
Employee Future Benefits expected payments	(27,800)	(17,000)	(10,800)
<b>Deficit cash for the year</b>	<b>\$ (3,247,263)</b>	<b>\$ (5,213,077)</b>	<b>\$ (1,965,814)</b>
<b>Changes to the accumulated surplus (use of reserves):</b>			
<i>Internally restricted accumulated surplus:</i>			
Tisdale Office and Transportation Building (capital)	350,000	2,638,000	2,288,000
NESIP grants to schools	214,950	396,954	182,004
ISSI carryover	-	10,558	10,558
School generated funds (net change)	23,576	23,056	(520)
Violent Threat Risk Assessment Training	-	8,000	8,000
Computer hardware replacement (capital)	550,000	-	(550,000)
Teachers for diversity and small schools	84,489	-	(84,489)
School bus replacement (capital)	721,000	-	(721,000)
Vehicle replacements (capital)	50,000	-	(50,000)
<i>Preventative Maintenance and Renewal (PMR) Funding:</i>			-
Projects	1,200,000	1,200,000	-
PMR funding	(1,335,506)	(1,162,000)	173,506
<i>Unrestricted accumulated surplus:</i>			
Technology upgrades and software (capital)	862,502	-	(862,502)
Demolition of Stewart Hawke School building	300,000	-	(300,000)
Facilities - equipment replacement (capital)	70,000	-	(70,000)
Furniture and equipment (capital)	156,252	-	(156,252)
Enrolment estimates (January projections too low)	-	300,000	300,000
Funding shortfall in provincial allocation	-	1,773,509	1,773,509
New van at MUCC	-	25,000	25,000
<b>Balanced budget after use of accumulated surplus</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**North East School Division  
Budget 2017-18  
Notes (to Statement of Operations)**

1. The province increased the mill rates as of January 1, 2017. As a result, there was an increase in the property tax revenues for 2017-18 (\$850,000). However, starting January 1, 2018, the province will be collecting the education property tax revenues directly from the municipalities. Therefore, the education property tax revenues from January 1 to August 31, 2018 will be reported as "grants" in the financial statements.
2. There was a decrease of approximately \$1.5 million to the operating grants from the province. However, as mentioned in note 1, the education property tax revenues from January 1 to August 31, 2018 will be reported as "grants" in the financial statements.
3. The budget for the number of students from First Nation reserves has increased in 2017-18 to 59 students (46 in 2016-17). This number agrees to the calculations in the 2017-18 operating grant.
4. The school generated funds have increased due to the Provincial Student Leadership Conference at TMSS planned for the fall of 2017.
5. Other revenues have increased because the school division plans to use the p-cards more often. A rebate is received from BMO based on the total dollar value of the transactions during the year.
6. Governance expenses have been reduced to reflect the capped expenditure level imposed by the Ministry of Education.
7. Administration expenses have decreased. The following expenses have been reduced in this area: professional development, computer supplies and services, natural gas costs for division office.
8. Instruction expenses have decreased: there are 4.0 FTE less teachers due to the enrolment decline and the grades 9 to 12 moving to Melfort from Gronlid; 1.0 FTE less occupational therapist; 1.0 FTE less counselling consultant. The decreases are after the CUPE contractual increase. Due to a change in accounting policy (to coincide with the Ministry of Education guidelines), approximately \$300,000 moved from instructional expenses to tangible capital assets.
9. Plant expenses have increased due to \$300,000 being added for the demolition of the Stewart Hawke School building in Hudson Bay. The CUPE contractual increase has been included in this area. Overall utility costs have decreased by approximately \$150,000 due to a more favorable natural gas contract.
10. Transportation expenses have decreased: predicting the diesel prices can be difficult, a less conservative estimate has been used; the renovations at the Tisdale Bus Shop have been downscaled, this causes the amortization expense to also decrease; the more favorable natural gas contract also decreases the building operating costs (at the Tisdale Transportation and Technology Office).
11. The school generated fund expenses have increased due to the Provincial Student Leadership Conference at TMSS planned for the fall of 2017.
12. Other expenses represent the interest portion of the loan for the construction of the Hudson Bay Community School.

**North East School Division  
Budget 2017-18  
Tangible Capital Assets**

	Notes	2017-18 Budget	2016-17 Budget	Variance
Tisdale Transportation and Technology Office (note 1)	1	\$ 350,000	\$ 2,638,000	\$ (2,288,000)
Computer hardware (note 2)	2	1,407,752	803,888	603,864
School buses	3	721,000	721,000	-
Furniture and equipment	4	259,505	321,945	(62,440)
Playground equipment		65,000	78,000	(13,000)
Vehicles		50,000	50,000	-
Computer software		25,000	40,000	(15,000)
<b>Total tangible capital assets</b>		<b>\$ 2,878,257</b>	<b>\$ 4,652,833</b>	<b>\$ (1,774,576)</b>

**Notes:**

1. As per the information from the contractor, the project should be completed by September 30, 2017. This represents the portion of the \$1.5 million project that will be completed during the 2017-18 fiscal year. During the 2016-17 fiscal year, the scope of the Tisdale Transportation and Technology Office decreased causing the budget to decrease to \$1.5 million.

2. Includes the \$550,000 funded from the internally restricted accumulated surplus for the replacement technology for students: iPads (310) and laptops (445) purchased in 2014. In addition, this includes approximately 380 iPads - for students (280) and instructional staff (100); 195 all-in-ones technology for student computer labs. Various other technology for schools and students are included in this budget. The change in the methodology for capitalization also moved some costs from operational expenses to tangible capital asset expenditures in 2017-18.

3. Similar to 2016-17, there are plans to purchase six school buses during 2017-18.

4. In 2016-17, there were expenditures included with furniture and equipment that related to the Voice Over Internet Protocol (VoIP) (telephone renewal and replacement). No costs are required in the 2017-18 budget for this project.

