

**North East School Division
2018-19 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, 2018 to August 31, 2019 as detailed in the *2018-19 Budget Report*.

North East School Division**Budget 2018-19****Statement of Operations****(Prepared using Public Sector Accounting Board (PSAB) Standards)**

	Notes	2018-19 Budget	2017-18 Budget	Variance
Revenues				
Property taxation	1	\$ -	\$ 3,954,550	\$ (3,954,550)
Grants	2	55,199,772	50,847,242	4,352,530
Tuition and related fees	3	710,400	722,511	(12,111)
School generated funds	4	982,950	1,127,100	(144,150)
Complementary services		600,996	590,220	10,776
External services	5	280,000	132,698	147,302
Other	6	642,000	601,977	40,023
Total revenues		\$ 58,416,118	\$ 57,976,298	\$ 439,820
Expenses				
Governance	7	\$ 241,900	\$ 236,736	\$ 5,164
Administration	8	2,289,287	2,135,409	153,878
Instruction	9	42,043,682	41,858,631	185,051
Plant	10	9,960,118	10,417,683	(457,565)
Transportation	11	4,479,089	4,504,766	(25,677)
Tuition and related fees		289,750	290,500	(750)
School generated funds	4	963,573	1,032,173	(68,600)
Complementary services		1,483,259	1,461,441	21,818
External services	5	387,851	233,176	154,675
Other expenses	12	332,876	347,267	(14,391)
Total expenses		62,471,385	62,517,782	(46,397)
Deficit		\$ (4,055,267)	\$ (4,541,484)	\$ 486,217

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Conversion to Cash Basis and Balancing the Budget

	2018-19 Budget	2017-18 Budget	Variance
PSAB deficit	\$ (4,055,267)	\$ (4,541,484)	\$ 486,217
Tangible Capital Assets:			
Purchases	(2,451,059)	(2,878,257)	427,198
Proceeds from disposals	14,000	12,000	2,000
Long Term Debt:			
Repayments for the year	(372,204)	(357,063)	(15,141)
Non-cash items:			
Amortization expense	4,464,406	4,454,941	9,465
Gain on disposals of tangible capital assets	(14,000)	(12,000)	(2,000)
Net - employee future benefits	-	74,600	(74,600)
Deficit cash for the year	\$ (2,414,124)	\$ (3,247,263)	\$ (833,139)
Changes to the accumulated surplus (use of reserves):			
<i>Internally restricted accumulated surplus (ongoing):</i>			
School bus replacement (capital)	660,000	721,000	61,000
Vehicle replacements (capital)	120,000	50,000	(70,000)
<i>Unrestricted accumulated surplus (ongoing):</i>			
Technology upgrades (capital)	780,187	862,502	82,315
Facilities - equipment replacement (capital)	70,000	70,000	-
Furniture and equipment (capital)	169,371	156,252	(13,119)
	<u>1,799,558</u>	<u>1,859,754</u>	<u>60,196</u>
<i>Internally restricted accumulated surplus:</i>			
School generated funds (net change)	96,726	23,576	(73,150)
Teachers for diversity and small schools	70,000	84,489	14,489
Upgrade software (finance/HR/payroll/transportation) (capital)	195,000	-	(195,000)
Invitational Shared Services Initiative (ISSI)	5,840	-	(5,840)
Contingency - Maude Burke School addition (capital)	250,000	-	(250,000)
Surveillance equipment replacement	152,000	-	(152,000)
Tisdale Office and Transportation Building (capital)	-	350,000	350,000
NESIP grants to schools	-	214,950	214,950
Computer hardware replacement (capital)	-	550,000	550,000
	<u>769,566</u>	<u>1,223,015</u>	<u>453,449</u>
Demolition of Stewart Hawke School building	-	300,000	300,000
<i>Preventative Maintenance and Renewal (PMR) Funding:</i>			
PMR projects	1,375,000	1,200,000	(175,000)
PMR funding	(1,530,000)	(1,335,506)	194,494
	<u>(155,000)</u>	<u>(135,506)</u>	<u>19,494</u>
Balanced budget after use of accumulated surplus	\$ -	\$ -	\$ -

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Notes (to Statement of Operations)

1. As of January 1, 2018, the province started collecting the education property tax revenues directly from the municipalities. Prior to this date, the education property taxes were collected by school divisions and reported as revenues by the school divisions.
2. Operating grant revenue information was provided by the Ministry of Education when the provincial budget was announced. There is an anticipated reduction in enrolment at NESD of 13.25 full time equivalent students as of September 30, 2018 (compared to the September 30, 2017 estimate). The September 30, 2018 estimated enrolment is 22.5 full time equivalent students less than the actual September 30, 2017 enrolment. Full time equivalent students: home based, prekindergarten and kindergarten students are counted as 0.50 in the calculation.

As mentioned in the property taxation revenue section, the province started collecting the education property taxes directly from the municipalities. The property tax revenues are now all being reported as operating grants and this results in an increase of approximately \$4 million to the grant revenues.
3. The budget for the number of students from First Nation authorities has decreased in 2018-19 to 58 students (59 in 2017-18). This number agrees to the calculations in the 2018-19 operating grant.
4. The school generated funds have decreased due to the Provincial Student Leadership Conference at Tisdale Middle and Secondary School (TMSS) that occurred during the fall of 2017. There is no similar event in 2018-19.
5. The new chart of accounts guidelines of the Ministry of Education requires ISSI (Invitational Shared Services Initiative) revenues and expenses to be reported as external services. In 2017-18, ISSI revenue was reported with grants and the expense was reported as instructional expenses.
6. Other revenues have increased because there is an anticipated increase in investment income.
7. In 2017-18, the budget reflected the capped governance expenditure level imposed by the Ministry of Education. Governance is not capped (by the Ministry) in the 18-19 budget. The 2018-19 budget includes an increase in professional development expenses: assumes that each board member attends the Saskatchewan School Boards Association (SSBA) fall and spring assemblies. In the 2017-18 budget, professional development for all board members was capped at \$7,500. There has been a reduction in the 2018-19 budget from ten board members to nine. Due to new guidelines from the Ministry of Education, the costs associated with the Annual Staff Appreciation Banquet have been removed from governance.
8. The following resulted in additional administrative expenses: an increase in recruitment costs, the restructuring of the business administration department, amortization for software upgrades and the reclassification of the Annual Staff Appreciation Banquet to administration (from governance).
9. Instruction expenses have increased mainly due to the anticipated increase in benefit costs associated with premium increases and the addition of a second option for an Employee and Family Assistance Program (EFAP) available to teachers. In addition, 200 additional substitute days have been included for the professional development required as a result of the new student information system planned for 2019-20.
10. Plant expenses have decreased in 2018-19 primarily due to \$300,000 being added to the 2017-18 budget for the demolition of the Stewart Hawke School building in Hudson Bay. This cost is not required in 2018-19. There was also a decrease due to less amortization expense as the majority of the costs associated with the Tisdale Transportation and Technology renovations being reported as expenses (and not as a tangible capital asset as originally planned in the 17-18 budget).
11. Transportation expenses have decreased: there was a restructuring of the business administration department and a reduction of one mechanic helper. To a lesser extent, there were increases in this area: due to an adjustment to the school bus fuel budget for 2018-19 (based on 2017-18 actuals to date) and additional amortization with the planned purchase of software for this department.
12. Other expenses represent the interest portion of the loan for the construction of the Hudson Bay Community School.

**North East School Division
Budget 2018-19
Tangible Capital Assets**

	Notes	2018-19 Budget	2017-18 Budget	Variance
Maude Burke School addition	1	\$ 250,000	\$ -	\$ 250,000
Computer hardware	2	906,188	1,407,752	(501,564)
School buses	3	660,000	721,000	(61,000)
Furniture and equipment	4	239,371	259,505	(20,134)
Playground equipment		55,500	65,000	(9,500)
Vehicles	5	120,000	50,000	70,000
Computer software	6	220,000	25,000	195,000
Tisdale Transportation and Technology Office	7	-	350,000	(350,000)
Total tangible capital assets		\$ 2,451,059	\$ 2,878,257	\$ (427,198)

Notes:

1. The Board and the Ministry of Education have approved an addition of two classrooms onto Maude Burke School. The budgeted total cost is \$800,000. The project will start in 2017-18 and it is estimated that a portion will be completed during the 2018-19 fiscal year. The project was as a result of a board motion and Ministry approval during 2017-18 (it was not included in the 2017-18 budget).
2. In 2018-19, there are expenditures planned for surveillance equipment updates at various schools as well as other technology purchases. The 2017-18 budget included \$550,000 funded from the internally restricted accumulated surplus for the replacement technology for students: replacement of iPads and laptops that were originally purchased in 2014.
3. Similar to 2017-18, there are plans to purchase six school buses during 2018-19.
4. Schools are planning to order less school furniture as a result of the additional funds provided by the Board for school furniture in 2016-17 and 2017-18.
5. There are three replacement vehicles required in 2018-19.
6. Human resources/payroll and finance software upgrades are required. This software is six versions behind the most current version. In addition, the increase is due to cost estimates for software replacements for transportation services. The current software in this department is ten years old. Software will include: routing, fleet maintenance, GPS and potentially bus communications.
7. The renovation and addition at the Tisdale Transportation and Technology Office was completed during 2017-18.

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