

**North East School Division
2019-20 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, 2019 to August 31, 2020 as detailed in the *2019-20 Budget Report*.

North East School Division**Budget 2019-20****Statement of Operations****(Prepared using Public Sector Accounting Board (PSAB) Standards)**

	Notes	2019-20 Budget	2018-19 Budget	Variance
Revenues				
Grants	1	\$ 55,830,238	\$ 55,199,772	\$ 630,466
Tuition and related fees	2	870,800	710,400	160,400
School generated funds	3	1,145,825	982,950	162,875
Complementary services		606,828	600,996	5,832
External services		273,500	280,000	(6,500)
Other	4	733,600	642,000	91,600
Total revenues		\$ 59,460,791	\$ 58,416,118	\$ 1,044,673
Expenses				
Governance		\$ 257,775	\$ 241,900	\$ 15,875
Administration	5	2,386,330	2,289,287	97,043
Instruction	6	42,388,402	42,043,682	344,720
Plant	7	12,626,153	9,960,118	2,666,035
Transportation	8	4,670,386	4,479,089	191,297
Tuition and related fees	9	254,980	289,750	(34,770)
School generated funds	3	1,005,586	963,573	42,013
Complementary services		1,494,499	1,483,259	11,240
External services		366,580	387,851	(21,271)
Other expenses		317,094	332,876	(15,782)
Total expenses		65,767,785	62,471,385	3,296,400
Deficit		\$ (6,306,994)	\$ (4,055,267)	\$ (2,251,727)

North East School Division
Budget 2019-20
Conversion to Cash Basis and Balancing the Budget

	2019-20 Budget	2018-19 Budget	Variance
PSAB deficit	\$ (6,306,994)	\$ (4,055,267)	\$ (2,251,727)
Tangible Capital Assets:			
Purchases	(1,903,445)	(2,451,059)	547,614
Proceeds from disposals	14,000	14,000	-
Long Term Debt:			
Repayments for the year	(387,986)	(372,204)	(15,782)
Non-cash items:			
Amortization expense	4,278,591	4,464,406	(185,815)
Gain on disposals of tangible capital assets	(14,000)	(14,000)	-
Employee Future Benefits expenses	67,000	-	67,000
Other cash requirements			
Employee Future Benefits expected payments	(16,500)	-	(16,500)
Deficit cash for the year	\$ (4,269,334)	\$ (2,414,124)	\$ 1,855,210
Changes to the accumulated surplus (use of reserves):			
<i>Internally restricted accumulated surplus (ongoing):</i>			
School bus replacement (capital)	675,000	660,000	(15,000)
Vehicle replacements (capital)	-	120,000	120,000
<i>Unrestricted accumulated surplus (ongoing):</i>			
Technology upgrades (capital)	762,050	780,187	18,137
Facilities - equipment replacement (capital)	75,000	70,000	(5,000)
Furniture and equipment (capital)	121,115	169,371	48,256
	<u>1,633,165</u>	<u>1,799,558</u>	<u>166,393</u>
<i>Internally restricted accumulated surplus:</i>			
Contingency - LED Project	1,500,000	-	(1,500,000)
Contingency	398,528	-	(398,528)
Contingency - Carbon Tax costs	150,000	-	(150,000)
School generated funds (net change)	130,041	96,726	(33,315)
School carry forwards (capital)	70,000	-	(70,000)
Following Their Voices	25,000	-	(25,000)
Teachers for diversity and small schools	-	70,000	70,000
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
	<u>2,273,569</u>	<u>769,566</u>	<u>(1,504,003)</u>
<i>Preventative Maintenance and Renewal (PMR) Funding:</i>			
PMR projects	2,113,600	1,375,000	(738,600)
PMR funding	(1,751,000)	(1,530,000)	221,000
	<u>362,600</u>	<u>(155,000)</u>	<u>(517,600)</u>
Balanced budget after use of accumulated surplus	\$ -	\$ -	\$ -

**North East School Division
Budget 2019-20
Notes (to Statement of Operations)**

1. The operating grant for the school division increased by approximately \$307,000 and the Preventative Maintenance and Renewal (PMR) grant is estimated to increase by \$221,000. The PMR grant is based on the actual amount received for the 2018-19 fiscal year of the school division. There is also approximately \$100,000 budgeted for Following Their Voices that is taking place at L.P. Miller Comprehensive School.
2. The majority of this increase relates to the Federal Tuition Capital Holdback of \$150,000 that has been recognized as revenue in the 2019-20 budget. The funds will be used for minor renovation projects at Melfort and Unit Comprehensive Collegiate (MUCC).
3. There has been work done to help ensure the budget for the School Generated Funds is closer to the actuals for 2019-20. The principals prepare the budget for the school generated funds.
4. The budget for the investment income has increased by \$65,000 compared to the budget for the prior year. The anticipated interest rate for the chequing account is more favorable. Rental income has increased by \$24,600 to coincide with the actual rental income earned during past years.
5. The increase in administration expenses compared to last year is primarily as a result of the following: staff receiving increments within the pay grids and benefit premium increases greater than inflation. In addition, there was a reclassification completed: AESOP had been reported as an instruction expense in the past and is now being reported as administration. Employee Services has included a new recruiting and hiring software in the 2019-20 budget.
6. The instruction expense increase compared to last year is primarily as a result of the following: there is a 1% salary increase for teachers as of August 31, 2019, teachers who are not at the top of the pay grids receive increments, benefit premiums increases greater than inflation, the Saskatchewan Professional Teachers Regulatory Board (SPTRB) fees will be paid by school divisions for the first time in 2019-20 and there will be new curriculum in the schools. There is also a decrease in the number of full-time equivalent teachers due to expected enrolment decline, reductions at the small schools and reductions due to budget pressures.
7. The minor renovation expense has increased by \$2,388,600 in the 2019-20 budget: \$1.5 million relates to the LED project at all schools, \$738,600 relates to additional money spent on PMR projects (fully funded with restricted funding from the province), \$150,000 relates to projects funded with the Federal tuition holdback. The carbon tax has also increased the utility costs of the schools and other school division buildings. The LED project is the updating of all lights at all schools with LED lighting. With the energy savings from this project, there is an expected payback time period of approximately 6.5 years.
8. Transportation costs have increased due to the following: carbon tax has been added to the fuel costs and fuel costs have increased during 2018-19 (this new higher cost is reflected in the 2019-20 budget). The benefit premiums have also increased by more than inflation.
9. Tuition expense is the tuition paid to Cumberland College for the students under 22 years of age taking Adult Basic Education. There are less students projected to enroll in the program in 2019-20. This is based on the actuals in 2018-19. The initiative is fully funded by the Ministry of Education.

**North East School Division
Budget 2019-20
Tangible Capital Assets**

	Notes	2019-20 Budget	2018-19 Budget	Variance
Computer hardware	1	772,280	906,188	(133,908)
School buses		675,000	660,000	15,000
Furniture and equipment		251,115	239,371	11,744
Playground equipment	2	179,550	55,500	124,050
Vehicles		-	120,000	(120,000)
Computer software		25,500	220,000	(194,500)
Maude Burke School addition	3	-	250,000	(250,000)
Total tangible capital assets		\$ 1,903,445	\$ 2,451,059	\$ (547,614)

Notes:

1. The purchases planned in 2019-20: 180 laptops, 325 desktops, 20 Chromebooks, 5 switches and 50 replacement access points.
2. There are more playground and outdoor space development planned by the schools in 2019-20. School generated funds are used to purchase the playground and outdoor space development.
3. The Maude Burke Elementary School addition was substantially completed in September 2018.

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Budget 2019-2020

