

**North East School Division
2020-21 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, 2020 to August 31, 2021 as detailed in the *2020-21 Budget Report*.

North East School Division**Budget 2020-21****Statement of Operations****(Prepared using Public Sector Accounting Board (PSAB) Standards)**

	Notes	2020-21 Budget	2019-20 Budget	Variance
Revenues				
Grants	1	\$ 57,563,166	\$ 55,830,238	\$ 1,732,928
Tuition and related fees	2	589,800	870,800	(281,000)
School generated funds		1,161,575	1,145,825	15,750
Complementary services		617,504	606,828	10,676
External services		262,000	273,500	(11,500)
Other	3	528,600	733,600	(205,000)
Total revenues		\$ 60,722,645	\$ 59,460,791	\$ 1,261,854
Expenses				
Governance	4	\$ 285,875	\$ 257,775	\$ 28,100
Administration	5	2,610,718	2,386,330	224,388
Instruction	6	42,461,056	42,388,402	72,654
Plant	7	9,964,278	12,626,153	(2,661,875)
Transportation		4,710,276	4,670,386	39,890
Tuition and related fees		267,520	254,980	12,540
School generated funds		1,074,236	1,005,586	68,650
Complementary services		1,454,684	1,494,499	(39,815)
External services		365,073	366,580	(1,507)
Other expenses		300,643	317,094	(16,451)
Total expenses		63,494,359	65,767,785	(2,273,426)
Deficit		\$ (2,771,714)	\$ (6,306,994)	\$ 3,535,280

**North East School Division
Budget 2020-21
Conversion to Cash Basis and Balancing the Budget**

	2020-21 Budget	2019-20 Budget	Variance
PSAB deficit	\$ (2,771,714)	\$ (6,306,994)	\$ 3,535,280
Tangible Capital Assets:			
Purchases	(2,804,198)	(1,903,445)	(900,753)
Proceeds from disposals	11,000	14,000	(3,000)
Long Term Debt:			
Repayments for the year	(404,438)	(387,986)	(16,452)
Non-cash items:			
Amortization expense	4,209,841	4,278,591	(68,750)
Gain on disposals of tangible capital assets	(11,000)	(14,000)	3,000
Employee Future Benefits expenses	81,400	67,000	14,400
Other cash requirements			
Employee Future Benefits expected payments	(21,400)	(16,500)	(4,900)
Deficit cash for the year	\$ (1,710,509)	\$ (4,269,334)	\$ 2,558,825
Changes to the accumulated surplus (use of reserves):			
<i>Internally restricted accumulated surplus:</i>			
School bus replacement	706,000	675,000	31,000
Vehicle replacement	120,000	-	120,000
<i>Unrestricted accumulated surplus:</i>			
Technology upgrades (capital)	190,398	762,050	(571,652)
Technology upgrades (operating in 2019-20)	487,506	-	487,506
Facilities - equipment replacement	75,000	75,000	-
Furniture and equipment	98,800	121,115	(22,315)
	<u>1,677,704</u>	<u>1,633,165</u>	<u>44,539</u>
<i>Internally restricted accumulated surplus:</i>			
Contingency - LED Project	(200,000)	1,500,000	(1,700,000)
Contingency	-	398,528	(398,528)
Visible Learning	(170,000)	-	(170,000)
Chemistry Labs in Schools - Chemical Clean-up	150,000	-	150,000
Computer Software Replacement and Software Upgrade	330,000	-	330,000
Contingency - Carbon Tax costs	175,000	150,000	25,000
Surveillance Equipment Replacement	55,000	-	55,000
Digital Projector Replacement	20,000	-	20,000
School Generated Funds (net change)	(22,561)	130,041	(152,602)
School Carry Forwards	-	70,000	(70,000)
Following Their Voices	-	25,000	(25,000)
	<u>337,439</u>	<u>2,273,569</u>	<u>(1,936,130)</u>
<i>Preventative Maintenance and Renewal (PMR) Funding:</i>			
PMR projects	1,275,760	2,113,600	(837,840)
PMR funding	(1,580,394)	(1,751,000)	170,606
	<u>(304,634)</u>	<u>362,600</u>	<u>(667,234)</u>
Balanced budget after use of accumulated surplus	\$ -	\$ -	\$ -

North East School Division
Budget 2020-21
Notes (to Statement of Operations)

1. The operating grant includes funding for the salary increase of the teachers on September 1, 2020 as a result of the anticipated new collective bargaining agreement. There is a provincial capital grant of \$1.1 million included in the budget for the planning and design of the new kindergarten to grade twelve Carrot River school. This project was approved by the province in March 2020. The budget for the Preventative Maintenance and Renewal funding has decreased by approximately \$171,000.
2. The estimated number of federally funded students has decreased in the 2020-21 budget (compared to the 2019-20 budget) by thirteen students. In addition, the tuition rate is anticipated to decrease in 2020-21 because the expenses in 2020-21 are estimated to be lower than in 2019-20. The tuition rate changes every year and is a calculation based on the expenses of a school division.
3. Other revenues have decreased. The projected interest rate for investments is anticipated to continue to be low. The interest earned by the school division is currently at 0.9%. The 2019-20 budget was based on an interest rate of 2.1%.
4. Governance expenses include \$27,000 for the estimated cost of the school board elections that will take place on November 9, 2020.
5. Administration expenses include the additional costs associated with the new software for finance/HR/payroll. As a result of this anticipated purchase, the estimated annual fee and the amortization of the new software have been included.
6. The teachers' salary increase at September 1, 2020 as a result of the anticipated new collective bargaining agreement has been included. There has been a change to the administrative procedure for reporting tangible capital assets that will be effective September 1, 2020. To be consistent with the recommendation of the Ministry of Education, in 2020-21, an asset purchased that costs \$1,000 or more will be capitalized. As a result, many of the technology devices purchased would be less than this cost and reported as an expense and not as an asset. In 2020-21, there are over \$500,000 in computer hardware purchases that are reported as an instruction expense and would have been a tangible capital asset in past budgets. The amortization expense also decreased in 2020-21 because of the new threshold for capitalization. Amortization is a non-cash item.

In 2020-21, there is a reduction in full time equivalent teachers as a result of a new staffing formula and also the expected reduction in enrolment. The CUPE salary increase at September 1, 2020 as a result of the collective bargaining agreement has been included. Benefit premium increases are also reflected in the budget.

Due to budget cuts, the decentralized school budgets have been reduced. On an annual basis, schools historically have not spent all of their budget money.

7. Plant expenses have decreased by approximately \$2.67 million. In 2020-21, the Preventative Maintenance and Renewal budget has decreased by approximately \$838,000 (compared to 2019-20). In 2019-20, the LED project was included at an estimated cost of \$1.5 million. This was a one time project and there is nothing similar in the 2020-21 budget. A washroom renovation of \$175,000 was included in the 2019-20 budget and no similar project in 2020-21. The maintenance supervisor and a maintenance worker were not replaced and not included in the 2020-21 budget. Plant expenses are also reduced by approximately \$40,000 as part of the department reductions.

As a result of the LED project, the anticipated electrical savings of approximately \$200,000 has been reflected in the 2020-21 budget. There are also anticipated cost increases such as a CUPE salary increase and utility rate increases.

**North East School Division
Budget 2020-21
Tangible Capital Assets**

	Notes	2020-21 Budget	2019-20 Budget	Variance
New Carrot River school	1	\$ 1,100,000	-	1,100,000
Computer hardware	2	179,398	772,280	(592,882)
School buses		706,000	675,000	31,000
Furniture and equipment	2	173,800	251,115	(77,315)
Playground equipment		184,000	179,550	4,450
Vehicles	3	120,000	-	120,000
Computer software	4	341,000	25,500	315,500
Total tangible capital assets		\$ 2,804,198	\$ 1,903,445	\$ 900,753

Notes:

1. On March 18, 2020, the province announced the approval for the funding of the planning and design phase of the new kindergarten to grade twelve school in Carrot River.
2. As of September 1, 2020, there will be a change in accounting of the tangible capital assets. For assets that are pooled such as computer hardware, the threshold for capitalization is \$1,000. This is to be consistent with the provincial guidelines from the Ministry of Education.
3. The following vehicles are included the 2020-21 budget: two new half-ton trucks for the Facilities Department and one sports utility vehicle for Student Support Services.
4. A new human resources/payroll/finance software is included in the 2020-21 budget.

**North East School Division
Budget 2020-21**

