

**North East School Division
2023-24 Budget Report
Annual Operating and Capital Budget Estimates**

Proposed Board Motion:

That the Board of Education of the North East School Division approves the 2023-24 Budget as presented, including minor changes made after Ministry of Education’s review and approval.

Subsequent to the Budget Approval by the Board

After the budget was approved by the Board, the Ministry of Education instructed the school division to reclassify the revenues and expenses that relate to the high school driver education program. The revenues for this program moved from “grants” to “external services” and the expenses moved from “instruction” to “external services.” The requested changes are reflected in this document and do not have an impact on the budgeted surplus.

North East School Division**Budget 2023-24****Statement of Operations****(Prepared using Public Sector Accounting Board (PSAB) Standards)**

| | Notes | 2023-24 Budget | 2022-23 Revised Budget | Variance |
|--------------------------|-------|----------------------|---------------------------|-----------------------|
| Revenues | | | | |
| Grants | 1 | \$ 66,488,617 | \$ 69,448,965 | \$ (2,960,348) |
| Tuition and related fees | 2 | 498,066 | 552,838 | (54,772) |
| School generated funds | 3 | 1,147,499 | 993,100 | 154,399 |
| Complementary services | 4 | 843,732 | 731,154 | 112,578 |
| External services | 5 | 838,655 | 245,000 | 593,655 |
| Other | 6 | 2,007,700 | 716,500 | 1,291,200 |
| Total revenues | | \$ 71,824,269 | \$ 72,687,557 | \$ (863,288) |
| Expenses | | | | |
| Governance | | \$ 281,000 | \$ 276,960 | \$ 4,040 |
| Administration | 7 | 2,808,936 | 2,533,831 | 275,105 |
| Instruction | 8 | 44,504,122 | 44,074,531 | 429,591 |
| Plant | 9 | 12,234,112 | 10,404,873 | 1,829,239 |
| Transportation | 10 | 5,327,152 | 5,535,391 | (208,239) |
| Tuition and related fees | | 149,420 | 187,230 | (37,810) |
| School generated funds | | 889,601 | 957,086 | (67,485) |
| Complementary services | 11 | 1,707,279 | 1,510,763 | 196,516 |
| External services | 12 | 905,075 | 322,593 | 582,482 |
| Other expenses | | 246,983 | 265,623 | (18,640) |
| Total expenses | | 69,053,680 | 66,068,881 | 2,984,799 |
| Surplus | | \$ 2,770,589 | \$ 6,618,676 | \$ (3,848,087) |

**North East School Division
Budget 2023-24
Conversion to Cash Basis**

| | 2023-24 Budget | 2022-23 Revised Budget | Variance |
|--|---------------------------|-----------------------------------|-----------------------|
| PSAB surplus | \$ 2,770,589 | \$ 6,618,676 | \$ (3,848,087) |
| Tangible capital assets: | | | |
| Purchases | (11,012,218) | (12,348,057) | 1,335,839 |
| Proceeds from disposals | 11,000 | 11,000 | - |
| Long term debt: | | | |
| Repayments for the year | (458,097) | (439,463) | (18,634) |
| Non-cash items: | | | |
| Amortization expense | 4,909,080 | 4,284,400 | 624,680 |
| Gain on disposals of tangible capital assets | (11,000) | (11,000) | - |
| Employee Future Benefits expenses | 45,000 | 47,900 | (2,900) |
| Other cash requirements: | | | |
| Employee Future Benefits expected payments | (47,600) | (24,300) | (23,300) |
| Deficit cash for the year | <u>\$ (3,793,246)</u> | <u>\$ (1,860,844)</u> | <u>\$ (1,932,402)</u> |

North East School Division
Budget 2023-2024
Balancing the Budget

| | 2023-24 Budget | 2022-23 Revised Budget | Variance |
|---|-------------------|---------------------------|--------------------|
| Deficit cash for the year | \$ (3,793,246) | \$ (1,860,844) | \$ (1,932,402) |
| Changes to the accumulated surplus (use of reserves): | | | |
| <i>Internally restricted accumulated surplus (major capital project):</i> | | | |
| New School in Carrot River | 678,381 | - | 678,381 |
| <i>Internally restricted accumulated surplus (school controlled):</i> | | | |
| School Generated Funds (net change) | 158,702 | 242,830 | (84,128) |
| <i>Externally restricted accumulated surplus:</i> | | | |
| Playground equipment | 239,727 | - | 239,727 |
| <i>Unrestricted accumulated surplus:</i> | | | |
| <i>Annual purchases:</i> | | | |
| Technology (capital) | - | 9,592 | (9,592) |
| Technology (operating) | - | - | - |
| Carbon tax | - | 300,000 | (300,000) |
| <i>Not annual purchases:</i> | | | |
| Software | - | 179,795 | (179,795) |
| School decentralized carry forward | 4,000 | - | 4,000 |
| Updated enrolment projections | - | 186,000 | (186,000) |
| School buses - higher fuel costs | 320,000 | 550,000 | (230,000) |
| School bus two-way radios | - | 150,000 | (150,000) |
| | <u>324,000</u> | <u>1,375,387</u> | <u>(1,051,387)</u> |
| <i>Internally restricted accumulated surplus:</i> | | | |
| School Bus Replacement | 821,106 | 757,000 | 64,106 |
| Tisdale Early Years Family Resource Centre | (30,000) | - | (30,000) |
| New School in Carrot River | 75,000 | - | 75,000 |
| Vehicle Replacement | - | 50,000 | (50,000) |
| | <u>866,106</u> | <u>807,000</u> | <u>59,106</u> |
| <i>Preventative Maintenance and Renewal (PMR):</i> | | | |
| PMR projects - operating expenditures | 2,325,000 | 1,348,000 | 977,000 |
| PMR projects - Carrot River Valley School | 901,910 | - | 901,910 |
| PMR funding | (1,700,580) | (1,912,373) | 211,793 |
| | <u>1,526,330</u> | <u>(564,373)</u> | <u>2,090,703</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

North East School Division
Budget 2023-24
Notes (to Statement of Operations)

1. The operating grant from the province increased by approximately \$2.0 million. Approximately \$1.5 million of this increase will help fund the additional students expected in 2023-24 (compared to budget 2022-23) and inflationary pressures experienced by the school division. Approximately \$500,000 of this increase was provided by the province to fund classroom complexity. The teachers' Provincial Collective Bargaining Agreement expires on August 31, 2023. There was no funding provided for any anticipated increase to this agreement.

The Preventative Maintenance and Renewal grant has decreased by approximately \$200,000. This is based on the actual grant amount received in 2022-23.

The capital grants have decreased by approximately \$4.5 million compared to the prior year. The new school in Carrot River (Carrot River Valley School) is expected to be completed by November 2023. There are less grants as there is less work expected in 2023-24. In addition, the funding from the third party and the school division will be provided to the project in 2023-24. This decreases the reliance on the provincial capital grant during 2023-24.

2. There are less First Nations students expected during the 2023-24 fiscal year. First Nations students that live on reserves and attend schools at the North East School Division are funded by the federal government.

3. A school plans to receive grants and donations totaling approximately \$150,000 for playground equipment during 2023-24.

4. Complementary services revenue includes an increase of \$100,000 for the Early Learning Intensive Support grant from the province.

5. The North East School Division is the accountable partner for the Early Years Family Resource Centre in Tisdale. The grant will be provided by the provincial government and reported as external services revenue. There was no similar grant in the 2022-23 budget. In the 2023-24 budget, the Ministry of Education required a reclassification of the funds received from SGI for the driver education program to External Services.

6. The \$1 million donation from the third party to expand the size of the new school in Carrot River and also provide funding for the playground has been recognized in 2023-24. In addition, the interest income is expected to be more than 2022-23 due to the increase to the prime interest rate.

7. An additional superintendent of learning has been included to the 2023-24 budget. There was cost savings in the area of instruction to fund this position. Due to the feedback during the strategic planning process that was completed during 2022-23, a temporary communications consultant will be hired to ensure the needs of all employees are met. Similar to other budgets, the 2023-24 budget includes increment changes, salary and benefit premium increases.

8. Instruction has increased primarily due to an expected increase in salary costs and benefit premiums in 2023-24. There was a decrease of 2.0 full time equivalent (FTE) consultant positions. The educational associates have increased by 3.9 FTEs. Due to the scheduled replacement of technology, there are more devices to be purchased during 2023-24. The teachers' Provincial Collective Bargaining Agreement expires on August 31, 2023. There was no funding provided for any anticipated increase to this agreement and therefore, there is no estimated increase to the teachers' salaries in the budget.

9. The Preventative Maintenance and Renewal operating expenses in 2023-24 have increased by approximately \$977,000. Similar to prior years, there were also increases due to salary and benefit premium expected increases. During the 2023-24 school year, the new school in Carrot River will be ready for students which will result in the start of the amortization of the new school in Carrot River.

10. The cost of the fuel for the school buses is expected to be less than the budgeted amount in 2022-23.

11. Complementary services reflects the increase of \$100,000 in expenses as a result of the increase in grants from the province for the Early Learning Intensive Support program.

12. The North East School Division is the accountable partner for the Early Years Family Resource Centre in Tisdale. The grant will be provided by the provincial government. There was no similar grant in the 2022-23 budget. The expenses for the Family Resource Centre are being reported as external services. In the 2023-24 budget, the Ministry of Education required a reclassification of the expenses associated with the driver education program. In the 2022-23 budget, these costs were reflected in Instruction Expenses.

**North East School Division
Budget 2023-24
Tangible Capital Assets**

| | Notes | 2023-24 Budget | 2022-23 Revised Budget | Variance |
|--|--------------|---------------------------|-----------------------------------|-----------------------|
| Carrot River Valley School: | | | | |
| Construction | 1 | \$ 6,584,068 | \$ 10,667,000 | (4,082,932) |
| Site Work | 2 | 1,551,000 | - | 1,551,000 |
| Furniture and equipment | | 397,550 | - | 397,550 |
| Computer hardware | | 120,000 | - | 120,000 |
| Playground and related land improvements | | 530,000 | - | 530,000 |
| Computer hardware | | 156,000 | 179,200 | (23,200) |
| School buses | 3 | 945,000 | 757,000 | 188,000 |
| Furniture and equipment | 4 | 141,900 | 277,218 | (135,318) |
| Playground equipment and other land improvements | 5 | 299,500 | 236,844 | 62,656 |
| Vehicles | 6 | 214,000 | 50,000 | 164,000 |
| Computer software | 7 | 73,200 | 180,795 | (107,595) |
| Total tangible capital assets | | \$ 11,012,218 | \$ 12,348,057 | \$ (1,335,839) |

Notes:

1. Construction of the new school in Carrot River should be completed in November 2023.
2. Site work for the new school in Carrot River. This includes the demolition of the Carrot River Junior Senior High School.
3. The 2023-24 budget includes the purchase of two 70-passenger and four 52-passenger buses. The school division purchases six new school buses on an annual basis. The cost of the buses has been increasing.
4. The 2022-23 budget included the cost of replacing the two-way radios for the school buses. There is no similar cost in 2023-24.
5. The 2023-24 budget includes playground equipment for Reynolds Central School and land improvements at other schools. Playground equipment and land improvements at the schools will be funded with school generated funds.
6. Vehicle purchases planned in the 2023-24 budget: two student services vehicles, a van for cargo for the Information Technology Department and a truck for Transportation Services.
7. The 2022-23 budget included licenses for new servers that were purchased. There are no similar licenses/servers in 2023-24.

**North East School Division
Budget 2023-24**

