



**BOARD OF TRUSTEES
ELK ISLAND PUBLIC SCHOOLS**

SPECIAL
MEETING

MONDAY, SEPTEMBER 20, 2021

Board Room
Central Services
Administration Building

AGENDA

Mission Statement: To provide high-quality, student-centred education that builds strong, healthy communities.

- 1:00 pm 1. **CALL TO ORDER** T. Boymook
2. **AMENDMENTS TO AGENDA / ADOPTION OF AGENDA**
- NEW BUSINESS**
3. **BUDGET UPDATE AND REQUEST FOR DIVISION UNALLOCATED RESERVES** M. Liguori/C. Cole (encl.)
4. **TRUSTEES' REPORTS/NOTICES OF MOTIONS/REQUESTS FOR INFORMATION** (verbal)
- ADJOURNMENT

RECOMMENDATIONS TO SEPT. 20, 2021 BOARD OF TRUSTEES

2. That the Agenda be adopted as amended or as circulated.
3. That the Board of Trustees approve an increase in use of reserves for 2021-22 from Division Unallocated Reserves up to \$325,000 for Student Transportation due to the reduction in fee ridership revenue.



RECOMMENDATION REPORT

DATE: Sept. 20, 2021

TO: Board of Trustees

FROM: Mark Liguori, Superintendent

SUBJECT: 2021-22 Budget Updates and Request for Division Unallocated Reserves

ORIGINATOR: Candace Cole, Secretary-Treasurer

RESOURCE STAFF: Leah Lewis, Director, Financial Services
Carmine von Tettenborn, Director, Financial Services

REFERENCE: Policy 7: Board Operations

EIPS PRIORITY: Enhance high-quality learning and working environments.

EIPS GOAL: Quality infrastructure for all.

EIPS OUTCOME: Student learning is supported through the use of effective planning, management and investment in Division infrastructure.

RECOMMENDATION:

That the Board of Trustees approve an increase in use of reserves for 2021-22 from Division Unallocated Reserves up to \$325,000 for Student Transportation due to the reduction in fee ridership revenue.

BACKGROUND:

Given that the Board will likely not be meeting again until late October, administration feels it is prudent to inform the Board of various financial matters. Projections were completed in April and the 2021-22 budget was finalized in May. Additional information has come to light, and administration is requesting the Board consider an additional \$325,000 of funds from Division Unallocated Reserves for the 2021-22 year.

1. Updated Projection of Division Unallocated Reserves for August 31, 2022

Aug. 31, 2021 Estimate as per Spring Budget	\$10,654,112
Change in accounting rules (timing difference only)	(1,486,000)
Increase due to medical illness surplus	1,126,498
Increase due to other school/department surplus not accounted for (estimated)	1,500,000
Aug. 31, 2021 Estimate as of Sept. 3, 2021	\$11,794,610
Budgeted use of reserves as approved in the budget	(5,759,935)
Budgeted capital effect as approved in the budget	854,000
Change in accounting rules (timing difference only)	1,486,000
Additional funding for Home Education approved by Board in Sept. 2021	(200,000)
Aug. 31, 2022 Estimate as of Sept. 3, 2021	\$8,174,675

Division Unallocated reserves at Aug. 31, 2022 are estimated to be \$2.43 million higher than originally planned.

Changes to Accounting Estimates for 2020-21

For the year ending Aug. 31, 2021 there are:

- Savings in the illness budget that will allow for \$1.126 million to be moved into Division Unallocated Reserves.
- Other savings, conservatively estimated at \$1.5 million, not included in projections that will increase Division Unallocated Reserves further as schools and departments have reserves >1%.
 - Goods and services ordered prior to June have not yet delivered.
 - Projects are not completed as staff have had to re-prioritize their work due to COVID or staff shortages.
 - Actual surplus in various areas has exceeded projections – more information will come to the October Board meeting.

These above items increase Division Unallocated Reserves, however EIPS is restricted by Bill 5 and cannot spend additional reserves without government permission.

Change Due to COVID Mitigation Grant Recognition (timing difference only)

On August 26, secretary-treasurers across Alberta attended an Alberta School Business Officials of Alberta (ASBOA) meeting that was led by Alberta Education (AE). AE realized, very late in the process, that school boards were not handling the accounting of the Weighted Moving Average (WMA) shortfall for 2021 (drop in 2021 enrolment, resulting in a funding adjustment in future years) and the offsetting COVID Mitigation grant consistently. This is very problematic provincially when consolidating year-end results for school boards and evaluating their financial positions. To rectify this, AE went to the Office of the Auditor General and the Office of the Comptroller to obtain a ruling on how school boards should account for these two entries. AE shared those accounting guidelines with us at this meeting.

As a reminder to the Board, EIPS recorded both the WMA funding reduction and also the offsetting COVID Mitigation grant in the 2020-21 year based on our interpretation and confirmation from our auditors.

While AE agreed with our recording of the liability in 2020-21, they do not agree with the receivable (the COVID-19 Mitigation Funding) in the same year. The Government of Alberta has indicated it is a one-time grant and is not tied to the liability and thus, it needs to be recorded in 2021-22. We have informed our auditors, MNP, of the reason given for not recording the receivable in 2020-21. The reason is that it is not directly tied to the drop in the 2020-21 enrolment – the enrolment drop was only used to calculate the amount. We will be consistent with all other school boards and follow this accounting treatment.

MNP also reached out to AE for clarification. On September 3, MNP advised they are in agreement with AE's treatment of COVID funding not being recorded as a receivable this year.



This change has created a timing variance. By the end of Aug. 31, 2022, there is **no impact** on Division Unallocated Reserves with this change.

2. 2021-22 Enrolment Update

In looking at Sept 9. enrolment, we are seeing a decrease of 27 students from the spring budget (excluding Home Education and Next Step Outreach). Experience from last year has shown there will likely be a further decrease from now to September 30.

Surprisingly, some schools have had a significant increase (Ardrossan Elementary increased by 44 students) since the spring budget. We also know that others have had significant decreases. While we want to honor all increases at schools, we may not be able to completely. Funding is now calculated on a three-year moving average, and so for every increase to a school, we are only getting 50% of the funding in the current year.

C1.1 - Weighted Moving Average

Base instruction grants are allocated using the three-year Weighted Moving Average (WMA) enrolment of school authorities. Funding provided through the base instruction component does not allocate funding for specific **students** or schools. Rather, **WMA FTE enrolment** is used to allocate funding for the Early Childhood Services (ECS)-Grade 12 instructional activities of the entire **school jurisdiction**. The three-year WMA enrolment is calculated as follows:

School Year	Weighted Factor	Enrolment Count (FTE)
2019/20	20%	Actual
2020/21	30%	Estimate
2021/22	50%	Projection

In addition, based on numbers at a school with declining enrolment, we may not be able to make all reductions. There have been some significant reductions since spring as well (15 to 19 students at certain schools). Although hiring was completed based on spring numbers, staff can be re-deployed in some cases if classes are restructured. This cannot always happen, so in some cases, reductions cannot be fully made.

3. Student Transportation Update

In February of 2021, transportation requests for student riders with fees were 8,437; as of September 2021, current registered riders are 7,654. However, 261 of those 7,654 registered students have not paid fees nor indicated that they do not require busing and, should they not ride could potentially result in an additional shortfall of \$74,800 bringing the shortfall to \$325,000.

Student Transportation cannot cover this shortfall from their operating budget this year. The cut to expenditures would gravely affect ridership times and service.

4. 2021-22 Changes to Budget Estimates

Administration is currently gathering information on updates to other budget estimates completed this spring. Although still in preliminary stages, administration is planning to cover them through the contingency funding that was remaining in the Spring budget. Because the Student Transportation drop in ridership revenue is so significant, Administration is requesting this be funded from Division Unallocated Reserves.



RECOMMENDATION REPORT

5. Contingency Update for 2021-22

The contingency balance:

Contingency Balance as of spring budget	\$659,246
Principal consolidation (SAL and OUT)	143,246
Reduction due to decrease in enrolment (27)	(81,864)
Balance as of Sept. 9, 2021	\$720,628

Items to be covered by contingency in order of applicability:

- Significant enrolment changes
- Unforeseen costs that have arisen
- Treaty Six flags for each school and Central Services
- Late deliveries due to COVID
- Unfinished projects – staffing shortages, consultants could not arrive until a set time
- If there are any remaining funds, all enrolment changes will be addressed if possible

Again, administration is planning to cover the above costs by using contingency dollars. We are still gathering information on some of the above items. For example, final enrolment changes will not be known until Sept. 30, 2021.

COMMUNICATION PLAN:

If approved by the Board, administration will send in the request to the Minister to increase the use of Division Unallocated Reserves and incorporate this change into the 2021-22 Fall Budget.

ATTACHMENTS:

N/A