



BRANDON SCHOOL DIVISION

Finance and Facilities Committee Minutes

Monday, October 25, 2021 – 6:00 p.m.
Boardroom, Administration Office

Present: S. Bambridge C. Ekenna
K. Fallis B. Foley
D. Kejick L. Letain
J. Murray L. Ross

Also Present: D. Labossiere
M. Gustafson
J. Zilkey

Regrets: J. Gobeil
S. Gilleshammer

1. COMMITTEE ITEMS

A. **Presentation of 2020-2021 Financial Audit – BDO Canada LLP (Timed Event with Auditor – Mr. Todd Birkhan)**

Trustee Ross welcomed Mr. Todd Birkhan, the Division Auditor, and Ms. Clarissa Parr, Audit and Assurance Manager from BDO Canada LLP, to the meeting. Mr. Birkhan began his presentation by saying that there were no issues or misstatements with the audit, which indicates that the information provided to Trustees to make decisions throughout the year were correct.

Mr. Birkhan then reviewed the Final Audit Report addressed to the Board of Trustees, explaining the process involved in undertaking the audit. Mr. Birkhan spoke about the responsibilities of the auditor under the PSAB rules; reviewed the audit approach, the status of the audit, materiality used, audit findings, oversight process regarding fraud detection, internal control matters and other required communications. Mr. Birkhan answered Trustee questions.

The Committee agreed to move forward with the recommendation regarding acceptance of the Auditor's Report and the audited financial statements. Trustee Ross thanked Mr. Birkhan for attending and presenting the Financial Audit information to the Committee.

B. **2022-2023 Budget Preparations**

Budget Process

Mr. Labossiere reviewed the Budget Process Summary document.

Trustee Ekenna asked questions regarding student budget feedback. Mr. Labossiere responded that the Board currently does not meet with students, however, he indicated that Senior Administration meets with Principals who bring forward requests from the school level. Additional discussion took place regarding the Board meeting directly with students in future years to hear any budget requests they may have.

Budget Breakdown

Mr. Labossiere reviewed the Budget Breakdown of the current budget and the impact of salary settlements on the upcoming budget. He also noted that over 86% of the Division budget is in salaries and benefits.

2022-2023 Budget Preparation Memo

Mr. Labossiere reviewed the memo he provided to the Committee, which noted the following factors that will be taken into consideration while building the budget:

Expenses:

- **Inflation impact** on expenses – Manitoba Consumer Price Index (CPI) average increase for the months of January to September 2021 was 2.8% exceeding the 5-year average of 1.6% and the 10- and 20-year average of 1.8%. This CPI increase will have implications on:
 - controllable expenditures – less buying power (assuming no change in budget)
 - non-controllable expenditures – higher costs
 - salaries/benefits – higher costs as COLA is tied to the CPI
- **Enrollment** has steadily increased over the years except for 2020/2021 and 2021/2022 school years which are impacted by the COVID-19 pandemic. Costs for supplies, staffing, and services are impacted by enrollment changes.
- **Non-controllable expenditures** such as:
 - Utilities – water, natural gas, hydro, garbage – utility rates continue to increase and are subject to usage of our building and number of students and staff
 - Fuel / Propane for buses and vehicles – The price of propane in October has increase by 56.8% (from \$0.56 to \$0.88) over last year.
 - Property & vehicle insurance – Property and Liability Insurance increased by 20% (\$59,000) for 2021-2022 and is anticipated to increase further for 2022-2023.
 - Property Taxes
- **Controllable expenditures** consist of expenditures such as professional development, office supplies, cleaning supplies, information technology and equipment. Over the past 5 years (2016-2020 calendar year) the Board has provided direction to increase the associated budgets by an average of 1.1% (no increase in last 2 years) whereas the CPI increased by 1.6% during that time.
- **School instructional budgets** provide funds to schools for items such as learning resources, curriculum materials, supplies, photocopiers, school PD and field trips. These budgets are mainly based on enrollment and grants.
- **Capital Maintenance budget** is approximately 1.3% of the total budget and is used to maintain and keep the Divisions building functional. This includes general maintenance, emergency repairs, school requests, vehicle replacement and funds to address infrastructure items identified in the Ameresco report. This budget has not changed over the past 2 years except for enrollment changes.
- **Salaries:**
 - Collective agreements between employees and the Division employees were settled in 2021. The four (4) year agreements result in a budget increase for salaries of 2.3% (approximately \$2 million) based on the current CPI of 2.8%. The Collective agreements with BTA and CUPE expire June 30, 2022.
 - Staff increments for years of experience must also be factored into budget.
- **Staff Benefits** consist of the following:
 - Canada Pension Plan, Employment Insurance, Workers Compensation, Pension Plan (Non-Teaching Employees). At this time, benefits are expected to increase by a minimum of 6.8% (approximately \$460,000) due to collective agreement settlements, pension

changes and CPP increases in employer contribution and yearly maximum pensionable earnings.

- Leaves – parental, maternity, personal days, other leaves, sick time, substitute costs.

Revenue:

- **Enrollment:** changes in enrollment impacts funding to the Division.
- **Provincial Funding:** Grants, Equalization (based on non-supportable expenditures and property tax base), Tax Incentive Grant (TIG) phased out over 6 years (reduction of \$308,002 annually) was suspended for 2021-2022.
- **Revenue from other sources:** Revenue from other School Divisions, First Nations and Private Organizations have been impacted by COVID-19.
- **Special Requirement:** Last several years the Special Requirement has been capped at 2%, if it remains at 2% this would amount to \$1,003,374.
- **Special Levy:** Local property taxes collected through the Municipal Government and implications of budget increases from prior years (43.5% in current year, 56.5% in following year). For 2021-2022, the Minister directed school divisions to freeze their education property taxes and provided a Property Tax Offset Grant (\$468,740) equivalent to a 2% increase on the Special Requirement.
- **Property Assessment and Growth** in Brandon affects the mill rate/school taxes paid by property owner.

Other Factors:

- **Accumulated Surplus:** The unallocated surplus balance as of June 30, 2021 is \$145,031 or 0.13% of the 2020-2021 Operating Budget. This amount is lower than the 2% requirement of operating budget as set out in Board Motion 129/2012.
- **Capital Reserves**
- **Comparisons** to Provincial Average and Similar Divisions

The Committee agreed to bring forward the following recommendation for the 2022-2023 preliminary Budget Preparation:

Recommendation:

That the following guidelines be initiated for the 2022-2023 Preliminary Budget Preparation:

- a) Inflationary increases be provided as advised by suppliers for non-controllable expenditures, e.g.: employee benefits, insurance, fuel/propane for school buses, taxes and utilities;
- b) No increase for controllable services and supplies;
- c) No increase for the school instructional supply budget;
- d) No increase for the Capital and Maintenance Budget;
- e) The 2022-2023 Budget provide for enrollment change.

Respectfully submitted,

K. Fallis