



SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

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2017-18

BUDGET PROCEDURES MANUAL

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ACTION PLAN AND TIMELINE

The following is an Action Plan with suggested timelines for the development of the 2017-18 Budget. This will identify the opportunity for input from the various groups and outline clear processes.

ACTION	TIME LINE
Budget Procedures Manual to be prepared and distributed to all superintendents, principals, department managers and trustees.	February 2017
Departmental expenditure estimates to be prepared in consultation with all relevant persons, consolidated, prioritized and forwarded to the Finance Department.	February 2017
Finance Department to summarize, collate and consolidate all departmental submissions and prepare Preliminary Expenditure Estimates.	March/ April 2017
Senior Administration to prepare goals and priorities for the year.	February/March 2017
Portfolio/Budget Presentations to Board of Trustees	April 2017
Analysis of Preliminary Expenditures and Estimates by Administrative Council.	April 2017
Regular Board Meeting to review the Preliminary Estimates.	May 2017
Audit Committee to recommend Budget to Board.	June 2017
Board to approve the Final Budget.	June 2017

BUDGET PROCESS

The purpose of a budget process is to provide, in a consolidated form, the necessary guidelines for its preparation. The prime objective of a set of budget guidelines is to serve as a guide to those involved in the budgetary process by providing instructions that are clear, concise and easy to understand.

The Superintendent of Business & Treasurer has the responsibility of coordinating the overall budget material into a consistent and readable format. The Superintendents of Education and Director of Education have the responsibility for developing and coordinating the budgets within their areas of responsibility. Principals and managers have similar responsibilities with respect to their individual school and department.

Funding Issues

The Grants for Student Needs (GSN's) provided by the province are the primary source of revenue for a school board to operate. Calculation of these provincial grants are mainly driven by student enrolment numbers, as well as a number of different elements such as special education needs, level and nature of second language instruction, the age and type of schools, and unique geographic needs. Some of the grants are special purpose in nature and their use is restricted.

While the budget process begins in January, discussions on budget are constrained by uncertainty as to the exact amount and nature of provincial funding. Specific information about the GSN's is normally not available until the release of the provincial budget. In the past few years this information has normally become available in late March or early April. Notwithstanding the above, forecasts are developed by staff based on current information. In the same manner, expenditure forecasts for next year have begun based on the 2016-17 experience, and anticipated cost pressure and identified priorities for the upcoming year.

In order to meet collective agreement timelines for staffing and to assist with effective planning for September, decisions regarding teacher staffing need to be made in early April, in advance of the development of staff's recommendation and the Board's discussion on the following year's budget. This does present a risk for the board due to its dependency on provincial grants.

SCDSB Budget Situation

The Board is entering the 2017-18 budget process in a favourable position having ended the 2015-16 fiscal year with an operating surplus of approximately \$3.3 million. Although we must remain conservative in our approach to business operations so that we may endeavour to maintain an annual balanced budget we continue to have the flexibility to explore new opportunities for the board as identified in our priority setting exercises.

Specific Budget Considerations and Risks

A significant part of the budget-setting process will be completed based on academic staffing decisions which are made in April. These decisions are made based on grant estimates and enrolment projections for the coming year using the best information that we have at that time. A major area of risk in the budget preparation resides in enrolment projections. On a system level, enrolment projections were reasonable; however, there can be larger school by school or grade by grade variances that can create staffing pressures. It is important to note that our enrolment projections are derived from a combination of staff experience and local area knowledge and on information provided from the Baragar system. This system uses our historical enrolment data as well as future statistical trending in many areas. The sources are Federal, Provincial and from local levels. They include current birth rates, population and preschooler data for each school, multiple years of select data to support historic and trend analysis.

The board must take into consideration the impact of possible extensions to the terms of the respective collective agreements. Specifically in the area of salary increases. The Ministry has indicated that through the GSN's it will fund us the increases to the extent of the benchmark salary levels however our average teacher salary is over the benchmark, so the board will have to find the additional funds through its existing budget. The other area of risk for the board is in the area of sick leave. Our sick leave statistics

for some of our employee groups are significantly higher than we would like them to be and thus there is a cost to the board not only for the sick leave expense but also for the cost of replacement workers.

Approach to the 2017-18 Budget

The strategic plan as established by the Board of Trustees will provide the framework for the allocation of budget resources in the 2017-18 budgets and staff intends to continue to improve the alignment of resources with these priorities.

Statements by the federal and provincial governments have made it clear that they continue to be focused on deficit reduction, and that additional funding to transfer payment organizations will be extremely limited and it is likely that the board will experience further reductions in its funding levels in the upcoming budget.

Strategic Planning Session

In early April, after initial staffing projections, issuance of the funding calculation document and prior to the finalization of a draft budget, Sr. Admin will meet to discuss strategic priorities and to develop a draft operational plan to support the established strategic directions as outlined in the multi-year plan established by the Board of Trustees.

Expenditure Estimates

A set of expenditure estimates will be established for each department (a school is considered to be an operating department). Each department will submit a complete set of expenditure estimates on the prescribed forms.

Departments should carefully consider all expenses when developing the budget. Assume staffing levels in each department cannot increase over the previous year level, without acceptable explanations. All supplies and services must be reviewed and justified in the budget submission. It may be necessary to amend the projected expenditures in the light of any changes in revenue; however, this will not be known until later in the process.

The following should be used to establish expenditure budgets:

Salaries and Benefits:

- Salary costs will be projected under the assumption that collective agreements will be extended to August 31, 2019 and the board will use as a reference the increases that were bargained for CUPE, also ensuring that salary grid increases are reflected where applicable.

Expenses:

- Instructional: Budgeted on an as required basis and consistent with board priorities as identified.
- Non-Instructional: Budgeted on an as required basis and consistent with board priorities as identified.

Major Maintenance/Capital Expenditures:

- Estimated expenditures based on identified projects to be completed in the period September 1, 2017 to August 31, 2018. The total is not to exceed the estimated School Renewal Grant and the School

Condition Improvement Grant or any additional grants that are specifically applied for and funded through Ministry initiatives and that are in line with the Long-Term Capital Plan.

Transportation:

- Fees should be consistent with the budget provided by the consortium and as reviewed and agreed upon by the Business Superintendents of the four Greater Sudbury and Area School Boards.

Other Expenses:

- All other expenses should be based on actual, identified needs in this period, i.e., September 1, 2017 to August 31, 2018.

Accordingly, in order to meet the overall expenditures target, it will be necessary to follow these guidelines in the setting of each department's (including schools) individual budget:

- That all 2017-18 year program and service levels in individual departments will have to be justified on an as needed basis and aligned with the Board's strategic priorities.
- That the cost of any proposed new programs or changes in current programs or services be accompanied by documentation supporting the proposal that shows the alignment to board priorities and considers potential sources of funding.
- That the size of individual classrooms, elementary and secondary, be set at the levels allowable under existing collective agreements or legislation, as appropriate.
- That each school give priority to educational programs in developing school budget estimates. Co-curricular and extra-curricular activities shall be closely examined to ensure that priorities are appropriate.
- That each school reviews all expenditures under the school's control with its Catholic School Council.

Revenue Estimates

Beginning January 1, 1998 and continuing thereafter, the Province establishes the mill rates to be levied and school boards will not have any further access to the property tax. Property taxes will continue to be collected for education purposes on residential and commercial/industrial properties, however, as previously indicated the Ministry of Education has not yet released any technical documents which pertain to the 2017-18 budget year. Administration may use the 2016-17 technical information, amended as indicated, to calculate initial revenue estimates. The actual regulations, forms and computer files may not be available for several weeks, and ultimately, these will have to be completed and filed with the Ministry to determine the Board's revenue. It may be that when such official forms are completed, the initial estimates will have to be revised.

Role of Administrative Council

Based on the submissions from all departments (including schools), Administrative Council will review and analyze the Preliminary Expenditures Estimates in April 2017. Administrative Council will determine

what action(s) might be necessary to comply with the Board's directions and guidelines as well as any legislative compliance that is necessary. Administrative Council will prepare a complete set of Preliminary Expenditure Estimates for presentation to the Board in May 2017, together with such recommendations as may be appropriate with respect to any additions, deletions or changes to such estimates. Any recommendations are to be prioritized by Administrative Council and will include information as complete as is reasonably possible regarding their effect on schools and programs, where applicable. Director and Superintendents roles and responsibilities, see Appendix A.

Role of the Community

Public participation in the Budget Process is encouraged. The draft budget information will be made available on the Board's website and comments can be provided by email. Delegations by the public can also be made at any of the Budget Committee meetings.

This provides the public an opportunity to collaborate on Board activities, including fiscal actions. The Budget process offers a specific opportunity to the public (whether or not they are ratepayers) and each school community, in particular, to become involved in the determination of the Budget. In addition, members of each school community should be invited to share in the budget setting process at the school level, along with the school's administration and staff. School administration shall meet with its Catholic School Council and seek its input with respect to the proposed expenditures under its control.

Role of the Board of Trustees

The primary role of the Board of Trustees' is to establish the goals and objectives for the year and to approve the final budget. It is the Board of Trustees' prerogative to determine the extent to which it wishes to become involved in the budget preparation process and how it wishes to conduct a review of the various stages of the process. The Board may, at any time, request detailed, specific information from Administration to assist in this review.

The Board may also wish to establish, in advance, overall targets or goals that are to be met or to establish other guidelines what would be used in the preparation of the annual budget estimates. The Board can determine the extent to which it involves ratepayers and other system stakeholders, however, the budget process must be open, except as provided under the Education Act or other applicable legislation.

Role of the Audit Committee

The audit committee's role is to be involved in ensuring the integrity of the financial reporting process and ensuring the reliability of the financial information disseminated by the Board. The committee should review all budgets and financial statements, whether interim or annual, and provide a recommendation before they are presented to the Board of Trustees for approval. As well the committee should review all existing accounting policies and concentrate on the impact to the financial statements of any changes in accounting policies including the likely impact on any contemplated changes.

Provincial Guidelines

No In-Year Deficit

231. (1) The board shall not, without the Minister's approval, have an in-year deficit for a fiscal year that is greater than the amount determined as follows:

1. Take the board's accumulated surplus for the preceding fiscal year. If the board does not have an accumulated surplus, the number determined under this paragraph is deemed to be zero.
2. Take 1 per cent of the board's operating revenue for the fiscal year.
3. Take the lesser of the amounts determined under paragraphs 1 and 2.

Exception

(2) Despite subsection (1), a board may have an in-year deficit that is greater than the amount determined under that subsection if the in-year deficit is permitted as part of a financial recovery plan under Division C.1 or if the board is subject to an order under subsection 230.3 (2) or 257.31 (2) or (3).

Estimates

232. (1) The board, before the beginning of each fiscal year and in time to comply with the date set under clause (6) (c), shall prepare and adopt estimates of its revenues and expenses for the fiscal year.

Same

(2) Where final financial statements are not available, the calculation of any amount for the purposes of this Act or the regulations shall be based on the most recent data available.

Balanced budget

(3) A board shall not adopt estimates that indicate the board would have an in-year deficit for the fiscal year.

Exception

(4) Despite subsection (3), a board may adopt estimates for a fiscal year that indicate the board would have an in-year deficit for the fiscal year if,

(a) the estimated in-year deficit would be equal to or less than the amount determined under subsection 231 (1);

(b) the Minister grants his or her approval for the estimated in-year deficit to be greater than the amount determined under subsection 231 (1) by the amount specified by the Minister;

(c) an in-year deficit is permitted as part of a financial recovery plan under Division C.1; or

(d) the board is subject to an order under subsection 230.3 (2) or 257.31 (2) or (3).

The Board must balance its desire to provide the best possible education for its students with the resources available to it. While the Board will consult with local interest groups, it cannot abdicate the requirement to act as a responsible corporate body in fiscal matters. It must, by law, balance the annual budget and if expenditures exceed revenues, develop a plan to take corrective action.

The Board should finalize the Budget (assuming final revenue information has been released in a timely fashion) not later than June 30 for submission to the Province at that time.

DETAILED INSTRUCTIONS

When budget planning, supervisory officers, principals and managers should keep the following in mind if program or services changes are being considered:

- Assess the long-term operational sustainability of these programs or services;
- Assess the impact of the removal of the program or services on students, the system and the community;
- Assess alternative methods of service delivery that could reduce spending without impacting students, the system and/or community.

Department Budgets

Each supervisory officer/manager will prepare their departmental budget. Departments should consider carefully all expenses when developing their budgets. There should be an assumption that all staffing levels will remain constant unless acceptable justification is provided and approved by the Director. All supplies and services must be reviewed and justified. A year over year comparison must also be provided where there are variances greater than 5% (no amount less than \$5,000) that variance must be explained.

School Staffing

The Business SO will identify staffing requirements based on enrolment projections and funding calculations. This will be reviewed and discussed with the Director and the Education SO to establish academic staffing levels from the established enrolment projects based on the funding generated, a combination of Ministry requirements, collective agreements and available funding levels.

Salaries and Benefits

Current year salaries and benefits should be rolled forward accordingly taking into consideration any salary increases that are due in 2017-18. Adjustments will have to be made if there are any significant changes to staffing levels from the previous year.

School Supplies and Learning Materials

Elementary and secondary school supplies and learning materials will be reviewed by the Superintendents of Education and submissions will be based on assessed needs. This includes all areas,

including textbooks, technology, supplies, furniture and equipment, etc. For the purposes of determining the 2017-18 Preliminary Estimates, the total amount for school budgets will be set at the same amount per pupil as 2016-17, but based on projected enrolment. These amounts may be subject to revision when more precise information is known about the 2017-18 school year, including refined enrolment projections. Forms will have to be completed and submitted by the schools to the Finance Department setting out each school's allocation of its supplies and learning materials, budget.

Transportation:

Fees should be based on budgets provided by the consortium. The Board should perform a thorough review of the budget and request the consortium to provide an explanation and analysis of calculations and variances from the previous year.

Building/Maintenance Requirements

Regular building maintenance is budgeted by the Plant Operations staff based on historical trends and anticipated needs and is reviewed by the Business SO.

School Renewal and Condition Improvement

Estimated expenditures based on identified projects to be completed in the period September 1, 2017 to August 31, 2018. Ensure that the extent of identified projects is feasible considering the resources available to complete and/or oversee them. The total is not to exceed the estimated funding available, which includes any carry forward. This amount will be included in the budget.

2017-18 Budget Timetable (exact dates may vary based on availability)		
Date	Responsibility	Procedure
Feb. 6	Business SO	Review Draft Timetable with Director
Feb 8	Business SO	Draft Timetable to Audit Committee
Feb 10	Business SO	Budget Templates to Superintendents and Managers
Feb. 15	Admin Council	Review Draft Timetable at Senior Administrative Council and discuss Planning Session
Feb. 21	Director	Regular Board Meeting – Present Budget Process

Feb. 22	Sr. Admin	Strategic Planning and Goal Setting Session (Business SO to provide Base Salary and Benefits Costing)
March 7	Business SO	Preliminary Enrolment Projections
March 10	Superintendents, Managers	Draft Expenditure Budgets to Business SO
March 22	Business SO, Admin Council	Review Expenditure Estimates
March 31	Business SO's	Staffing Projections based on Ministry Funding
April 5	Sr. Admin.	Update Enrolment Projections and Finalize School Allocations
April 12	Business SO and Education SO's	Present Draft Expenditure Budgets to Administrative Council <ul style="list-style-type: none"> • Curriculum and Special Education Budgets • Staffing • Corporate Services Budget
April 13	Education SO - Secondary/Elementary	Staffing meeting with Principals
April 15	Education SO – Secondary/Elementary	Identify: Secondary Redundancy and Elementary Surplus A
April (date TBD)	Director of Education	Portfolio/Budget Presentations to Board of Trustees
April 18	Business SO	Present Provincial Grant Update at Board
April 24	Education SO – Elementary	Deadline to Meet with Principals – Letter distribution

April 28	Manager of Finance	Complete Revenue Estimates Complete Expenditure Budget
April 28	Education SO	Secondary – Identify surplus teachers
May 3	Business SO	Present Draft Budget (Staffing) to Senior Administrative Council
May 16	Business SO	Present Provincial Grant update at Board Present to Regular Board Draft Budget (Department Expenditure Estimates) for: <ul style="list-style-type: none"> • Special Education • Curriculum • Administration • Transportation • School Operations • Information Technology
May 24	Education SO	Elementary – Teachers not placed declared redundant
June 7	Business SO	Final Budget to Audit Committee
June 20	Business SO	Final Budget to Regular Board Meeting
September 1 – October 31	Finance Department and Business SO	2016-17 Year-end procedures and working paper preparation
September 6	Schools Business SO	First Enrolment Count – any significant issues to be dealt with immediately by SO's
September 8	Schools Business SO	Second Enrolment Count- any glaring issues to be dealt with immediately by SO's

September 14	Schools - Secondary Business SO	Final Enrolment Count – used to make final staffing decisions for the current year
September 15	Education SO and Business SO	Joint Staffing Committee Secondary meeting to present final staffing numbers
September 15	Schools – Elementary Business SO	Final Enrolment Count – used to make final staffing decisions and class organizations to ensure Primary Class Size adhered to
October 4	Education SO and Business SO	Joint Staffing Committee Elementary meeting to present final staffing numbers
October 31	Schools IMS	Ontario School Information System (OnSIS) official fall count date, due to Ministry by December 31
November 13	Manager of Finance	Budget Templates to Superintendents and Managers to review 2017-18 for Revised Estimates
November 15	Business SO	Audit Committee Meeting to review draft 2016-17 Financials
November 21	Business SO	Presentation of 2016-17 Financial Statements to Board for approval and submission of EFIS to Ministry
November 24	Superintendents, Managers	Submission of Budget Templates to Business SO
November 30	Financial Analyst	Submission of 2016-17 Capital Analysis Planning report to Ministry

December 12	Business SO	Present to Board Revised Estimates for approval
December 15	Business SO	Submit Revised Estimates to Ministry