



Reserve Status as a Result of 2019-20 Operations: Update

To: Special Finance, Budget and Enrolment Committee

Date: 25 November, 2020

Report No.: 11-20-3991

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that the Reserve Status as a Result of 2019-20 Operations: Update be received.

Context

As part of the budget process for 2020-21, the use of reserves to balance the operating budget of the Board was approved. This report provides an update on the status of Board reserves at the completion of the 2019-20 school year.

The initial budget passed by the Board on 5 August 2020 for the 2020-21 school year was projected to be a deficit of approximately 1% or \$29.3M. This original budget submission was to be offset by use of working funds.

Subsequently, the Ministry of Education announced on 13 August 2020 that school boards could use up to 2% of their reserves to support smaller class sizes. The Board decided on 20 August 2020 to use an additional \$29.5M of reserves to support smaller class sizes in elementary schools. The reserves identified to support these additional teachers were as follows: School Budget Carryover, Contractual Professional Development, Environmental Legacy Fund, Artificial Turf Fund and Long-Term Disability.

The chart below provides a preliminary update on the status of all available reserve funds as of 31 August 2020. These amounts will be finalized upon the approval of the Financial Statements for 2019-20 by both the Audit Committee and Board.

Reserve	Forecasted Reserve Amount	Actual Reserve Amount (as at 31 August 2020)	Budget Planned Use of Reserves
Working Fund Reserve	\$29.7M	\$16.3M	\$29.3M
Benefit Funds on Deposit	\$105.6M	\$106.2M	\$8.4M
School Support	\$18.6M	\$34.9M	\$18.6M
Environmental Legacy Fund	\$2.9M	\$2.7M	\$2.3M
Artificial Turf Fund	\$0.7M	\$0.4M	\$0.2M
Sinking Fund Interest (restricted to fund debt)	\$15.7M	\$15.7M	
Total Working Funds and Internally Restricted	\$155.8M	\$176.2M	\$58.8M

Note: Variance in Working Funds due to timing of benefit fund transfer of benefit surplus which will occur in 2020-21, resulting in a working fund balance of \$10.0M increase to \$26.3M.

Currently the Board is applying to the Ministry of Education to utilize \$10.3M of Proceeds of Disposition to offset construction labour costs incurred during pandemic shutdown. Should approval be given, the Working Fund balance will increase an additionally to \$36.6M.

A complete breakdown of reserve balances will be provided in the year-end financial statements report to the Audit Committee in December.

Action Plan and Associated Timeline

Staff will continue to provide updates on the financial position of the Board as additional information becomes available and through the Board's quarterly financial updates.

Resource Implications

School boards are required to have a balance operating budget, which includes the use of reserves.

Communications Considerations

This report will be posted on the Board's budget website.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

Not applicable.

From

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