

The maintenance of quality educational programs is directly dependent on the effective management of Council finances. The Council is funded almost exclusively by the GNWT Department of Education, Culture & Employment. Overspending Departmental allocations in one or more years is typically followed by the need to then reduce contributions in subsequent years, which has a disruptive and detrimental effect on programs and services, and ultimately student success. Further, up and down fluctuations in DEA allocations gives DEAs, school staffs, and the public the perception of Council financial instability.

Under normal circumstances the Council would be able to establish a balanced budget from year to year, simply spending what is allocated on an annual basis. Unfortunately, there are a series of factors for which the Council has little or no control, such that unexpected expenditures can rise to as much as 10% of annual Departmental allocations. GNWT Policy requires education bodies to maintain a surplus of between \$250,000 to 7% of annual allocations as a contingency for these kinds of fluctuations. More specific reasons for maintaining a healthy surplus include:

a) Extra-ordinary expenditures

- i) unusual casual/substitute teacher over expenditures
- ii) appeals, grievances, lawsuits upheld
- iii) salary and benefit increases for unfunded positions – support assistants, additional teachers...
- iv) personnel (removals in and out, pension buybacks, etc.) cost increases

b) Cash Flow

- i) Council receives Department contributions monthly but unevenly (back-end loaded), but distributes funding evenly to DEAs each month, thereby advancing funding that has not yet been received from the Department.
- ii) awaiting reimbursement from the Department for previous year's employee termination benefit costs. This information is not usually clarified and allocated by the Department until March in the following year.
- iii) awaiting reimbursement from the GNWT via the Department for UNW and NWTTA collective agreement salary and benefit increases
- iv) up fronting third party funding such as Federal program funding - French, Aboriginal Languages, etc. to schools/DEA's
- v) potential up-front funding of additional positions and O&M as a result of extraordinary student enrollment
- vi) salary accruals are unpredictable but required because staff are paid through the summer even though their work ends in June of the prior fiscal year (salary accrual projections can fluctuate significantly depending on the date of school start-up and closure, staff turnover, and Human Resource determination of school year transition date)

The Council wishes to maintain an uncommitted fund balance of at least \$500,000 from year to year, so that school level funding and staffing is relatively consistent and regional support and program improvement initiatives are sustained and make a positive difference over the long term. Further, the Council wishes to limit the use of surplus and one-time revenues for ongoing expenditures recognizing that these non-recurrent funds cannot be relied upon in future budget periods.

REGULATIONS

- 1) Council will review their overall financial position at the September Council meeting each year, in consideration of the recently approved audited financial statements, in order to determine if there is any flexibility to spend against a Council surplus.
- 2) The Council will not budget for, or accumulate, an uncommitted fund balance of less than \$500,000 or greater than 7% of its last audited annual revenue figure. Any uncommitted fund balance amount over \$500,000 after taking into account school staffing surpluses will be accompanied by a Council approved plan describing how and when the excess is going to be spent in the future.
- 3) South Slave DEAs will also not budget for, or accumulate a fund balance of less than \$0 or more than 7% of the current year contributions from the South Slave Divisional Education Council. Any DEA surplus over 7% must be accompanied by a DEA approved plan, submitted to the Council, describing how and when the excess is going to be spent in the future.
- 4) Schools will not accumulate a staffing surplus of more than 5% of their current year staffing allocation. Any staffing surplus above 5% must be accompanied by an approved plan for upcoming spending against that surplus.

For the purposes of this policy and these regulations, the following definitions apply:

- 1) *uncommitted fund balance*
The Council’s uncommitted fund balance (not including DEA surpluses) is determined by the schedule of the audited year-end financial statements titled, *STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES (Non-Consolidated)* less any school staffing surpluses.
- 2) *current year contributions*
The current year funding allocations provided by contribution agreement to each DEA by the Council
- 3) *staffing surplus*
A staffing surplus is established when a principal does not spend all of the school’s staffing allocations in a particular year. This may be done purposely to help offset the effect of an anticipated reduction in funding the following year, or to save for significant furniture and equipment expenditures in the future. These surpluses are maintained at the Council office.

Reference: Financial Administration Act & Finance & Administration Manual:
GNWT Education Body Surplus/Deficit Policy
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