

The Regular Meeting of the Board of Trustees of Pembina Hills School Division was held on November 25, 2020 at Regional Office. In attendance were Trustees J. Tuininga, W. Scinski, K. McElroy, and J. Lefebvre. Also, in attendance were Superintendent D. Garbutt and Secretary Treasurer T. Leigh. Joined by video-conferencing were Trustees J. Carson and J. Comeau.

Call to Order

Chair Tuininga called the meeting to order at 9:00 a.m.

Acknowledge Statement

Chair Tuininga recited the acknowledgement statement from Administrative Procedure 60-20 Honoring First Nations, Metis and Inuit Culture.

Principal of Alberta Distance Learning Centre, Steven Kaplan joined the meeting at 9:05 a.m.

Amendments to the Agenda

The following amendments were made to the Agenda.

Add: Information Item – Ministerial Order 035-2020 to reduce number of Trustees

Add: Committee Meetings – Education Minister Zoom Meeting to follow-up on the Premier's Press Conference

Delete: Committee Meetings – Leadership Meeting

Adopting the Agenda – November 25, 2020

7925/11/20 Moved by Trustee Scinski that the agenda be adopted as submitted and amended.

Carried

Adopting the Minutes – Regular Meeting November 12, 2020

7926/11/20 Moved by Trustee Lefebvre that the Minutes of the Regular Meeting of the Board of Trustees of Pembina Hills School Division held on November 12, 2020 be adopted as circulated.

Carried

Action Items

1. School Viability/Grade Configuration Criteria Report

Superintendent Garbutt presented the 2020-2021 School Viability Report. The criteria for school closure and school grade configuration outlined in Policy 15 was updated in June 2020. To account for changes in how the division is funded from the funding model, critical minimum enrolment was changed to 20 full-time students in any division

of Grades K-3, 4-6, 7-9 or 10-12. Also, no stand-alone school (except Hutterite Colonies) can have less than 35 full-time students. Fort Assiniboine has 19 students in grade 4-6 but two students who attended last year are home schooling due to the pandemic. If these students were attending in person the school would have met the criteria. Also, for the 2021-22 school year, grade 4-6 is projected to be 26 students and grade 7-9 is projected to be 24 students. Five-Year enrollment projections are also used as criteria for school viability and Fort Assiniboine is only less than the 20-student minimum in one of the projections. In 2023-24 grade 7-9 falls to 19 full time enrolments, but it's important to remember that these are projections and could change. The final criteria mentioned was the excess costs to the Division. For 2020-21 Fort Assiniboine was allocated \$872,127 of the jurisdictions' funding but only received \$750,000 in funding from Alberta Education from the Rural Small School Grant. That is a shortfall of \$122,127. Administration recommended that the Board not consider any school closures in the 2021-22 school year based on current closure criteria.

7927/11/20 Moved by Trustee McElroy that the Board receive the 2020-21 School Viability Report as presented.

Carried

External auditor John Shoemaker from Shoemaker Viney and Friesen joined the meeting at 9:12 a.m.

2. 2019-20 Annual Education Results Report - ADLC

Principal of Alberta Distance Learning Centre (ADLC), Steven Kaplan presented the 2019-20 Annual Education Results Report for ADLC.

ADLC is committed to serving School-Aged, funded students, using a One-Teacher Model, a 10-month calendar, and high expectations on the "partnership" between ADLC and affiliated schools. 2019-2020 started out optimistically as it marked the first year of operation entirely under this new operational model. The past model used Team-Teaching, a continuous 12-month calendar, and also served adult students. 2018-19 was a transition year with a blended version of both operational models.

The first half of the school year saw increased student contact and feedback from ADLC staff and other stakeholders revealed that the new model increased student connection and commitment to their courses. Better student outcomes and completion rates are anticipated from the shift in operations.

We were notified at the post budget meeting in February that the service agreement for ADLC was being terminated. This announcement and the cancellation of in-school

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classes due to the global pandemic affected ADLC for the balance of the year. ADLC supported Alberta students and schools while learning shifted online from March to June and the results confirm this.

April and June Diploma Exams and June PAT exams were cancelled. Diploma data is for January exams only. An additional survey of affiliated students or schools could not be completed since they were preoccupied with adjusting to teaching and learning at a distance.

The full report can be found on the website at <https://www.adlc.ca/about/about-adlc/edplanannualreports/>.

7928/11/20 Moved by Trustee Scinski that the Board approve the Annual Education Results Report for Alberta Distance Learning Centre for the 2019-2020 school year as presented. Carried

3. 2019-2020 Audited Financial Statements

Secretary Treasurer Leigh presented the Audited Financial Statement for the year ended August 31, 2020.

Significant Changes and Events

Provincial Funding

The budget for the 2019-20 school year was released on October 24, 2019. The class size grant and school fee reduction grant were eliminated in the budget. This cost the division approximately \$2M in funding but the province injected a one-time transition grant of \$2M to keep funding levels the same. Decreased enrolment meant the division had \$500K less funding overall. Vista Virtual School operated a summer school program which increased the number of funded CEU's in 2019-20 to 34,947 compared to 2018-19 which were only 14,500. As a result, \$3.8M more funding will be received this year compared to last.

Accelerated Capital Maintenance and Renewal (CMR) funding of \$2.5M was allocated to the division in 2019-20. The CMR funding was an acceleration of the long-term maintenance and renewal strategy for school buildings. Several capital projects were accelerated as a result.

Labour Relations

The collective agreement with the ATA for September 1, 2018 to August 31, 2020 included changes that became effective September 1, 2019:

- Benefit contributions increased from 97% to 100%.
- Annual healthcare spending account contributions increased from \$660 to \$725.
- Principals receive a minimum allowance of \$25K annually and Associate Principals receive a minimum of \$12,500 annually.

The collective agreement with CUPE For September 1, 2019 to August 31, 2020 included changes that became effective January 1, 2020:

- Benefit contributions increased from 97% to 100%
- Bus driver rate of \$21.60/hour based on route time from start to end for the morning and the afternoon plus 45 minutes per day. Previous agreement paid a basic day rate of \$56.58, \$0.1855/km for route distance and a long service bonus between \$1.2239 and \$4.3998 per day.

COVID-19

On March 16, 2020 classes were cancelled due to the COVID-19 pandemic and student learning shifted to a condensed at home learning program for the remainder of the school year. To reflect the reduced service requirements, Alberta Education adjusted funding and the division saw a funding reduction of \$575,090 for base instruction and \$575,320 for transportation.

Financial Position

As at August 31, 2020 the Division has total financial assets of \$14.5M and total liabilities of \$7.6M resulting in net financial assets of \$6.9M.

Financial assets comprise of:

\$9.1M in cash

\$5.4M in accounts receivable which includes:

- \$3.8M in funding from Alberta Education for unpaid CEU's from Term 4
- \$750K of the CMR funding allocated to the division in May 2020

Liabilities comprise of:

\$5.1M in accounts payable which includes \$3.7M payable to Alberta Distance Learning Centre

\$2.5M in unspent deferred contributions which includes:

- \$1.6M in CMR funding
- \$548K in SGF

- \$127K in IMR funding
- \$67K in PPE provided by Alberta Education

Non-financial assets comprise of:

- Supported tangible capital assets of (net of amortization) \$25.7M
- Unsupported tangible capital assets of (net of amortization) \$4.5M
- Inventory \$471K
- Prepaid expenses \$345K

Spent Deferred Capital Contributions – supported revenue to be recognized as assets depreciate.

IMR projects capitalized in the year \$413K

- Westlock Elementary School air handling unit
- Westlock Elementary School New parking lot
- RF Staples Bus Parking Asphalt
- Swan Hills Furnace Units
- Dunstable School Kitchen Reno

CMR projects capitalized in the year \$667K

- Westlock Elementary Boiler Replacement
- RF Staples Boiler Replacement
- Fort Assiniboine Roof Replacement

Capital assets purchased \$378

- Barrhead bus shop roof replacement - \$134K
- 2 – 2021 Thomas C2 buses - \$243K

Revenues

The Government of Alberta provides 95% of the revenue for the division. Revenue received for 2019-20 was over budget by \$968K (1.71%). The increase was partially a result of repurposing a portion of the Infrastructure Maintenance and Renewal grant for operations. Normally the majority of this grant is used for capital projects where revenue is deferred and recognized as it is amortized. A portion of the funds received for the Capital Maintenance and Renewal grant were also recognized as revenue in the year.

The Federal Government grants decreased due to the discontinuation of the French Monitor.

Fees and Sales of Services and Products were lower than budgeted due to the cancellation of classes in April, May and June. Refunds were issued for transportation, early education typically developing students, student field trips, unused consumables and unused portion of facility rentals.

Investment Income is budgeted low to accommodate for risk in fluctuation of interest rates. Investment income is lower than the prior year as a result of a lower prime rate. The prime rate is used to calculate interest earned on our bank balance, it is earned on prime less 1.65%. The prime rate in October 2018 was 3.95% and dropped to 2.45% in March 2020.

Revenue from gifts and donations were down compared to the prior year as this revenue is mostly derived from fundraising which couldn't take place due to the COVID-19 restrictions from March until June.

Other Revenue increased over the prior year due to classification inconsistencies. Other revenue includes revenues that can't be captured in the other categories.

Expenses

The instructional program had a surplus of \$1.75M in 2019-20 and expenses were down by \$3.2M compared to 2018-19. Cost savings were a result of the following:

- \$2M from the cancellation of classes from April to June.
- \$800K from the reduction of 7.67 FTE certificated staff
- \$300K less expenses from school generated funds

Operations and Maintenance had a deficit of \$60K in 2019-20 and expenses were up by \$100K compared to 2018-19. Insurance premiums with ASBIE increased by 164% to \$994K in the year and the division chose to change the insurance provider as a result. Alberta Education allowed the division to repurpose \$600K of the Infrastructure Maintenance and Renewal (IMR) funding to operating expenses which enabled the division to cover additional expenses.

Infrastructure Maintenance and Renewal Funding

- \$1.3M Funding Approved for 2019-20
- \$272K in deferred funding from 2018-19
- \$1M charged to operating budget

- \$413K charged to capitalized projects
- \$127K of 2019-20 funding deferred

Accelerated Capital Maintenance Renewal Funding

- \$2.5M Funding Approved for 2019-20
- \$1.75 Received and \$750K Accrued
- \$1.65M deferred revenue
- \$189K charged to operating budget
- \$667K charged to capitalized

Transportation had a surplus of \$260K for 2019-20 and expenses were down \$1M compared to 2018-19. Cost savings were a result of the cancellation of classes from April to June due to the COVID-19 pandemic.

Board and System Administration had a surplus of \$164K and expenses increased by \$50K over 2018-19. The management fee charged to ADLC in 2019-20 was \$839K which covers a portion of the administration costs.

School Generated Funds are fully incorporated in the Audited Financial Statements. These funds are collected by the schools for activity fees, extracurricular fees and travel, fundraising and special events.

Accumulated Surplus (Deficit)

	Audited Balance at August 31, 2019	Actual Balance at August 31, 2020
Operating Surplus		
Instruction	\$ 2,641,613	\$ 4,440,354
Operations and Maintenance	146,642	90,184
Board and System Administration	544,599	611,086
Transportation	(108,463)	155,104
Total Restricted Operating Surplus	\$ 3,224,391	\$ 5,296,728
Unrestricted Surplus	\$ 903,067	\$ 903,067
Accumulated Surplus from Operations	\$ 4,127,458	\$ 6,199,795
Capital Reserves		
Instruction	-	-
Operations and Maintenance	81,653	152,979
Board and System Administration	679,108	679,108
Transportation	380,586	736,685
Total Capital Reserves	\$ 1,141,347	\$ 1,568,772
Investment in Capital Assets	\$ 4,938,665	\$ 4,557,481
Total Accumulated Surplus	\$ 10,207,470	\$ 12,326,048

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The projected financial health indicator Accumulated Surplus from Operations (excluding SGF) to Expense Ratio (A.S.O %) is 10.97% (2019 – 16.4%).

The Division has made a request to the Education Minister to use \$1.7M of the accumulated surplus for the operating deficit expected for Vista Virtual School in 2020-2021. This will reduce the A.S.O to 7.75% assuming all else remains equal.

Board and System Administration – 2019-2020 limit is \$3,136,237 actual was \$2,049,396.

7929/11/20 Moved by Trustee Lefebvre that the Board approve for release, the Audited Financial Statements for Pembina Hills School Division for the year ended August 31, 2020 with revenues of \$60,197,042, expenses of \$58,078,464 and an operating surplus of \$2,118,578.

Carried

Alberta Distance Learning Centre

Financial Position

As at August 31, 2020 ADLC had total financial assets of \$7.2M and total liabilities of \$2.4M resulting in net financial assets of \$4.8M.

Financial assets comprise of:

\$6.9M in cash

\$338K in accounts receivable which includes:

Liabilities comprise of:

\$2.4M in accounts payable

Non-financial assets comprise of:

Unsupported tangible capital assets of (net of amortization) \$294K

Prepaid expenses \$19K

Other non-financial assets \$1M

Results from Operations

Revenues

The Government of Alberta provided \$15.8M (90.67%) of the funding for the year which was lower than the budgeted \$17M and decreased from \$18.4M in 2018-19.

Sales and services of products were higher than budgeted from the increased demand caused by the COVID-19 pandemic which cancelled classes from March to June.

Investment income dropped as a result of a lower prime rate which is used to calculate interest earned on our bank balance.

Expenses

Expenses from instruction were \$1.7M lower than budgeted and \$1M lower than 2018-19 which was a result of lease sunk costs of \$998K realized in 2018-19.

Salaries increased as a result of transfers from Vista Virtual School in January 2020. Most of those staff were at the top of the grid and replaced lower grid level staff.

Service, contracts and supplies decreased as a result of lower than budgeted funding.

Accumulated Surplus (Deficit)

Operating Reserve	\$5,249,027
Capital Reserve	\$ 660,302
Investment in Capital Assets	<u>\$ 293,941</u>
Total Accumulated Surplus	\$6,203,270

7930/11/20 Moved by Trustee Carson that the Board approve for release, the Audited Financial Statements for Alberta Distance Learning Centre for the year ended August 31, 2020 with revenues of \$17,512,718, expenses of \$16,804,187 and an operating surplus of \$708,531.

Carried

Superintendent Garbutt and Secretary Leigh left the meeting at 11:15 a.m. so the Board could meet with the external auditor in camera.

STN

7931/11/20 Moved by Trustee McElroy that the meeting convene as an In-Camera Session to discuss Land, labour and legal matters

Carried

7932/11/20 Moved by Trustee Comeau that the meeting reconvene as a Regular Meeting.

Carried

Superintendent Garbutt and Secretary Leigh returned to the meeting at 12:05 p.m.

Information Items

The following information items were presented:

1. Ministerial Order 035-2020 to reduce the number of Trustees from seven to six

Committee Meetings – November 12, 2020 to November 24, 2020

1. Westlock Elementary School Council Meeting – November 12, 2020
2. ASBA Fall General Meeting – November 16 and 17, 2020
3. TEBA Consultation Meeting – November 18, 2020
4. CARE – November 18, 2020
5. CONEX – November 18, 2020
6. Swan Hills PAC – November 18, 2020
7. Dunstable PAC – November 19, 2020
8. Minister LaGrange Zoom Meeting to follow-up the Premier's Press Conference – November 24, 2020

Celebrations

1. Exemplary Parent Volunteer Award — Randy Strydhorst
2. Exemplary Teacher Award – Beverly Carter
3. Division Story — PNCS - A building where every student belongs

Board Calendar

Land, Legal, Labour (In-Camera)

7933/11/20 Moved by Trustee Carson that the meeting convene as an In-Camera Session to discuss land, labour, legal matters.

Carried

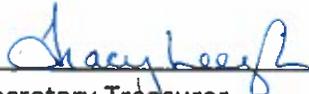
7934/11/20 Moved by Trustee McElroy that the meeting reconvene as a Regular Meeting.

Carried

7935/11/20 Chair Tuininga declared the meeting adjourned at 1:47 p.m.



Board Chair



Secretary Treasurer