



## **MINUTES OF A MEETING OF THE FINANCE & FACILITIES COMMITTEE**

**Tuesday, September 12, 2017**

**School Board Office - 8:30 a.m.**

**Present:** D. Stevenson (in the Chair); N. Brown and S. Donahue, Trustees; C. Kennedy, Superintendent of Schools; J. Leiterman, Secretary Treasurer; W. Hickey, Director of Facilities; K. Johnson, Assistant Secretary Treasurer; J. Brown, Manager of Finance; Nick Mann, Manager of Purchasing

Stakeholder Representation: M. LaBounty (WVAA); R. Millard and R. Willock (WVTA); B. Scott (WVMEA); Danielle Katerberg (DPAC)

**Absent:** P. Dorsman, Trustee

Committee Chair Stevenson called the meeting to order, conducted round-table introductions and noted that the Secretary Treasurer had a request to amend the agenda. It was agreed by consensus that the Provincial Budget Update be added to the agenda as item one.

### **1. Provincial Budget Update**

The Secretary Treasurer reported that the main message coming out of the new government's budget update, delivered yesterday, was that they are rolling the budget forward. The good news is that we are keeping the funding streams we had and are receiving more monies to cover costs associated with the SCC ruling. She said it was important to highlight that this is not new money, however, and that there are no new funds created, or any increase in operating funds. There are indications that some money will be put into capital funding, but likely only for existing projects. The Secretary Treasurer said that she hopes some of that will go to seismic upgrades, but much will likely be going to classroom enhancement.

MSP premiums have been reduced by 50%, a reduction that was not included in the preliminary budget, but will have a positive effect on the district's expenses, as it covers costs for most employees. As well, PST on hydro is down 50%, but it is expected those savings will be mitigated by a several-percentage increase in the carbon tax. The Secretary Treasurer said it is a give and take situation, but she does anticipate that while the savings will not be huge, we will land in a more positive position.

### **2. Audited Financial Statements 2016/17**

The Secretary Treasurer distributed and reviewed various schedules extracted from the audited financial statements, which were reviewed yesterday with the Audit Committee. She reminded everyone that we have three main funding streams: capital, special purpose, and operating. Our locally-generated revenue remains a critical additional source of funding.

Committee members: Dave Stevenson, Pieter Dorsman

There was an increase of \$1.4 million in deferred capital, made up of monies from the School Enhancement fund, the Classroom Enhancement Fund, a trades grant, and portions of the 2016/17 and 2017/18 annual facilities grants. It was noted that we hardly used any of the 2017/18 AFG in 2016/17, which was good news, as it leaves the bulk of the fund available for projects in the year for which it is intended. At the same time, deferred capital decreased by \$1.5 million as a result of amortization. Tangible capital assets were reviewed, with an increase of \$2 million funded through deferred capital and special purpose funds. It was noted that very little of the operating budget was spent on capital this year (approximately \$7000), so it was a good year in that respect as well. Special purpose funds were discussed, with coding and curriculum and priority measures included this year for the first time. These targeted funds mean we spend what we receive, which this year totalled \$6.9 million.

The Secretary Treasurer then reviewed operating expenses, which she called the most significant conversation, as this is where our spending choices have the most impact. For 2016/17, actual expenses totalled \$71 million, an increase of \$3 million over the budgeted amount of approximately \$68 million. This difference was the result of increases in salaries and benefits, and in a variety of costs in services and supplies across the board. Increased numbers of teachers, education assistants, and FTE students were the drivers of those changes. The breakdown of operating expenses is consistent year over year, with 75 – 80% of our expenses related to salaries and benefits. This makes it challenging to find places to cut in struggling budget years, as the majority of our costs are governed by our collective agreements.

Operating revenues increased to \$71 million, an increase of \$4 million over the budgeted amount of \$66 million, driven mostly by an increase in student FTE. Increased numbers of ELL and special education students bring more associated funding, and tuition fees from international students and a successful summer learning program contributed to the increase as well. While academies and programs of choice are run as non-profit, their value is in pulling students in from out of district and increasing the related funding in our operating grant. Locally-generated revenue continues to make up 16% of our total revenue.

The Secretary Treasurer concluded by giving an update on our operating reserves. At July 1, 2016, our reserves stood at \$2.65 million, with a budgeted structural deficit of \$600,000. Ultimately, our structural deficit was only \$80,000, leaving \$2.57 million for 2017/18. Moving forward, we have a budgeted structural deficit \$193,000 for 2017/18. Combined with the remaining unspent portion of the Student Learning Grant of \$225,000, total restricted funds stand at \$418,000. The Student Learning Grant must be spent by September 2018.

As a result, we have \$2.2 million available in unrestricted reserves. Included in that amount is \$250,000 set aside for the WVSS track project. If that project does not go ahead, the funds will be used to remediate the current track. We are also able to maintain the \$1 million fiscal prudence contingency fund within this reserve.

Committee Chair Stevenson thanked the Secretary Treasurer and her staff for continued hard work. The Secretary Treasurer thanked him and said it is a careful balancing act between ensuring that enough funds are available to act as a safeguard in case of reduced funding or unforeseen circumstances, and allocating as much as possible to classrooms and students. She also thanked the Assistant Secretary Treasurer and Manager of Finance and noted that we are in better financial shape now than in any other time during her nine years with the district.

Committee members: Dave Stevenson, Pieter Dorsman

### **3. Update on Capital Projects**

The Director of Facilities gave a brief rundown of some of the projects undertaken during a very busy summer 2017. New projectors were installed in most elementary schools and two of the three secondary schools. Gym floors were replaced at BICS, and refinished at Chartwell, Gleneagles, Rockridge, and WVSS. Under the Classroom Enhancement Fund portables were installed at Chartwell, Irwin Park, West Bay, and Westcot, and classroom spaces were renovated at nine different sites. A new robotics space was completed at WVSS along with related renovations in four classrooms. The South Campus at WVSS had the entire HVAC system replaced and upgraded, including new millwork in classrooms.

Projects still in process include the replacement of the retaining wall at South Campus and the installation of the “sprung structure” at Sentinel. The retaining wall was delayed by the discovery of four old oil tanks during excavation related to the upgrading of gas lines. Remediation of approximately 180 tonnes of contaminated soil is underway, and the retaining wall will be finished once that is complete. Site preparation for the gymnasium structure at Sentinel revealed at least seven feet of organic material lying about 15 feet below the surface. That organic material needs to be removed and backfilled and the Director hopes that the structure will be in place by January 2018.

Numerous other projects also took place in buildings across the district and a slideshow with details will be presented at the October committee meeting.

The Director recognized the hard work of facilities staff over the summer, including Brian Johnson, Glenn Horn, James Allen, and said he was grateful to all his staff, who he called “fantastic people” who he couldn’t thank enough.

### **4. Adjourn**

**9:04 a.m.**

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Julia Leiterman, Secretary Treasurer