



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

**Tuesday, February 13, 2018**

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

Present: D. Stevenson (in the Chair); P. Dorsman, Trustee; J. Leiterman, Secretary Treasurer; C. Kennedy, Superintendent; K. Martin, Associate Superintendent; S. Nosek, Associate Superintendent; W. Hickey, Director of Facilities; K. Johnson, Assistant Secretary Treasurer; J. Brown, Manager of Finance; M. Pritchard, Manager of Accounting

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

Absent: B. Scott (WVMEA)

### **1. Scholarship Funds**

The Secretary Treasurer passed the floor to the Manager of Accounting, Margot Pritchard, to give an update on several of our scholarship funds.

Ms Pritchard reported that for a number of years, we have held some significant trust fund accounts with RBC/Dominion Securities. Those trusts include two scholarship funds: the Kurt Kirmse endowment, established for WVSS students in 1991 with an initial amount of \$30,000; and the Iwata Student Exchange Program for WVSD students which currently stands at \$165,887 and was established in 2001. The third account holds \$15,000 in the Sheila Tripp Endowment for BICS, established in 2004. As only the interest on the initial amount is available for disbursement, and interest rates on those trust fund accounts have been extremely poor, we've been prevented from using the funds in the manner intended by the donors.

West Vancouver Schools has established agency agreements with the West Vancouver Community Foundation (WVCF) to handle these three funds, and the monies will be transferred to the WVCF and added to their existing pool of investments managed by Leith Wheeler Investment Council Ltd. This arrangement should result in much higher interest returns than have recently been realized. For example, the Iwata and Tripp funds were in high-interest savings accounts that had an interest rate of 0.84% in 2017. By pooling these funds with the WVCF, a potential return of 3.5% or more is possible. The increase means that WVSS will be able to award three separate \$350 Kirmse scholarships each year (two for biology and one for technology), rather than the intermittent \$250 scholarships available currently. The Tripp endowment, had it remained with RBC, would likely have resulted in \$120 available at the end of the 2017-2018 school year. With the move to WVCF, it is likely that BICS will have \$525 to put towards a cultural performance each school year. The original donor's husband, Ken Haycock, is planning to add to this fund, which would increase the amount available to the administrators at BICS for fine arts performances. It is stipulated that the school must match the amount drawn from the fund, and with an amount greater than the school would typically provide for programs of this nature within the normal course of its operations. For the Iwata student exchange program, we may be able to increase the

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amount of financial support available to students participating in the Mejiro Japanese exchange program by \$3000 – 4000 annually. Last year, the interest earned totalled only about \$1400.

Under the terms of the agreement with WVCF, the funds associated with Kirmse and Iwata can be returned to our control upon application. After consultation with Ken Haycock, the Tripp fund will be held by WVCF in perpetuity.

It was noted that as with any investment, returns are not guaranteed, and no plans can be made to spend those monies until they are realized. The Secretary Treasurer thanked Ms Pritchard for her report and noted that this agreement with the WVCF is a safe placement for funds and will allow us to better fulfill the wishes and intentions of the donors to benefit our students.

## **2. Facilities Staffing**

The Secretary Treasurer updated the committee on two staffing changes at Facilities: the resignation of Nick Mann, manager of purchasing and transportation; and the resignation of Leo Reyes, manager of facilities. Mr Mann is returning to the private sector and his last day with West Vancouver Schools will be February 16. Mr Reyes, who has been with the district for more than 20 years, found the role of manager more taxing than anticipated, and is moving to an assistant manager role, overseeing grounds crews and custodial staff. It was noted that he has an excellent history in custodial management and part of his role moving forward will be to identify and implement best practices in those areas of responsibility.

## **3. Accounting Staffing**

The Secretary Treasurer reported that at the end of last month, Kathy LeBlond retired after 22 years with the school district. Her role in accounts receivable has been filled by Tina Schultze, who has moved over from accounts payable. Marla Watson has been hired to fill the accounts payable role. Jason Brown was thanked for his work hiring this well-qualified candidate.

## **4. Amended budget**

The Secretary Treasurer reminded the committee of key factors related to the amended revenue figures presented in the January meeting: student enrollment has increased by 118.06 FTE over preliminary budget figures and 111 FTE over the 2016-2017 school year; increased special needs and ELL FTE figures resulted in additional funding; and we are running more academies. The result was an increase of \$1 million in funding over the preliminary budget. The three main revenue funds (capital, special purpose, and operating grant) were briefly reviewed. Capital and special purpose monies are used for targeted spending, with specific guidelines and the funds essentially flow in and out. It was noted that under special purpose funding, the Learning Improvement Fund (LIF) now includes only support staff, and the amount received for special education equipment has been cut back and does not service our needs. The Classroom Enhancement Fund (CEF) is funding for overhead and staffing needs pursuant to class size and composition guidelines under the Ministry's Memorandum of Understanding related to the Supreme Court decision of 2016, and has provided \$2.2 million.

She continued by noting that as mentioned, there are also increased expenses associated with the increased student enrolment. The operating funds, driven by student FTE, are where we have some discretion with spending, but 88% still goes to

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salaries. The expenses were reviewed, separated into four areas: instruction; administration; operations; and transportation. The preliminary budget totalled expenses in these areas at \$71.2 million. On the amended budget, costs associated with instruction totalled \$62.5 million, which was money that went directly into classrooms. As a result, however, total expenses in the amended budget increased by \$2 million to \$73.2 million. Administration, operations, and transportation budgets remain unchanged, and it was noted that they represent 14.5% of the total operating budget, well below the MOE guideline of overhead representing 24%.

Significant factors related to that \$2 million increase were broken down by category, with the increase in FTE of teachers and administrators contributing \$95,000 and \$403,000 respectively. As well, the student learning grant, which had not been announced at the time of the preliminary budget, had costs of \$225,000. The most significant factor, however, was the increase in educational assistants by 16.23 FTE, resulting in an additional \$732,000 in expenses. It was a conscious decision to provide more EA support for classrooms, but this is not sustainable for next year and will need to be reviewed.

This increase in expenses has an effect on our operating reserves. Standing at \$2,571,950 on July 1, 2017, it was estimated last spring that with a structural deficit of just under \$234,000, we would have \$2,333,199 in reserves on July 1, 2018. The amended budget shows that reserves for future years will instead be reduced by \$1million to an estimated \$1,360,394. This represents 1.86% of our total operating budget, slightly lower than the 2-3% recommended by Ernst & Young.

The Secretary Treasurer said that the reduced reserves are still reasonable and we are safe for next year, but that we will be looking at reducing expenses. EA increases in particular will be delayed until after September, after the first payroll month, so that annual salary figures can be estimated more accurately. Any additional EAs will be placed according to conversations with teachers, administrators, and HR, regarding concerns and “hot spots” and are targeted placements. It was noted that this is a good process, but a challenging one within the budgetary constraints. She said the amended budget is not bad news, we just need to be careful putting additional supports in place moving forward, in order to preserve our reserves.

Committee Chair Stevenson concluded the meeting by thanking the Secretary Treasurer for her hard work on the amended budget and for ensuring the district is fiscally responsible.

**RECOMMENDATION: That the 2017/18 amended budget and associated bylaw be forwarded to the Board for approval and submission to the ministry.**

5. Adjourn

9:04 a.m.

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Julia Leiterman, Secretary Treasurer

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