

OPERATIONS, POLICY AND PLANNING COMMITTEE

Monday, April 14, 2014 at 7:00 P.M.

Special Budget Public Input Meeting

OPPS Agendas and Minutes available at:

<http://www.sd61.bc.ca/opsmeetings.aspx>

NEXT OPPs MEETING IS SCHEDULED FOR:

Monday, May 12, 2014 at 7:30 P.M.

Board of Education of School District #61 (Greater Victoria)

OPERATIONS, POLICY AND PLANNING COMMITTEE

Special Budget Public Input Meeting

Agenda for Monday, April 14, 2014 – 7:00 p.m.

Board Room - Administration Offices, Tolmie Building

Chairperson: Trustee Leonard

The Greater Victoria School District wishes to recognize and acknowledge the Esquimalt and Songhees Nations, on whose traditional territories, we live, we learn, and we do our work.

	Presenter	Status	Attachment
1. APPROVAL OF THE AGENDA			
2. BUDGET PRESENTATIONS (5 minutes per presentation)			
3. FINANCE AND LEGAL AFFAIRS			
A. Capital/Seismic Project Cost Sharing	Debra Laser	Information	Pgs. 1-6
4. NOTICE OF MOTIONS			
A. Trustee Nohr - Department Funding Reductions			
That the Board of Education of School District No. 61 (Greater Victoria) reduce funding allocations by a total of \$266,000 in the following departments: Superintendent, Associate Superintendents and Learning Initiatives to cover the funding needed to keep Sundance Elementary open.			
B. Trustee Nohr - Exempt Staff Expenses			
That the Board of Education of School District No. 61 (Greater Victoria) place a maximum cap of \$5000 for any expenses including professional development for all exempt staff and associate superintendents excluding the Superintendent and Secretary-Treasurer; any proposed expenses exceeding this cap would require prior approval of the Board.			
C. Trustee Nohr - Funding to Support Need2			
That the Board of Education of School District No. 61 (Greater Victoria) provide \$1000 through the Healthy Schools Department for school based funding available to any interested school in support of suicide prevention training in the Need2 program.			
D. Trustee McNally - Board Budget Meeting			
That the Board of Education of School District No. 61 (Greater Victoria) delay the final vote on the School District No. 61 budget for 2014-2015 to the May 20, 2014 Board meeting, and in the interim convene the Budget Advisory Committee in the week of April 28 th (adding more meetings as needed via the vote of any three Trustees) with expanded attendance to include all interested Trustees.			
5. ADJOURNMENT			



OFFICE OF THE
SECRETARY-TREASURER

556 BOLESKINE ROAD, VICTORIA, BRITISH COLUMBIA V8Z 1E8
PHONE (250) 475-4108 FAX (250) 475-4206

TO: Operations, Policy and Planning Committee
FROM: Debra Laser, Secretary-Treasurer
DATE: April 14, 2014
RE: Capital/Seismic Project Capital Cost Sharing

The Government has sent a letter to school districts indicating that school districts will be expected to determine how much cash is available to contribute up to 50% of the cost of major capital projects.

Minister Fassbender is quoted in a Vancouver NEWS1130 article on April 7, 2014 stating that "some school districts have extra cash that could help with capital projects" and sites Greater Victoria as having \$17 million available.

Trustees have asked where does this \$17 million dollar figure come from?

As explained when the audited financial statements are presented in September each year, the accounting principles that must be followed when preparing the financial statements do not permit outstanding commitments of any kind at the end of the school year to be included in the expenditure total; however all revenue sources must be included. Consequently, the unspent amounts set aside to fund the commitments result in a positive cash position at the end of the school year. As reported in the audited financial statements for the year ending June 30, 2013, the operating fund had an ending balance of \$17,350,653. The following explains what this money was committed for:

• Secondary, Middle and Elementary School Level Funds	\$ 5,060,084 (Note A)
• Planned Budgeted Surplus	\$ 8,300,000 (Note B)
• Unspent Aboriginal Targeted Funding	\$ 222,299
• Collective Agreement Obligations (Pro-D)	\$ 115,582
• Department Carry Forward Funds	\$ 793,067 (Note C)
• Unspent Grants	\$ 1,097,251
• Outstanding Purchase Orders	<u>\$ 1,055,387</u> (Note D)
Total Internally Restricted Funds	\$16,643,670
Total Unrestricted Funds	<u>\$ 706,983</u> (Note E)
Total Operating Fund Ending Balance	<u>\$17,350,653</u>

Note A: Unspent funding at the school level at year end is carried forward into the next year's operating budget. This ensures that schools have the opportunity to accumulate balances for new textbooks for curriculum changes; equipment replacement/improvements (eg. teaching kitchens, computer labs, shop equipment); and also avoids "year-end buying frenzies" in the District.

Note B: In order to mitigate the budget reductions required to balance the 2013-2014 budget, the planned budget surplus was approved in the 2013-2014 Annual Budget Bylaw.

Note C: Department carry forward funding is earmarked to complete unfinished projects. For example, schools send requests to Facilities to have work done at their schools. Funding to complete the work is transferred from the schools to the Facilities Department and is carried forward for any work that is not completed by June 30.

Note D: As at June 30, there are outstanding purchase orders for which goods and services have not been received. The budgeted funds for the commitment are carried forward to pay for the goods and services when they are received in the next school year.

Note E: The unrestricted funds were used to pay for the CUPE support staff increase in 2013-2014.

As can be seen from the above explanation, the school district does not have \$17 million available in the operating budget to contribute to the cost of capital projects.

Our school district has funding held in the Ministry of Education Restricted Capital account and in the Local Capital Reserve which could be available to contribute to the cost of capital projects.



April 2, 2014

Ref: 173497

To: All Superintendents

All of you should be aware of communication that Minister Peter Fassbender has had with Teresa Rezansoff, BCSTA President, dated March 31, 2014 (attached).

This communication was prefaced by a recent Auditor General report which raised the issue of many public sector agencies holding cash in excess of what is needed for operating purposes.

As part of the cash management strategy introduced in Budget 2014, government is working with individual government organizations on the use of this cash to address mutual objectives. For school districts, this involves cost sharing major capital projects that are priorities for both government and school districts. By doing so, government is able to reduce the amount of borrowing required to fund capital projects and at the same time make progress toward the long-term goal of gradually reducing these cash balances.

I would like to clarify a number of items related to the cost sharing of the major capital projects initiative. The cost sharing of capital projects applies only to projects that are approaching the project agreement stage. It does not apply to projects with existing project agreements, unless the project is experiencing cost pressures that exceed the project agreement budget.

On a case-by-case basis, as capital projects near the project agreement stage, government will work with boards of education to determine how much school district cash is available to contribute to the cost of the capital project. The amount of cash available will be determined by collaboratively reviewing district's financial records and school district priorities.

Where cash is deemed to be available for cost sharing, the school district will be expected to contribute up to 50 percent of the capital cost of the project.

Where boards of education may have previously designated funds for operating or capital priorities, these priorities will need to be reassessed. This may result in a board having to shift funds from a previously approved school district priority to a major capital project to be cost shared with government.

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In the event that a school district is deemed to have no available cash, the project will be funded with provincial capital.

Please contact Joel Palmer (A/Executive Director, Capital Management Branch Joel.Palmer@gov.bc.ca) if you have questions about capital projects or Ian Aaron (Director, School District Financial Reporting Ian.Aaron@gov.bc.ca) if you have questions as to how the amount of cash available will be determined.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Rob Wood', enclosed within a large, loopy oval shape.

Rob Wood
Deputy Minister

Attachment

pc: All Secretary-Treasurers
Teresa Rezansoff, British Columbia School Trustees Association



March 31, 2014

Teresa Rezansoff, President
BC School Trustees Association
Email: teresa.rezansoff@sd51.bc.ca

Dear Ms. Rezansoff: *Teresa*

I am writing as follow up to our recent conversations regarding government's cash management strategy and cost sharing school district capital projects.

As you know, government has made a firm commitment to balancing the provincial budget. During these challenging times, this requires careful debt-to-GDP management to maintain British Columbia's valuable triple-A credit rating. Part of this involves careful balance sheet management.

The auditor general issued a report in 2010 indicating that many public sector agencies were holding cash in excess of what is needed for operating purposes. A follow up report on March 18, 2014, presented similar conclusions. One of the ways government is addressing this issue is through the creation of Provincial Treasury's Central Deposit Program (CDP), where voluntary deposits by government organizations enable government to use the cash for debt management purposes until the cash is needed by the agencies. I commend school districts for being strong participants to the CDP, with \$300 million currently on deposit that is helping reduce cost of government debt.

As part of the cash management strategy introduced in Budget 2014, government is working with individual government organizations on the use of this cash to address mutual objectives. For school districts, this involves cost sharing major capital projects that are priorities for both government and school districts. By doing so, government is able to reduce the amount of borrowing required to fund capital projects and at the same time make progress toward the long term goal of gradually reducing these cash balances on government's balance sheet.

I must stress that the cost sharing of capital projects applies only to projects that are approaching the project agreement stage. It does not apply to projects with existing project agreements, unless the project is experiencing cost pressures that exceed the project agreement budget.

One of the challenges will be establishing the amount of cash that is available for cost sharing. On a case by case basis, as capital projects near the project agreement stage, government will work with boards of education to determine how much school district cash is available to share the cost of the capital project.

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I know that some boards of education will be faced with difficult choices, some of which may require changes to school district priorities. However, this government was elected on a commitment to balanced budgets, which requires that we effectively manage the provincial debt-to-GDP ratio and maintain a triple-A credit rating. Government is working with all of our partner organizations, including boards of education, to achieve these goals that are important to the future of our province.

As always, I appreciate our collaborative relationship in our co-governed education system. I look forward to working with you on these initiatives.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Fassbender". The signature is stylized with a large, sweeping initial "P" and a long horizontal stroke extending to the right.

Peter Fassbender
Minister