



FINANCE COMMITTEE

Wednesday, November 13th, 2019
6:00 p.m.

Education Centre
Grimsby-Lincoln Room

AGENDA

1. CALL TO ORDER
2. APPROVAL OF THE AGENDA
3. PROPOSED THEATRE AND GREENHOUSE AT THE NEW SECONDARY SCHOOL - Stacy Veld
4. ANNUAL REPORT ON BOARD INVESTMENTS - Stacy Veld
5. SCHEDULE OF ACCUMULATED SURPLUS - Stacy Veld
6. NEXT MEETING DATE
7. ADJOURNMENT

DISTRICT SCHOOL BOARD OF NIAGARA

REPORT TO FINANCE COMMITTEE

PROPOSED THEATRE AND GREENHOUSE AT NEW SECONDARY SCHOOL IN WEST NIAGARA

Background:

With the funding approval for the land received from the Ministry February 2019, discussions about the design plans for the new secondary school began. During this time, we held public meetings to share aspects of the new school and to receive feedback from the students, community and our partners. The results were a desire to have a theatre and greenhouse added on to the new school construction. We received support from the Municipalities and will meet to determine contribution and partnership opportunities. The Meridian Credit Union branch in Grimsby has written a letter to pledge their support for the theatre and has committed to creating a fundraising plan. The Friends of the Arts in West Niagara has been working with school administration and has confirmed that they will lead the fundraising initiative to support this project.

The Project

The District School Board of Niagara would like to include the addition of a 1000 seat theatre and a greenhouse to the current scope of construction planned for the Secondary School. Including this project in with the entire build makes good fiscal planning as economies of scale could be realized and the cost of the addition of a theatre and greenhouse would be less than if it was added on in the future.

With no capital funding available for items, there will be a requirement to fundraise the amount of \$9,000,000, to be adjusted based on final project cost. In order to meet construction timelines and site plan approval, we need to incorporate the design plans for the theatre and greenhouse immediately.

Fundraising

The District School Board of Niagara fundraising initiatives over the past number of years have had huge successes, particularly with the Capital Fundraising Campaign for the Walker Living Campus which began in October 2011 and raised funds in excess of \$2.5 million and the theatre at Greater Fort Erie Secondary School of \$3 million. We have the support of the community and the ability to see this project to completion.

Project Financing

The DSBN would like to provide support in our partnership with the communities and assist with the cash flow necessary to make this project a reality. This has been the practice for our previous fundraising initiatives and with these previous projects we were not required to borrow from our accumulated surplus as we had the entire amount of fundraising in place.

A financing plan for this project is proposed as follows:

- Up to \$9,000,000 (to be adjusted based on final project cost) in a loan from General Operating Accumulated Surplus to cover any gap necessary between funds raised by September 2022 and the total project cost, to be repaid from additional fundraising efforts or other allocated Board-generated net revenues (e.g., conferences, international), for as long as necessary until the loan balance is extinguished.
- Interest at the prevailing rate earned on our Accumulated Surplus balances will be debited annually against the outstanding loan balances and the amounts recovered credited to the Board's general operating revenues
- During 2018-19, the Board generated surplus outside of the Grants For Student Needs (GSN) in the amount of \$1.9M. This amount is comprised of short and long term investing and our conference revenues. We would recommend establishing a new accumulated surplus account for this project and allocate this amount to commence our fundraising strategy.

Recommendation:

“That Senior Staff be authorized to proceed with the construction of a 1000 seat theatre and a greenhouse at the new secondary school in West Niagara at an estimated cost of up to \$9,000,000, to be financed according to the Project Financing Plan as outlined in this report and subject to Ministry approval.”

Respectfully Submitted,

Stacy Veld, Superintendent of Business Services

November 13, 2019

For further information please contact Stacy Veld, Superintendent of Business Services.

DISTRICT SCHOOL BOARD OF NIAGARA
REPORT TO FINANCE COMMITTEE
ANNUAL REPORT ON BOARD INVESTMENTS

Background:

District School Board of Niagara (the "Board") Policy B-04 *Investment of Board Funds* requires that an annual report on individual investments and investment performance be prepared as part of the year-end financial reporting process.

The policy also specifies that the following information be provided.

1. Schedule 1 – *Summary of Investments* lists all individual investments held at the end of the fiscal year, being August 31, 2019. The schedule summarizes the term, purchase and maturity date, organizational name, quality rating, principle amount and interest rate for each Guaranteed Investment Certificate investment.
2. The investment portfolio is invested 100% in the Corporate Investment category as allowed by the Policy. All investments are within the maximum individual organization limit allowed by the Policy.
3. The investment portfolio is generating an annual average investment return of 2.32%, which is an increase of 7.5% over the interest rate paid by the Board's financial service provider, CIBC, on the Board's daily cash balances.
4. All investments were made in accordance with the Board's Investment Policy and the objectives set out therein.

In 2018-19, the Board continued with its' short-term investment strategy to maximize our interest income on the Board's daily cash balances. During 2018-19, the Board held an average of \$45.2M in short-term investments with an average rate of 2.42%, which is an increase of 12% over the interest rate earned on the Board's daily cash balances.

Appended Data:

Schedule 1: Summary of Investments

Recommended Motion:

"That the Annual Report on Board Investments, as at August 31, 2019, be received."

Respectfully submitted,

Stacy Veld, Superintendent of Business Services
Nicky Westlake, Controller of Finance

November 13, 2019

For further information please contact Stacy Veld, Superintendent of Business Services.

**District School Board of Niagara
Summary of Investments
As at August 31, 2019**

Investment Broker	Term	Purchase Date	Maturity Date	Invested In	DBRS Rating	Principal Amount	Annual Interest Rate
RBC Dominion Securities Inc	4 years	October 19, 2015	October 21, 2019	Royal Bank of Canada GIC	AA(high)	8,000,000	2.09%
Scotiabank	5 years	October 19, 2015	October 19, 2020	Scotiabank GIC	AA(low)	8,628,326	2.55%
Scotiabank	5 years	October 20, 2016	October 20, 2021	Scotiabank GIC	AA(low)	10,416,244	2.06%
Raymond James	5 years	October 26, 2017	October 26, 2022	National Bank of Canada	AA(low)	10,000,000	2.56%
						37,044,570	

Average Interest Rate	2.32%
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DISTRICT SCHOOL BOARD OF NIAGARA
REPORT TO FINANCE COMMITTEE
SCHEDULE OF ACCUMULATED SURPLUS

Background:

As part of the year-end Financial Statement process, the Schedule of Accumulated Surplus, along with explanatory notes describing each of the District School Board of Niagara's (the "Board") accumulated surplus funds is presented to the Board of Trustees for approval.

The attached Schedule of Accumulated Surplus shows the status of the Board's accumulated surplus as at August 31, 2019, and, identifies transfers to and from accumulated surplus which have occurred during the 2018-19 year. The changes in accumulated surplus are reflected in the 2018-19 Financial Statements which will be presented to the Audit Committee following this meeting on November 18, 2019.

The 2018-19 year-end resulted in a surplus to the General Operating Accumulated Surplus of \$2,210,021 versus a budgeted use of \$3,788,004.

In the 2019-20 budget, \$3,354,504 of the General Operating accumulated surplus has been used to fund expenditures, leaving an available balance of \$13,570,233.

Appended Data:

1. Schedule of Accumulated Surplus for the Year Ended August 31, 2019
2. Accumulated Surplus - Explanatory Notes

Recommendation:

"That the Schedule of Accumulated Surplus for the year ended August 31, 2019, be approved."

Respectfully submitted,

Stacy Veld, Superintendent of Business Services
Nicky Westlake, Controller of Finance

November 13, 2019

For further information please contact Stacy Veld, Superintendent of Business Services.

DISTRICT SCHOOL BOARD OF NIAGARA
2018-19 SCHEDULE OF ACCUMULATED SURPLUS
SENIOR ADMINISTRATION PLANNING

	01-Sep-18	Transfers In		Transfers Out	31-Aug-19
		Operational	Interest		
INTERNALLY APPROPRIATED (COMMITTED)					
Capital					
Board Major Capital - Uncommitted	5,490,834	-	-	-	5,490,834
Committed Capital Projects	14,156,023	1,457,528	-	754,003	14,859,548
Total Capital	19,646,857	1,457,528	-	754,003	20,350,382
Retirement Benefits	272,494	-	-	272,494	-
Equipment Replacement					
Cafeteria Equipment	52,442	7,166	-	-	59,609
Data Centre	1,407,144	-	30,441	-	1,437,585
Network Infrastructure	1,618,528	390,910	43,471	-	2,052,909
Photocopier	1,376,896	140,651	31,585	57,487	1,491,645
Printing Services	240,061	-	5,193	-	245,254
VOIP/Unified Communications	946,247	110,000	22,850	-	1,079,097
Artificial Turf & Track	31,975	34,029	1,428	-	67,431
Admin Computer Replacement	171,237	219,956	-	391,193	-
Committed Equipment Projects	34,136	-	-	9,970	24,166
Total Equipment Replacement	5,878,666	902,711	134,968	458,650	6,457,696
Other					
Self Insurance	252,761	-	5,469	-	258,230
Total Other	252,761	-	5,469	-	258,230
School Carry Forwards	539,424	129,080	-	539,424	129,080
Board Contractual					
Senior Administration Professional Development	167,515	184,075	-	167,515	184,075
Trustee Professional Development	166,454	41,743	-	166,454	41,743
Trustee Communications	3,229	2,908	-	3,229	2,908
Senior Administration Contractual	88,838	103,671	-	88,838	103,671
Total Departmental - Contractual	426,036	332,397	-	426,036	332,397
Departmental - Discretionary					
Prior Year Carryforwards	1,335,670	-	-	1,335,670	-
Approved Requests					
International Education	-	394,760	-	-	394,760
CUOS - May to August	-	315,000	-	-	315,000
Special Initiatives	-	1,500,000	-	-	1,500,000
	-	-	-	-	-
Total Departmental - Discretionary	1,335,670	2,209,760	-	1,335,670	2,209,760
UNAPPROPRIATED					
General Operating	14,714,716	2,350,458	(140,437)	-	16,924,737
	14,714,716	2,350,458	(140,437)	-	16,924,737
TOTAL ACCUMULATED SURPLUS	43,066,624	7,381,934	-	3,786,276	46,662,282

DISTRICT SCHOOL BOARD OF NIAGARA

ACCUMULATED SURPLUS - EXPLANATORY NOTES

DSBN Accumulated Surplus - Internally Appropriated

1. Capital

a. Major Capital

The Major Capital accumulated surplus has been set aside to cover the cost of major capital projects (i.e., renovations, additions, school sites) which exceed the revenue received through Ministry grants.

b. Committed Capital Projects

With the implementation of new accounting standards in 2010-11, a Committed Capital Projects accumulated surplus is required to fund the future years amortization expense for capital projects funded from the Major Capital accumulated surplus.

2. Retirement Benefits

This accumulated surplus is being used to partially fund the retirement gratuity liability which, effective in 2012-13, is being phased into budget compliance over 6.7 years, which is the Estimated Average Remaining Service Life (EARSL) of eligible employees.

3. Equipment Replacement

Cafeteria Equipment

This accumulated surplus provides for unexpected and not otherwise budgeted repairs to cafeteria equipment. It is generated by a small portion of the commission received from annual sales.

Data Centre

This accumulated surplus provides for the replacement and/or upgrading of the Board's central (on premise) data centre. The components of the data centre include equipment, building infrastructure and the systems for power, security and cooling. An annual budget amount is transferred to this accumulated surplus.

Network Infrastructure

This accumulated surplus provides for the replacement and/or upgrading of the infrastructure that enables network connectivity, operations and management of the Board's network and Wi-Fi systems. The components of the network infrastructure include network switches, Wi-Fi Access Points, and Data Cabling. An annual budget amount is transferred to this accumulated surplus.

Photocopier

This accumulated surplus provides for the replacement of photocopy machines throughout the system as required. The per-copy charge includes an amount to provide for the replacement of the machines by the end of their expected life.

Printing Services

Printing Services operates on a cost-recovery basis. All operating and equipment costs incurred to produce printed materials are recovered through charges to the users - schools, other departments. Any annual surplus generated by Printing Services may be transferred to accumulated surplus to provide funds for upgraded or replacement equipment. This surplus may also be used to offset annual costs if expenditures exceed revenue generated.

Voice Over Internet Protocol (VOIP)/Unified Communications

This accumulated surplus provides for the replacement and/or upgrading of the systems for the delivery of voice communication and multi-media technologies. An annual budget amount is transferred to this accumulated surplus.

Artificial Turf and Track Replacement

This accumulated surplus provides for the replacement and/or upgrading of the synthetic turf and track fields. All partnership and rental revenues are transferred to this accumulated surplus.

Admin Computer Replacement

This accumulated surplus provides for the replacement of school administrative technologies. An annual budget amount is transferred to this accumulated surplus.

Committed Equipment Projects

With the implementation of new accounting standards effective in 2010-11, a Committed Equipment Projects accumulated surplus was required to fund future year's amortization expense for capital equipment purchases funded from various Equipment Replacement accumulated surpluses.

4. Self-Insurance

This accumulated surplus covers the deductible portion of property insurance claims in excess of the annual budget amount. In the event claims are lower than budget, the unspent amount is transferred to accumulated surplus.

5. Year-End Carry Forwards

These funds represent annual school surpluses or deficits, and surpluses in specific departmental and Board contractual budgets. The amounts are set up at year end and subsequently reversed in the following year. This allows school administrators and central staff to more effectively plan the timing of approved expenditures and initiatives.

DSBN Accumulated Surplus - Unappropriated**General Operating**

The accumulated surplus for general operating requirements has been built up over the years from year-end operating surpluses. Any year-end surplus or deficit arising from operations is transferred to or from this accumulated surplus.

In May 2017, the Board approved the following motion, "That, on an annual basis, approximately \$4,000,000 of the General Operating Accumulated Surplus continue to be set aside to cover unexpected or unbudgeted expenditures which may arise during a particular year or to provide limited funding for other approved one-time expenditures and that 20% of the remaining balance in the General Operating Accumulated Surplus, as reflected in the annual financial statements, be transferred to revenue in the budget for the year following the year in which the financial statements have been completed."