



## **MINUTES OF THE FINANCE COMMITTEE**

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**Wednesday, November 15, 2017**

**Grimsby-Lincoln Meeting Room  
5:00 p.m.**

Present:

Trustee Committee Members: Kevin Maves (Committee Chair), Sue Barnett, Lora Campbell,  
Jonathan Fast

Administration: Stacy Veld, Superintendent of Business Services  
JoAnna Roberto, Supt. of Curriculum & Student Achievement (K-8)  
Nicky Westlake, Controller of Finance

Recording Secretary: Brenda Buckingham, Business Assistant

### **CALL TO ORDER**

Chair Kevin Maves called the meeting to order at 5:00 p.m.

### **APPROVAL OF THE AGENDA**

Following review of the agenda, it was

Moved by: Jonathan Fast

Seconded by: Lora Campbell

**“That the agenda be approved as presented.”**

CARRIED UNANIMOUSLY

### **APPROVAL OF THE MINUTES OF THE SEPTEMBER 20, 2017, MEETING**

Following a review of the September 20, 2017, Finance Committee meeting minutes, it was

Moved by: Lora Campbell

Seconded by: Jonathan Fast

**“That the minutes of the September 20, 2017, Finance Committee  
meeting be approved as presented.”**

CARRIED UNANIMOUSLY

**SCHEDULE OF ACCUMULATED SURPLUS**

Superintendent of Business Services Stacy Veld presented the Schedule of Accumulated Surplus as part of the DSBN's 2016-17 year-end Financial Statement process. The Schedule provided the September 1, 2016, accumulated surplus account balances, transfers to and from each fund during the 2016-17 fiscal year, and the resulting account balances as at August 31, 2017. Explanatory notes were included, giving a brief overview of each accumulated surplus account.

The changes in the surplus funds are reflected in the 2016-17 audited Financial Statements which will be presented to the Board's Audit Committee on November 20<sup>th</sup> and to the full Board of Trustees on November 28<sup>th</sup> for approval. Superintendent Veld noted that the District School Board of Niagara's strong financial position has been established through a continued proficient budget process and ongoing accountability measures.

Superintendent Veld highlighted that, during 2016-17, interim financial reports were provided to Trustees which included changes over projections in enrolment, grants and expenditures, as well as a projected year-end financial position. The reports were based on actual data available at various points in time, being October 31<sup>st</sup>, February 28<sup>th</sup> and April 30<sup>th</sup>. This final report on accumulated surplus does not vary significantly from what was identified to the Committee in June. At that time, it was projected that there would be an operating surplus as a result of an increase in enrolment over projections. Although the DSBN continues to have cost pressures in supply teacher expenses related to illness, and in school operations and maintenance as a result of the loss of top-up funding, these have been mitigated by efficiencies in operational expenses and continued underspending in board administration.

The Accumulated Surplus accounts are comprised of internally appropriated and unappropriated funds. Internally appropriated funds are those set aside for specific Ministry and DSBN initiatives allowing for a more stable budget and the avoidance of fluctuations based on large planned expenditures. The unappropriated funds include the General Operating monies that have accumulated over the years from year-end operating surpluses.

Superintendent Veld was pleased to report that the year-end position has resulted in a surplus to the General Operating Accumulated Surplus account of \$4,584,901 versus a budgeted use of \$3,224,117. It was explained that, compared to the original budget, there was an increase of approximately \$5.7 million from GSN revenue related to increased enrolment, additional investment income, and insurance & energy rebates. On the expenditure side, there was a reduction in WSIB expenses in the amount of \$860,000, savings in operating budgets of almost \$400,000 and approximately \$1 million underspending of prior year carryforwards. Although there was an increase in the cost of sick leave, it was offset almost entirely through savings in permanent salaries and benefits, as the FTE holdback monies were not fully used. The balance remaining in the General Operating Accumulated Surplus account, after the budgeted use of \$2.7 million, is \$11,627,799.

During discussion, Superintendent Veld confirmed that the \$3 million of appropriated funds set aside for the Greater Fort Erie Secondary School theatre were pulled from the Major Capital surplus account and will be replaced through the various funding commitments of the DSBN, the Town of Fort Erie, the school community and corporations.

Moved by: Lora Campbell  
Seconded by: Jonathan

**"That the Schedule of Accumulated Surplus for the year ended August 31, 2017,  
be approved."**

CARRIED UNANIMOUSLY

**ANNUAL REPORT ON BOARD INVESTMENTS**

As required by Board Policy B-04 *Investment of Board Funds*, Controller of Finance Nicky Westlake presented the Annual Report on Board Investments. She explained that this report outlines the individual investments and investment performance, and is prepared as part of the year-end financial reporting process.

Provided to the Committee was a schedule summarizing the individual investments held at the end of the fiscal year, being August 31, 2017, with associated investment details. Nicky Westlake confirmed that this portfolio is invested 100% in the Corporate Investment category, all investments are within the maximum individual organization limit allowed by Policy B-04, and that, in her opinion, all of the investments were made in accordance with the Policy and the objectives set out therein.

The investment portfolio is generating an annual average return of 2.07%, which is an increase of 98% over the interest the funds would have earned on daily cash balances through the DSBN's financial services provider, CIBC. The interest generated is not rolled-over with the principal and Superintendent Veld noted that well over \$1 million of interest revenue has been brought into the General Operating Accumulated Surplus account.

The Committee was advised that the funds were initially invested in staggered terms so that one GIC matures every year. Going forward, each maturing fund will be reinvested for a five year term. This provides the ability, annually, to either use or reinvest one-fifth of the full investment amount. Since the funds are invested in GICs, the monies can be easily accessed should an unforeseen need arise.

The Committee acknowledged Rick Werezak and Nicky Westlake for this initiative that serves to keep the DSBN in its very healthy financial position.

Moved by: Jonathan Fast  
Seconded by: Lora Campbell

**“That the Annual Report on Board Investments, as at August 31, 2017, be received.”**

CARRIED UNANIMOUSLY

**SHORT-TERM FINANCING OF MINISTRY FUNDED CAPITAL PROJECTS**

Controller of Finance Nicky Westlake reported that the Ministry of Education has approved the allocation of \$41,150,118 in School Consolidation Capital funding for the construction of the new West Niagara secondary school.

Since the Ministry of Education (MOE) pays capital grants twice per year, based on actual spending, school boards must finance the project costs until the provincial grants are received. In order to mitigate the financial impact on school boards, the MOE allows the use of short-term borrowing to interim finance the capital projects and covers all related interest costs through the Allocation for Short-Term Interest Grant. As the DSBN receives a higher rate of interest for its cash balances, it is financially advantageous for the Board to externally borrow the funds from the bank and then be reimbursed by the MOE for the interest expense.

In order to commence capital borrowing under this program, approval of a borrowing resolution by the Board of Trustees is required. The resolution will authorize the DSBN to borrow an amount up to the Ministry-approved capital grant allocation of \$41,150,118. A draft of Borrowing Resolution 2017-03 was provided to the Committee.

In response to questions from the Trustees regarding funding sources for additional features, Superintendent Veld confirmed that the Ministry does not have a funding benchmark for theatre. Therefore, similar to Greater Fort Erie Secondary School, construction of a theatre at the new school will be discussed with the community during the school design stage. Also, the cost for an artificial turf field will not be funded by the Ministry. It was further confirmed that there is a separate funding envelope for costs associated with the purchase and preparation of the lands and that this allocation is for construction purposes only.

Moved by: Sue Barnett  
Seconded by: Jonathan Fast

**“That Borrowing Resolution 2017-03, authorizing the Board to borrow up to \$41,150,118 for the short-term financing of Ministry funded capital projects, pursuant to the provisions of section 243(1) of the Education Act, be approved.”**

CARRIED UNANIMOUSLY

#### **NEXT MEETING**

The next meeting is scheduled for January 17, 2018, at 6:00 p.m.

#### **ADJOURNMENT**

The meeting adjourned at 5:40 p.m.

Kevin Maves  
Chair