Finance Committee Minutes

Tuesday, October 13, 2009 – 10:00 a.m.
Conference Room, Administration Office

Present: B. Mayes, Chairperson (exited at 11:25 a.m.), G. Buri, R. Coey, L. Ross (Alternate), Dr. D. Michaels, G. Barnes, K. Zabowski
Guest: Todd Birkhan, Auditor, BDO Dunwoody.

1. CALL TO ORDER:

The Finance Committee Meeting was called to order at 10:15 a.m. by Committee Chairperson, Mr. Mayes.

2. APPROVAL OF AGENDA

The Finance Committee Agenda was amended to include updates on outstanding First Nations' accounts and Natural Gas Contracts.

3. COMMITTEE GOVERNANCE GOAL ITEMS

A) PRESENTATION OF 2008/2009 FINANCIAL AUDIT – BDO Dunwoody (Timed event with Auditor – Mr. Todd Birkhan

Chairperson, Mr. Mayes, welcomed Mr. Todd Birkhan, the Division Auditor from BDO Dunwoody, to the meeting. Mr. Birkhan reviewed the Audit Letter addressed to the Board explaining the process involved in undertaking the audit. Mr. Birkhan spoke about the responsibilities of the auditor under the PSAB rules; provided clarity regarding "materiality" and requested direction regarding his presentation to the Board of Trustees on October 26, 2009 . The Committee was encouraged to ask questions for clarification purposes with respect to the Audit Letter and Reports.

Secretary-Treasurer, Mr. Barnes, circulated the Budget Variance Analysis as of June 30, 2009 and provided details regarding reserve transfers; accumulated surplus; future renovations and the latest update regarding Provincial teacher settlement. The Committee asked questions for clarification purposes throughout the presentation.

Recommendation:
That the Auditor's Report and Financial Statements for the twelve month fiscal period ended June 30, 2009 be and are hereby accepted, and that the Chairperson be authorized to affix his signature and the seal of the Division thereto.

Mr. Birkhan exited the meeting at 11:00 a.m.

B) 10/11 BUDGET PREPARATIONS

The Secretary-Treasurer reviewed the 2010/2011 Budget Preparation documentation included in the Agenda Packages. Trustees asked questions for clarification purposes. Mr. Barnes presented guidelines to be initiated in the 2010/2011 Budget preparations. (Appendix "A" attached).

Discussions were held regarding proposed budget dates; stakeholders the Committee would like to meet with prior to budget deliberations; and questions to be asked of the stakeholders. It was agreed stakeholders would be asked what resources were needed and to prioritize these needs. It was further agreed that all Board Committee budget requests were to be forwarded for review no later than December 11, 2009. It was noted that the Chamber/Division Ad-hoc Committee would discuss the budget process at their December 2, 2009 meeting.

Recommendation:
That the following guidelines be initiated for the 2010/2011 Preliminary Budget preparation:

a) The Capital and Maintenance per capita school allocation remain at $17.00 per pupil with $3.00 being identified as second priority items;

b) $19,000 for equity/aging buildings;

c) No inflationary increase provided to the contingency allocation;

d) Inflationary increases be provided as advised by suppliers eg: employee benefits, utilities, school bus maintenance;

e) No inflationary increase provided for controllable services and supplies.

The proposed budget dates were reviewed and the following dates confirmed:

January, 2010 – following funding announcement	Board Briefing re: Budget
Wednesday, February 3, 2010	Public Forum
Tuesday, February 16, 2010	All Day Budget Meeting
Monday, March 1, 2010	Special Board Meeting – Public Presentations
Monday, March 8, 2010	Regular Board Meeting – Approve Budget

Trustee Mayes exited the meeting at 11:25 a.m. and Trustee Buri assumed the position of Committee Chairperson for the remainder of the meeting.

4. OTHER COMMITTEE GOVERNANCE GOAL ITEMS

A) H1N1 COSTS

Secretary-Treasurer, Mr. Barnes, reviewed the memorandum received from the Director of Facilities and Transportation regarding the increased costs resulting from H1N1 Preventive Measures. Discussions were held regarding this health cost being placed on education. It was noted that in Alberta and British Columbia the provincial governments gave the money to the schools with respect to H1N1 preventive measures. It was agreed a letter should be forwarded to the Premier of Manitoba, and copies to the Ministers of Education, Healthy Living and Health as well as the opposition critics and MSBA noting that the School Divisions should not be responsible for increased costs resulting from H1N1 preventive measures. It was further agreed that the increased costs would be treated as an overexpenditure from the 09/10 budget.

Recommendations:
That a letter be forwarded to the Premier of Manitoba and copied to the Ministers of Education, Healthy Living, and Health regarding providing financial support for the anticipated increased costs related to H1N1 Preventive Measures.

That an overexpenditure to the 2009/2010 budget in the approximate amount of $84,600 be approved with respect to anticipated increased costs related to H1N1 Preventive Measures.

It was further agreed that the Board would wait until after the Regional meetings before writing to MSBA on this issue as the matter may be discussed at the Regional meetings.

B) "HOW THE BLACK BOX WORKS" MTS SEMINAR

Trustee Buri referenced the material which had been provided at the seminar held September 26, 2009. He noted the purpose of the seminar was reviewing how to access equalization grants more effectively. The seminar material was received as information.

C) POLICY 3001 – "BUDGET DEADLINES AND SCHEDULES"

Secretary-Treasurer, Mr. Barnes, reviewed policy 3001 and the proposed amendments. He noted the proposed changes were made to reflect current practice. (Appendix "B" attached).

Recommendation:
That Policy 3001 – "Budget Deadlines and Schedules" be rescinded and replaced with Policy 3001 – "Budget Deadlines and Schedules".

5. OPERATIONS INFORMATION

- Mr. Barnes updated the Committee with respect to outstanding fees from 1st Nations noting there was currently $72,000 in outstanding fees of which $36,000 is owed by the Sioux Valley Education Authority. He also confirmed that the Sioux Valley Education Authority had not paid their September and October rent for Fleming School in the amount of $13,500. The Committee was advised that the Secretary-Treasurer had talked by telephone on two occasions with the Education Director of Sioux Valley regarding the outstanding fees. He confirmed that he would be forwarding a letter to the Education Director at Sioux Valley Education Authority, regarding the outstanding fees, as provided in the lease agreement. Mr. Barnes was directed to send a copy of the letter to INAC and the Minister of Education as well.

- Mr. Barnes addressed the possibility of entering into a natural gas agreement fixing the base rate paid for natural gas over a period of 1 to 5 years. He noted several Winnipeg Divisions have now entered into such an agreement. As natural gas is currently at its lowest point, Mr. Barnes proposed that the Brandon School Division look into the possibility of entering into a similar agreement. He confirmed he would obtain quotes from three companies and then go with the lowest quote. He also confirmed that a special Finance Committee meeting would be required to review the quotes and make a recommendation to the Board for approval.

Agreed:
It was agreed that Senior Administration would pursue the possibility of entering into a natural gas agreement after November 1, 2009 when the new rates have been established.

6. NEXT REGULAR MEETING: Monday, November 16, 2009, 10:00 a.m.

The meeting adjourned at 12:00 noon.

Respectfully submitted,

B. Mayes, Chair	G. Buri
R. Coey	L. Ross (alternate)

Appendix "A"

2010/2011 Budget Preparation

With the commencement of the new school year, preparations for the 2010/2011 Budget also begin.

Past years have seen minimal changes in the amount of Provincial Support received by the Division of approximately 1.2% for 2005/2006, 1.2% for 2006/2007, 2.0% for 2007/2008, 1.1% for 2008/2009 and an increase of approximately 4.9% for 2009/2010 of which 2.7% was attributable to the enrolment increase.

The following is a summary of the budgeted increases/decreases over the last five years.

- In 2005/2006 budget increases were provided for ESL teaching position $55,200, Home School Liaison positions at Neelin and Vincent Massey High School $31,300, bus loading supervision $9,100, Workplace Safety $18,000, International Baccalaureate Program Neelin $29,600 and BSIMA band instrument support $3,000 which were offset by reductions in professional development of $44,700 and CEA membership of $900.

- In 2006/2007 there was a net decrease in the budget of $352,200 with increases for Bill 13 professional development of $10,000, one additional computer technician position $43,400, additional professional development for ICT department $5,500, administration computer replacement plan $24,900 and an additional EAL teaching position $56,200. These additions were offset by reduction to staffing levels in the Communications department $96,500, Transportation/Maintenance $40,900, SSS secretaries $62,600 and Human Resources/Payroll $40,000 along with reductions of the CISCO program $60,000, Riverview .25 principal time $19,000, K-8 Home School Liaison time $23,200 and the Gifted and Talented program $150,000.

- In 2007/2008 there were staff increases for literacy support teaching (3) $167,700, appropriate educational programming teachers (1.5) $81,500, alternate high school program (1.0) $55,900, appropriate educational programming educational assistants (8.0) $147,500, custodial assistance absence relief $6,600, employee benefits $25,600 which were offset by reductions in high school noon hour supervision $184,600 and Earl Oxford crossing guard $6,000. Service and supply increases were provided for special instructional budget allotment offsetting student fee reductions ($5) $33,800, information technology software $62,000, accounting contract services, $40,000, International Baccalaureate increase $6,000, canine drug detection $8,000, professional development $17,200, under challenged student initiative $30,000 and alternate education program $12,000.

- In 2008/2009 there was a budget increase of $907,700 for teachers as follows: EAL (3), Resource (3.5), Music (2), High Ability Learner Program (3), Clinician (1), Reading Recovery (1.0), French literacy support (.5) and Senior High Physical Education (3) offset by reduction in ratio for Senior High positions (3); $51,900 for Transportation & Facilities Assistant; $29,800 Support Staff Sub-Booking Clerk; $50,000 clerical support (PSAB); and a reduction of $6,900 for elimination of the Crossing Guard position. Other additional funding was provided for EAL program $11,000, Alternative High School facilities $27,000, special instructional budget allotment offsetting $5 student fee reduction $34,000, outdoor facility development $15,000, Capital and Maintenance $20,200, Grade 11 & 12 Physical Education equipment $20,000, other $3,600.

- In 2009/2010 budget increases were for 7.25 teachers $466,900 (EAL 3.00, HALEP .25, LD Specialist 1.0, Literacy Specialist 3.0); support staff Director of MIST (1.0) $42,700; AEP Education Assistants (14.0) $300,000; K-8 Before School $4,000; weed control $5,100; band instruments $3,600; vocational equipment CP $40,000; playground maintenance $15,000; heating system maintenance $10,000; staff development $16,200; Alexander Arts program $20,000; grade 11 & 12 physical education $11,400; supplies EAL $5,000, HALEP $100, LD Specialist $6,500, Literacy $12,900; MIST Director PD & travel $2,800; drug/alcohol counselling Vincent

Massey $8,000; and ICT Projects $100,000; a reduction in travel expense resulting in .25 FTE for class size and composition.

During past years the school instructional supply budget saw increases of 0% for 2005/2006, 3.0% for 2006/2007, 2.0% for 2007/2008, 2.0% for 2008/2009 to be allocated for equity funding and 3.0% for 2009/2010 to be allocated for equity funding. The Capital and Maintenance Budget per pupil allocation was unchanged at $15.25 for 2005/2006, $15.50 for 2006/2007, $15.75 for 2007/2008, an increase to $16.50 for 2008/2009 and an increase to $17.00 for 2009/2010. An additional amount of $19,000 was approved for aging buildings.

The Special Requirement was increased $1,578,200 for 2005/2006, $1,499,200 for 2006/2007, $1,382,300 for 2007/2008, $2,816,600 for 2008/2009, and $2,543,100 for 2009/2010.

The Board continues to consider a four year business plan in its annual budget considerations. This plan contains projections for an inflationary increase in expenditures, increased Provincial Grants and increasing taxes. As significant growth in Provincial revenues has not yet resulted for our Division, we continue our budget preparations with caution and needing to consider cost increases for such items as utilities, vehicle fuel, staff increments, salary increases, along with continuing concern regarding enrollment and assessment. Budget increases required to meet the educational needs for the growing immigrant population needs to be addressed. A significant factor will be the commitment made against 2010 special levy by the decision to increase the 2009/2010 special requirement by $2,543,100; $1,447,000 will need to be raised in 2010, a 5.0% commitment.

For the preparation of the 2010/2011 Budget the Administration will require Committee direction or consideration of such items as the following:

1. Will an inflationary increase be provided for all expenditures, non-controllable expenditures only, or should total expenditures be frozen except for enrollment changes?

2. What adjustments should be reflected in the salary component of the budget for both teaching and support staff in terms of employment ratios, negotiated changes, etc.?

3. Are there programs that should be enhanced/added or reduced/eliminated that the Committee/ Board wish the Senior Administration to consider?

4. Should new or expanded programs/services be included in the preliminary budget or should they be considered as add-ons on budget day?

5. What additional revenue sources and/or tax increases should be considered?

6. If cost reductions are required should these be applied as a fixed percentage over all expenditure areas or should specific programs/operations be considered?

7. What are the Board's specific budget priorities for 2010/2011?

8. Should student user fees be considered in budget deliberations?

In reference to non-controllable expenditures for such things as utilities, taxes, bus repairs, employee benefits, etc. the Senior Administration recommends that these items be increased by projected amounts based on current information available from the supplier. The schools instructional budgets and controllable supplies and services accounts had a 3% increase last year. It is recommended that the initial 2010/2011 budget provide for no increase compared to the (.4%) actual CPI increase (decrease) to date and be adjusted for enrollment changes.

In addition, the Committee should consider the consultation and feedback processes to be held with Advisory Councils for School Leadership, Parent Councils, other school-based organizations, all Division staff and the general public. For 2004/2005, to 2007/2008 a Budget Guide was circulated to stakeholders followed by parent council, community groups, Division staff groups and public presentations in November 2003, 2004, and 2005 at Earl Oxford Middle School, February 8, 2007 at Meadows School, February 7, 2008 at Harrison Middle School and February 5, 2009 at Earl Oxford School.

Bill 14 The Public Schools Modernization Act (Public Schools Act Amended) regarding Budget consultations reads "178(1) a school board shall not approve its annual budget until it has (a) consulted each advisory council, local school committee or school committee in the school division or school district; and (b) presented its proposed budget at an open meeting of the board and heard from persons present wishing to make submission regarding it and 178(1.1) at least 14 days before the open meeting at which its proposed budget will be presented, a school board must provide public notice of the meeting." The Board agreed last year to hold the Public Forum for constituent groups in early February at which time a preliminary draft budget would be presented. What processes will be followed for the 2010/2011 budget deliberations?

These points are brought to the Committee as information and to provide a basis for initial discussion regarding the 2010/2011 Budget preparations. In order that the budget process can proceed it will be necessary to start addressing the noted items as soon as possible. Direction to the Senior Administration regarding the 2010/2011 Budget preparation is required by the end of October to enable the process to proceed.

Further, in reference to the Capital and Maintenance Budget preparation, the Senior Administration have discussed this item feeling that the per capita allocation basis has been beneficial and worked well for the schools, the Maintenance Department and the Administration Office. It provides an amount that principals can allocate to the needs identified at the school level on a priority basis. The joint effort of the Principals and the Maintenance Department has worked satisfactorily.

The Senior Administration is recommending that a) the per capita school allocation remain at $17.00 per pupil with $3.00 being identified as second priority items, b) $19,000 for equity/aging buildings and c) no inflationary increase provided to the contingency allocation. The per capita allocation was $15.25 for 2004/2005 and 2005/2006 Budget, increased to $15.50 for 2006/2007, $15.75 for 2007/2008, $16.50 for 2008/2009 and to $17.00 for 2009/2010. The 2009 CPI increase (decrease) has been approximately (.4%) to date.

The Committee's consideration regarding the 2010/2011 Budget preparation is requested.

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BRANDON SCHOOL DIVISION
POLICY

APPENDIX "B"

POLICY 3001

BUDGET DEADLINES AND SCHEDULES

Adopted: April 23, 2007/Motion: 74/2007

In the Budget Planning and Preparation Process shall be carried out in accordance with the following general timetable:

September – 3rd week of school

- Capital and Maintenance Budgets – letter to Principal's requesting their proposed requirements on forms provided

September

- Report and recommendations from Senior Administration to Finance Committee for direction re general guidelines for budget preparations and level of support for Instructional Equipment and Supply Budgets and capital budget-maintenance for upcoming fiscal year

September 30th

- Departmental Statistical Forms – due from principals, teachers and administrators

October 15th

- Departmental Statistical Forms – completed, signed and submitted to Manitoba Education
- Capital and Maintenance Requests – completed by principal and arrangements finalized for Maintenance Department Review.

November 1st – 15th

- Capital and Maintenance Requests – reviewed with individual principal of each school by Senior Administration , Director of Facilities/Transportation or Supervisor of Property.

November 15th – 30th

- Preliminary Budget preparations – Senior Administration hold meetings as required

Mid-December – Early February

- Capital Maintenance Budget submitted to Finance Committee
- Provincial funding support announcement
- Public Budget Consultation Forum(s)

February

- Special Board Meeting held on or about 3rd Tuesday over a period of one or more days, as required, for the purpose of establishing the proposed budget and special levy requirement, subject to a review and checking by the Senior Administration prior to formal approval by the Board

March – 1st Monday

- Public Presentations regarding proposed budget.

March – 2nd Monday

- Formal approval given by the Board to the final budget and special levy requirement

March 15th

- Special Levy requirement –submitted to Municipalities

March 31st

- Final Budget – completed, submitted to the PSFB