



ITEM 8

To: **Board of Education**

From: Finance Committee
of the Whole

Re: **FINANCIAL STATEMENTS**
QUARTER ENDED SEPTEMBER 30, 2015

Date: November 18, 2015
(Public Board Meeting)

Decision

BACKGROUND/RATIONALE:

At the recommendation of the Finance Committee of the Whole the attached Financial Statements for the Quarter Ended September 30, 2015 are presented to the Board for approval. (Attachment A)

This report provides an analysis of changes to revenue and expenditures estimates to June 30, 2016 compared to the 2015/16 Preliminary Budget. The updated revenue and expenditure estimates include Board approved budget changes to date, revenue and expenditure changes resulting from changes to enrolment, and any other known revenue and expenditure changes.

Operating Fund Revenue

- Operating Grants from the Ministry of Education are estimated to be \$3.88 million higher than budgeted due to increased enrolment as outlined in the table below. The actual amount of the grants will be known in December 2015 when the Ministry announces the interim operating grants for school districts.
- Other Ministry of Education revenue is higher than budgeted by \$0.03 million due to increased enrolment for Graduated Adults (up 7.25 FTE).

2015/16 Funded Enrolment October Count (FTE)			
Student Enrolment Type	<u>Estimated</u>	<u>Actual</u>	<u>Variance</u>
Standard Schools	13,325.5625	13,744.0625	418.5000
Continuing Education	15.1250	20.3750	5.2500
Alternate Schools	230.0000	252.0000	22.0000
Distributed Learning	28.0000	11.6250	(16.3750)
<i>Total School Age Enrolment</i>	<u>13,598.6875</u>	<u>14,028.0625</u>	<u>429.3750</u>
ELL	363.0000	448.0000	85.0000
Aboriginal	1,107.0000	1,170.0000	63.0000
Special Education			
Level 1	13.0000	13.0000	-
Level 2	525.0000	539.0000	14.0000
Level 3	190.0000	200.0000	10.0000
Adult Education	36.0000	66.6250	30.6250
Graduated Adults	6.5000	13.7500	7.2500

- Provincial Grants-Other Revenue is lower than anticipated due to the loss of the Secondary School Apprenticeship grant (\$0.04 million) and the Settlement Workers in Schools funding (\$0.07 million).
- Other revenue is higher than preliminary budget by \$0.19 million. This relates to fees collected from non-resident students and an additional \$0.05 million to be received from United Way for the creation of a one-time Community School Coordinator.

Operating Fund Expenses

Salaries and Benefits

- Teacher salaries are \$1.34 million higher than budgeted primarily due to increased teacher full time equivalent positions required to support the increased student enrolment (16.579 FTE).
- Principal and Vice Principal salaries are higher than budgeted by \$0.28 million due to estimated additional costs related to salary adjustments yet to be confirmed by the Province and the conversion of a District Counsellor position into a Vice Principal of Safe and Caring Schools and Keeping Kids in School position.
- Education Assistants salaries are \$0.32 million higher than budgeted principally due increased education assistant full time equivalent positions required to support increased enrolment of students with special needs (9.214 FTE).
- Other Professionals salaries are higher than budgeted by \$0.10 million due to estimated additional costs related to salary adjustments yet to be confirmed by the Province.

Services and Supplies

- Services, supplies and professional development expenses are higher than the preliminary budget due to the allocation of rollovers from 2014/15 of \$1.27 million.

Capital Purchases from Operating

- Capital purchases from operating have increased by \$1.26 million due to the Board approved capital spending in June 2015. The purchase orders were placed prior to June 30, but the items were not received until the summer.

At the end of the first quarter, the projected operating surplus for 2015/16 is estimated to be \$1.49 million. These estimates will be impacted by the December funding announcement, February and May enrolment counts, and other factors not yet known.

Special Purpose Funds

Special Purpose Funds include funds received from the Ministry of Education or other sources that have been designated for specific purposes. For the first quarter ending September 30, 2015, a total of \$1.51 million was received and \$0.96 million was spent. At September 30, 2015 there is an unspent balance of \$2.41 million that remains available for future periods.

Major Special Purpose Funds include School Generated Funds, Annual Facility Grant, Learning Improvement Fund and the Youth Education Support Fund.

The 2015/16 Learning Improvement Fund grant of \$2,481,560 was allocated as follows:

- 13.183 FTE additional teacher staffing to support student learning in elementary schools;
- 12.008 FTE additional teacher staffing to support student learning in secondary schools;
- 3.0 Part Time (28 hours/week) Education Assistant positions and 1.0 Part Time (20 hours/week) to support student learning in elementary and secondary schools with high vulnerability and intensive needs;
- Increasing all full time EA positions at elementary and secondary to 29.5 hours per week. This results in increases to 226 Educational Assistants at elementary and secondary; and

- Reserves of \$143,751 that will be allocated as determined by the SD42 LIF Committee using the same process as was used during the September consultation process.

Capital Fund

The Capital Operations fund reflects a September 30, 2015 fund balance of \$67.13 million. This is comprised of Invested in Tangible Capital Assets \$61.59 million and Contingency Reserve (Local Capital) \$5.54 million.

Invested in Tangible Capital Assets reflects the Amortization of Deferred Capital Revenue for the first quarter of \$1.32 million and the Amortization of Tangible Capital Assets for the first quarter \$2.05 million.

The board’s Contingency Reserve is comprised of previous year’s operating surpluses, which are transferred to the Local Capital reserve. The Board has approved the use of contingency reserve to fund the implementation of several projects as noted in the table below. The actual expenses presented in the local capital fund represent capital lease payments \$0.06 million and interest of \$0.01 million funded from operating. The current balance available in the Local Capital fund is \$2.53 million.

2015/2016 Contingency Reserve	
	(\$ millions)
Contingency Reserve at June 30, 2015	5.70
<i><u>Board Approved Use of Contingency Reserve to Fund One-time Expenditures</u></i>	
New Student Information System Implementation	(0.40)
Energy Management Plan Funding	(1.21)
Utilities Savings Bridging	(0.30)
Staff Computers Refresh	(0.21)
Secondary Innovation Support	(0.04)
Emergency Preparedness - Communications	(0.06)
Emergency Preparedness - Standby Power	(0.20)
United Way Partnership - Community Schools Coordinator	<u>(0.05)</u>
	(2.47)
Board Approved Use of Contingency Reserve to Fund 2016/2017 Budget	<u>(0.70)</u>
Total Board Approved Use of Contingency Reserve	(3.17)
Available Contingency Reserve as at September 30, 2015	\$ <u>2.53</u>

RECOMMENDATION:

THAT the Board: approve the Financial Statements for the quarter ended September 30, 2015.

Attachment

School District No. 42 (Maple Ridge-Pitt Meadows)
Estimated Operating Financial Results As At September 30, 2015

	2015/2016 Prelim Budget	Estimated YTD Budget	Actual to Sept 30, 2015	Projection to June 30, 2016	Variance
Operating Revenue by Source					
Grants					
Operating Provincial Grants - Ministry of Education	118,687,092	11,868,709	13,419,120	122,563,475	3,876,383 ¹
Local Education Agreement Recovery	(470,490)	(47,049)	(45,142)	(470,490)	-
Operating Other Ministry of Education Grants	2,063,540	206,354	187,497	2,095,658	32,118 ²
Provincial Grants - Other	441,504	44,150	12,213	332,051	(109,453) ³
Federal Grants	137,170	13,717	(850)	137,170	-
Total Grants	120,858,816	12,085,882	13,572,838	124,657,864	3,799,048
Tuition	7,457,546	1,864,387	1,622,874	7,457,546	-
Other Revenue	373,050	93,263	165,214	563,325	190,275 ⁴
Local Education Agreement - Direct Funding from First Na	470,490	47,049	-	470,490	-
Rentals & Leases	394,729	98,682	143,235	394,729	-
Investment Income	416,665	104,166	160,811	416,665	-
Total Other Revenue	9,112,480	2,207,547	2,092,134	9,302,755	190,275
Total Operating Revenue	129,971,296	14,293,428	15,664,972	133,960,619	3,989,323
Operating Expense by Source					
Salaries					
Teachers	61,189,589	6,118,959	6,766,630	62,532,850	1,343,261 ⁵
Principals and Vice Principals	5,143,490	1,285,873	1,171,592	5,419,669	276,179 ⁶
Education Assistants	10,009,481	1,000,948	986,820	10,327,087	317,606 ⁷
Support Staff	10,420,911	1,042,091	2,050,277	10,460,618	39,707
Other Professionals	3,348,266	837,067	926,171	3,450,918	102,652 ⁸
Substitutes	3,263,383	326,338	303,828	3,427,099	163,716
Total Salaries	93,375,120	10,611,275	12,205,318	95,618,241	2,243,121
Employee Benefits	24,492,038	6,123,010	3,103,319	24,980,746	488,708
Total Salaries and Benefits	117,867,158	16,734,285	15,308,637	120,598,987	2,731,829
Services and Supplies					
Services	4,798,456	1,199,614	930,107	5,049,895	251,439 ⁹
Student Transportation	1,057,398	105,740	79,790	1,057,398	-
Professional Development	688,840	68,884	75,840	855,739	166,899 ¹⁰
Rentals and Dues	223,284	55,821	80,464	229,765	6,481
Insurance	305,964	76,491	13,285	305,964	-
Supplies	2,879,424	719,856	606,698	3,745,353	865,929 ¹¹
Utilities	2,564,497	641,124	289,138	2,564,497	-
Total Services and Supplies	12,517,863	2,867,530	2,075,322	13,808,611	1,290,748
Total Operating Expenses	130,385,021	19,601,815	17,383,959	134,407,598	4,022,577
Interfund & Local Capital					
Interfund-Lease Payments	226,731	56,683	57,782	226,731	-
Capital Assets Purchased	744,677	186,169	741,802	2,004,749	1,260,072 ¹²
Contingency Reserve	-	-	-	-	-
Total Interfund and Local Capital	971,408	242,852	799,585	2,231,480	1,260,072
Total Expenses	131,356,429	19,844,667	18,183,544	136,639,078	5,282,649
Use of Prior Year Surplus or Reserves	1,385,133	138,513	4,165,899	4,165,899	2,780,766
Projected Operating Surplus/(Deficit)	\$ -	\$ (5,412,726)	\$ 1,647,328	\$ 1,487,440	\$ 1,487,440

¹ Ministry of Education revenue increase of \$3.88 million due to enrolment increases in standard schools (429.375 FTE) as well as increased enrolment in ELL, Aboriginal Education, Specials Needs and summer school.

² Other Ministry of Education revenue higher than anticipated due to increased enrolment in Adult Education of 7.25 FTE.

³ Provincial Grants Other revenue less than anticipated due to decrease in SSA and SWIS funding.

⁴ Other Revenue is higher than anticipated due to tuition from out of province students.

⁵ Teachers salaries are higher than anticipated due to an additional 16.579 FTE positions related to the increased enrolment.

⁶ Principals and Vice Principals are higher than preliminary budget due to anticipated wage increase and an additional VP for Safe and Caring Schools.

⁷ Education Assistants higher than anticipated due to increased enrolment (9.214 FTE).

⁸ Other Professionals higher than budget due to anticipated wage increase

⁹ Services higher than preliminary budget due to 2014/15 carry forwards.

¹⁰ Professional development higher than anticipated due to 2014/15 carry forwards.

¹¹ Supplies higher than anticipated due the 2014/15 carry forwards.

¹² Capital Assets Purchased higher than preliminary budget due to the Board approved capital spending in June 2015. Purchase orders were placed prior to June 30, but the items were not received until after year end.

School District No. 42 (Maple Ridge-Pitt Meadows)
Schedule of Capital Operations
As At September 30, 2015

	2016 Budget	2016 Actual		
		Invested in Tangible Capital Assets	Local Capital	Fund Balance
Revenues				
Provincial Grants				
Other Revenue	-		12,500	12,500
Amortization of Deferred Capital Revenue	5,358,568	1,327,238	-	1,327,238
Total Revenue	<u>5,358,568</u>	<u>1,327,238</u>	<u>12,500</u>	<u>1,339,738</u>
Expenses				
Amortization of Tangible Capital Assets				
Operations and Maintenance	7,958,976	2,051,743		2,051,743
Debt services				-
Capital Lease Interest	4,128		1,403	1,403
Total Expense	<u>7,963,104</u>	<u>2,051,743</u>	<u>1,403</u>	<u>2,053,146</u>
Capital Surplus (Deficit) for the year	<u>(2,604,536)</u>	<u>(724,505)</u>	<u>11,097</u>	<u>(713,408)</u>
Net Transfers (to) form other funds				
Tangible Capital Assets purchased	1,334,677	819,652		819,652
Local Capital	(591,232)			-
Capital Lease Payment	226,731		57,782	57,782
Total Net Transfers	<u>970,176</u>	<u>819,652</u>	<u>57,782</u>	<u>877,434</u>
Other Adjustments to Fund Balances				
Tangible Capital Assets Purchased from Local Capital		170,529	(170,529)	-
Principal Payment				
Capital Lease		56,380	(56,380)	-
Total Other Adjustments to Fund Balances		<u>226,909</u>	<u>(226,909)</u>	
Total Capital Surplus (Deficit) for the year	(1,634,360)	322,056	(158,029)	164,027
Capital Surplus (Deficit), beginning of year		61,268,595	5,697,756	66,966,351
Capital Surplus (Deficit), end of year		<u>61,590,651</u>	<u>5,539,727</u>	<u>67,130,378</u>