



FINANCE & OPERATIONS COMMITTEE MEETING
November 10, 2020 – 12noon
Newfoundland and Labrador English School District
(Via Zoom)

1. Call to Order

A meeting of the Finance and Operations Committee of the Newfoundland and Labrador English School Board was called to order at 12pm on Tuesday, November 10, 2020.

Members Present: Steve Tessier, Chair
Thomas Kendell, Committee Member
Winston Carter, Committee Member
John George, Committee Member

NLESD Staff Present: Terry Hall, CFO/ADE – Corporate Services
Tony Stack, CEO/Director of Education
Jim Sinnott, Director of Facilities and Custodial Management
Juliah Chislett, Director of Financial Services/Comptroller
Susan Clarke, Administrative Assistant (Corporate Services)

Guests: Katie Hoskins, EY Auditor
Andrew St. George, EY Auditor

Regrets: Peter Whittle, Committee Member
Jennifer Aspell, Committee Member
Wayne Lee, Committee Member
Goronwy Price, Chair of Board

2. Approval of Agenda

It was moved by John George, seconded by Thomas Kendell that the agenda be adopted as presented. *Carried.*

3. Approval of Minutes – September 16, 2020

It was moved by Thomas Kendell, seconded by Winston Carter that the minutes of September 16, 2020 be adopted as presented. *Carried.*

Welcome was extended to Katie Hoskins and Andrew St. George of EY who were in

attendance to provide a review of the Financial Statements and associated Audit Results report. Julia Chislett, Director of Financial Services/Comptroller for NLESD was also welcomed to the meeting to provide input on the Financial Statements and Budget 2020-21 Agenda items.

4. New Business (Motion)

4.1 Draft Audited Financials for NLESD – period ended June 30, 2020

Andrew St. George of EY provided a detailed overview of the Financial Statements and responded to questions relating to same. Katie Hoskins of EY reviewed the Audit Results report and provided background on items contained within the report.

The audit of the Newfoundland and Labrador English School District (“the District”) for the year ended June 30, 2020 is substantially complete. Highlights of the District’s financial statements include:

1. These financial statements are prepared based on the financial information of the District for the year ended June 30, 2020. These financial statements are prepared in accordance with the Public Sector Handbook, which constitutes generally accepted accounting principles as recommended by the Public Sector Accounting Board.
2. Consolidation – the financial statements are prepared on a consolidated basis effective for the year ended June 30, 2020 and include the results of operations for school controlled funds, the Newfoundland and Labrador Education Foundation Inc. and the Newfoundland and Labrador International Student Education Inc. The prior year comparative information is on a non-consolidated basis.
3. Cash position – the District continues to maintain a stable cash position.
4. Operating surplus – due to events surrounding the Covid-19 pandemic, certain expenditures were lower than budget for the fiscal year ended June 30, 2020. The overall impact to the surplus from the operating grant (not including teacher salaries) is 2.7 million as shown in schedule 9.
5. Tangible capital assets – during the year ended June 30, 2020, there was approximately \$51 million in tangible capital asset additions which include investments in new schools in Paradise, Bay Roberts and Bay d’Espoir.
6. Restricted equity – a portion of the District’s equity is restricted to be used

for a future purpose. The balance of restricted equity at June 30, 2020 is \$3,281,931. A portion of this restricted equity has been reserved for costs relating to the implementation of a financial management system, Cayenta. This implementation is currently underway and on track for a July 5, 2021 phase 1 go live date.

Motion #1:

Moved by John George, seconded by Thomas Kendell that the Finance and Operations Committee recommend to the Board, approval of the Audited Financial Statements for the year ended June 30, 2020. Carried.

4.2 Budget Allocation 2020/2021

Tabled by Terry Hall, Chief Financial Officer/ADE – Corporate Services.

The operating budget for the Newfoundland and Labrador English School District (NLESD) for the period July 1, 2020 to June 30, 2021 was presented. This budget does not reflect provincial capital and special grants or Nunatsiavut government funding nor does it reflect schools' controlled funds, the operations of the Newfoundland and Labrador Education Foundation, or the Newfoundland and Labrador International Student Education Inc.

The budget as presented, reflects the operating grant from Department of Education (DOE) for this period. There have been reductions in funding amounts from the original draft operating grant allocation, which was presented to the Finance and Operations committee in September 2020. The final proposed operating budget reflects the recent reductions from the interim proposed budget. In addition to reductions in the operating grant allocation, we have revised the proposed budget to include additional one time funding anticipated to the end of the school year. Further information about the one time funding is provided. As in other years, the budget for board owned pupil transportation is based on the 2019-20 approved budget and will be adjusted when the 2020-21 budget is approved by the DOE.

The proposed budget includes onetime funding of \$20 million for technology for students and teachers. The budget also includes onetime funding of \$19 million relating to operational changes required as a result of the Covid-19 pandemic. Included are additional student transportation costs and salaries and leave relief for school custodians, student assistants, and OHS staff. All onetime funding amounts are identified separately from regular operating funding and expenditures.

For the 2020-21 fiscal year we have been requested by the DOE to use accumulated surplus to cover any shortfall from the utilities grant to the actual utilities expense. Therefore, we are budgeting anticipated utilities expenses with an offsetting contribution from surplus of \$2,013,000.

Motion#2:

Moved by Thomas Kendell, seconded by Winston Carter that the Finance and Operations Committee recommend to the Board, approval of the Newfoundland and Labrador English School District's operating budget for the 12 month period July 1, 2020 to June 30, 2021 as presented. Carried.

4.3 Bayview Primary – Nipper's Harbour

Tabled by Jim Sinnott, Director of Facilities and Custodial Management.

Bayview Primary in Nipper's Harbour has not had any children attending for as long as the Newfoundland and Labrador English School District has existed. Maintaining ownership/control of the building and land therefore poses a liability to the District while achieving no benefit. The Town of Nipper's Harbour has expressed interest in acquiring the building and property from the District. However, before this transfer can be executed, the school needs to be formally closed. To move this forward, per our legal advice, we need consider both the Schools Act and District policy. The definition of *school* under the Schools Act is:

"school" means the body of school students that is organized as a unit for the purpose of education and includes the teachers and other staff members associated with the unit and the lands and premises used in connection with the unit;

which is not met here. However, the District's School Review Policy does not have a definition of school, thus the Board are required to undertake a school review in order to meet our own stated obligations:

When the board decides to propose a school closure, at least one public meeting will be held where parents/guardians and other stakeholders are provided the opportunity to make presentations to the Board. This meeting will be held not less than 30 days after the Notice of Motion.

Legal counsel feels that the obligations can be met by:

1. Giving Notice of Motion regarding the school closure;
2. Publicizing a potential public meeting – should nobody sign up, this can be cancelled; if there is interest, the meeting can be virtual to comply with Covid-19 restrictions.

Motion#3:

Moved by Thomas Kendell, seconded by John George that the Finance and Operations Committee recommend to the Board, a Notice of Motion be brought forward regarding the closure of Bayview Primary in Nipper's Harbour. Carried.

4.4 Clarendville Primary Disposal

Tabled by Jim Sinnott, Director of Facilities and Custodial Management.

Per a March, 2020 Committee update, the United Church has interest in this property. The property was tendered twice with no bids the first time and only one nominal bid the second time; this was not acceptable to the United Church. District research indicates that the abatement and demolition cost of the existing school exceeds the value of the land once vacant. Given the Town needs the District to sign over a portion of the property to allow their existing and/or revised road network to exist, the District requested they consider accepting the whole parcel. Concurrently, the District sought and obtained United Church agreement with this approach. The United Church approval was conditional on their legal counsel's review and acceptance of the final purchase and sale agreement.

The Town council recently advised that they would accept the property provided:

1. There are no restrictive covenants placed by the District or the United Church, and
2. The District pay all associated legal costs.

We note that Municipal Affairs approval may be required by the Town, while the District requires the approval of the Minister of Education. While paying legal costs in order to give an entity land and a building is not a typical approach, failure to divest ourselves of this property will almost certainly yield a renewed demolition order from the Town. The District will then be forced to have legal costs associated with the defense, or incur cost of hazardous materials abatement and demolition, i.e. ultimately for the District this property is a liability versus an asset, and divestiture for legal costs is the best conclusion we can reach at this juncture.

Motion#4:

Moved by Winston Carter, seconded by John George that the Finance and Operations Committee recommend to the Board, that the former Clarendville Primary School building and associated properties be transferred to the Town of Clarendville for nominal cost, with legal costs borne by the District, subject to Ministerial approval. Carried.

4.5 Rate Changes for Afterschool Programs operating from schools

Tabled by Terry Hall, CFO/ADE – Corporate Services.

Through a review of rates charged to private/commercial afterschool programs in late 2018 it was discovered that charges to private afterschool programs using our schools to operate were not in line with the District’s Community Use of Schools policy.

The key point, amongst other concerns, was the policy statement:

*To avoid competition with the private sector, school use agreements authorizing the use of school facilities for private use or for **personal or commercial gain** will only be considered if there is no suitable facility available in the community; **or the person or organization is charged a rental fee comparable to the commercial rate for a similar facility.***

An environmental scan circa 2019 indicated that comparable square footage of commercially available space in St. John’s Metro would cost providers approximately \$1,500/month plus utilities, custodial, snow clearing, etc. Consequently the providers were notified in June 2019 that the fee for the next school year (i.e. September 2019) was \$1,500/month. Note that using a school means there is no extra charge for operating costs such as those previously noted that would be incurred through use or ownership of a commercial site.

It was noted that it was a steep increase given 3 entities in particular were only paying an average of \$500 per month in multiple school locations to operate their afterschool business. After meeting the entities understood and most accepted the increased rate for the 2019/2020 school year. However, recently we received a request for consideration from the DEECD to consider phasing in the increase to allow said programs to manage and not have a 1 time significant impact on the families who avail of the program. The request for consideration asked that the District still get to commercial rates as per District policy but do so over a 3 year period being:

- 2019/20 school year - \$900/mth/location
- 2020/21 school year - \$1200/mth/location
- 2021/2022 school year - \$1500/mth/location

Ultimately, the District still gets to its end state of commercially applicable rates as per its policy. Given this revenue does go the respective schools the District and DEECD will work to mitigate the impact of the lost revenue for the schools where necessary.

Motion#5:

Moved by Thomas Kendell, seconded by Winston Carter that the Finance and Operations Committee recommend to the Board, approval to phase in the commercial rates charged to afterschool programs as per the Department's request. *Carried.*

5. Date of Next Meeting

The next meeting will be held at the call of the Chair.

6. Adjournment

Motion to adjourn by Winston Carter at 1:06pm. *Carried.*