

# COMMITTEE REPORT

## COMMITTEE V - FINANCE & LEGAL

MONDAY, 2011 September 12

### Committee Report to the Board 2011 September 19

The Committee met to discuss the following items:

1. **Standing Committee Orientation**

The Chairperson of the Committee referred to information material dated 2011 September, *Standing Committee Orientation*. She reviewed the scope of functions respecting the Finance and Legal Committee.

This item was received for information.

2. **2010/2011 Audited Financial Statements**

R. Krowchuk, Secretary Treasurer, introduced this item and indicated that the 2010/2011 financial statements were prepared by district staff and audited by KPMG.

F. Coughlan, Director-Finance, referred to a memorandum dated 2011 September 12, *2010/2011 Audited Financial Statements*. She summarized the accounting and reporting practices for operating expenses, operating grants, restricted contributions, contributions for capital projects, and capital assets. She reviewed the financial results for the operating fund, special purpose funds, and capital fund.

A. Johnson and K. Simpson, KPMG referred to their audit findings letter and independence letter of 2011 September 9. They summarized the following key points:

- Scope and Timing of the Audit
- Audit status and opinion
- Significant qualitative aspects of accounting practices
- Misstatements
- Control deficiencies
- Future accounting framework
- Public Sector Accounting Board (PSAB) Implementation Impacts

IT IS RECOMMENDED that the 2010/2011 financial statements (Attachment A) for the Board of Education of School District No. 39 (Vancouver) be approved.

### 3. **Impact of Changes to the Harmonized Sales Tax (HST)**

R. Krowchuk referred to a memorandum dated 2011 September 6, *Impact of Changes to the Harmonized Sales Tax (HST)*. He provided an overview of tax rebates provided to school boards and the impact on the district's operating costs if the GST / PST system is implemented without the benefit of a rebate on the PST. He noted the following key points:

- a rebate on the PST of 75% would be required in order for the reinstatement to the PST to be cost neutral for the district;
- if the Province does not provide a rebate on the reinstated PST, the VSB will incur additional costs of \$1 million on costs that would be subject to the PST. A savings of \$150,000 would be achieved on costs not subject to the PST. Overall net additional cost to the district would be \$850,000;
- any additional costs related to the reinstatement of the PST would have to be taken into account in the district's projected surplus / shortfall for 2012/2013; and
- existing capital budgets for approved capital projects that will extend beyond March, 2013 (estimated reinstatement date for GST/PST) may require amending depending on the impact of the reinstatement and the transitional rules that will apply.

Following discussion by Committee members, it was agreed that the following recommendation be forwarded to the Board for consideration:

IT IS RECOMMENDED that the Board:

(i) send a letter to the Province of British Columbia requesting a rebate on PST in order that the reinstatement of the PST is cost neutral; and

(ii) submit a proposed motion to the BC School Trustees Association (BCSTA) Provincial Council meeting of 2011 October 22 requesting that the Province ensure that school districts are not negatively impacted as a result of the dismantling of the HST and reinstatement of the GST and PST system of taxation.

### 4. **BC School Trustees Association (BCSTA) Request for Board Input to Funding Formula for Allocating Operating Grants**

The Chairperson of the Board introduced this item. She made reference to the August 2011 letters from the BC School Trustees Association (BCSTA) requesting school boards' feedback to the funding formula for allocating operating grants. The BCSTA has requested school boards to provide their input submission by 2011 October 03.

Following discussion by Committee members, it was agreed that staff provide a report on suggestions regarding the funding formula for allocating district operating grants for presentation at the September 2011 Management Coordinating meeting. The Committee Chairperson noted that stakeholders suggestions regarding the funding formula would be appreciated.

This item was received for information.

**5. New Business / Enquiries**

**a. Submission of Proposed Motions: BC School Trustees Association (BCSTA) Provincial Council Meeting of 2011 October 22**

The Chairperson of the Committee referred to a memorandum dated 2011 September 12, *Submission of Proposed Motions – BCSTA’s October 22<sup>nd</sup> Provincial Council Meeting*. The deadline date for submission of proposed motions to the BCSTA Provincial Council meeting is on 2011 September 23. She informed Committee members and representatives that if they wish to make a submission to the BCSTA Provincial Council meeting they can do so by submitting a request to the Board as soon as possible.

This item was received for information.

**b. Province-Wide Budget Consultations**

A Committee member informed the Committee that the Select Standing Committee on Finance and Government Services announced its plans for conducting province-wide budget consultations. Public hearings will begin on September 15, 2011.

The Chairperson of the Board indicated that the Superintendent’s office is in the process of registering the district to attend this hearing and to present the Board’s submission. The Chairperson of the Committee requested that a copy of the Board’s submission be provided to Trustees.

This item was received for information.

**6. Date and Time of Next Meeting**

The next meeting of this Committee is scheduled for Tuesday, 2011 October 11 at 17:30 hours.

Meeting adjourned at 1810 hours.

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Sharon Gregson, Chairperson

Committee V Members Present:

Patti Bacchus, Jane Bouey, Mike Lombardi

Other Trustees Present:

Allen Blakey, Ken Clement, Carol Gibson

District Management Team Present:

Rick Krowchuk, Jordan Tinney, Flavia Coughlan

Association Representatives Present:

Jim Burnham, VASSA  
Anna Maria Niccoli-Mullet, VEPVPA  
Harjit Khangura, IUOE  
Jane Morris, PASA  
Paul Faoro, CUPE 15  
Brent Boyd, CUPE 407  
Iraj Khabazian, DPAC