

Monday, December 5, 2016

Understanding the Board's Financial Statements

HWDSB Financial Statements

- Management Report
- Independent Auditors' Report
- Statement of Financial Position
- Statement of Operations
- Statement of Change in Net Debt
- Statement of Cash Flows
- Notes to the Financial Statements

} Standard Reports

} The "meat"

} Show the changes from prior year to current year

} Help explain or expand on information provided in the financial statements.

Statement of Financial Position

- This statement shows everything the Board owns and everything the Board owes
- When looking at this statement, we should do two things:
 - Look at the current year balances and understand what is included in them
 - Compare the current year balances to the prior year balances

Statement of Financial Position

Assets

- Cash = Cash
 - Decrease is due to \$11.8 million payout of retirement gratuities and numerous capital projects underway
- Accounts Receivable – Other
 - Property taxes
- Accounts Receivable – Government of Ontario
 - The Ministry has committed to funding our debentures. As we pay off these debentures, the receivable will decrease.
 - Represents capital amounts receivable from the Ministry based on actual costs incurred during the year.
- Investments
 - Foundation
 - \$5 million of short term investment to take advantage of interest

Statement of Financial Position Liabilities

- Accounts Payable and Accrued Liabilities
 - Significant portion represents payables for construction and holdbacks
- Net Debenture Debt, Capital Loans and Leases
 - Note 7 shows the make up
 - No new debt in the current year
 - Decrease from prior year represents the repayment of the debentures

Statement of Financial Position Liabilities

- **Deferred Revenue**
 - Note 5 shows make up
 - Increase mostly a result of School Renewal and SCI Grants received near the end of the year.
 - Any revenue that we have received to be spent on something specific but have not yet spent
- **Employee Benefits Payable**
 - Accounting number determined by actuaries
 - If everyone retired today, this is how much we would owe
 - As people retire, this number decreases
 - The number decreased significantly due to \$11.8 million early payout of retirement gratuities

Statement of Financial Position Liabilities

- Deferred Capital Contributions (DCC)
 - Matches the revenue received for capital to the amortization expense
 - Increase from prior year as a result of increased capital spending

Statement of Financial Position

- Prepaid Expenses
 - Expenses paid for 2016-17
- Tangible Capital Assets (TCA)
 - Break down provided in note 10 to the financial statements
 - Value of all of the capital assets owned by the Board

Statement of Financial Position Accumulated Surplus

Unappropriated		\$ 8,109
Amounts Restricted for Future Use of the Board		
School Budgets		635
Computer Technology		880
Board Initiatives		1,168
Cafeteria Equipment Replacement		140
Amounts Restricted for Capital Construction		
Administrative Building		16,608
Available for Compliance		27,540
Amounts to be Recovered		
Employee Future Benefits	-	34,255
Interest Accrual	-	2,149
Other		
School Generated Funds		4,341
Revenue Recognized for Land		42,665
Balance at August 31, 2015		\$ 38,142

The represents the part of the accumulated surplus that is not set aside for a specific initiative.

Statement of Financial Position Accumulated Surplus

Unappropriated		\$ 8,109
Amounts Restricted for Future Use of the Board		
School Budgets		635
Computer Technology		880
Board Initiatives		1,168
Cafeteria Equipment Replacement		140
Amounts Restricted for Capital Construction		
Administrative Building		16,608
Available for Compliance		27,540
Amounts to be Recovered		
Employee Future Benefits	-	34,255
Interest Accrual	-	2,149
Other		
School Generated Funds		4,341
Revenue Recognized for Land		42,665
Balance at August 31, 2015		\$ 38,142

These amounts represent the part of the accumulated surplus that is internally restricted by the Board.

This amount was set aside to fund the building of the administrative facility. As the building is amortized over 40 years, this number will decrease.

Statement of Financial Position Accumulated Surplus

Unappropriated		\$ 8,109
Amounts Restricted for Future Use of the Board		
School Budgets		635
Computer Technology		880
Board Initiatives		1,168
Cafeteria Equipment Replacement		140
Amounts Restricted for Capital Construction		
Administrative Building		16,608
Available for Compliance		27,540
Amounts to be Recovered		
Employee Future Benefits	-	34,255
Interest Accrual	-	2,149
Other		
School Generated Funds		4,341
Revenue Recognized for Land		42,665
Balance at August 31, 2015		\$ 38,142

This is the amount that the Ministry looks at to determine if we are in compliance.

This amount is an offset of the actuarial amounts recorded as liabilities. There was a significant change this year due to the payout of early retirement gratuities.

Statement of Financial Position Accumulated Surplus

Unappropriated		\$ 8,109
Amounts Restricted for Future Use of the Board		
School Budgets		635
Computer Technology		880
Board Initiatives		1,168
Cafeteria Equipment Replacement		140
Amounts Restricted for Capital Construction		
Administrative Building		16,608
Available for Compliance		27,540
Amounts to be Recovered		
Employee Future Benefits	-	34,255
Interest Accrual	-	2,149
Other		
School Generated Funds		4,341
Revenue Recognized for Land		42,665
Balance at August 31, 2015		\$ 38,142

Balance of SGF at the end of the year.

Represents the revenue that the Board has received from outside sources for land purchases. Will continue to increase by EDC revenue.

Statement of Operations

- This statement shows all the revenues and expenses of the Board for the year.
- When looking at this statement, we should look at the following:
 - Revenues compared to expenses (annual surplus)
 - Current year compared to the prior year
 - Current year compared to the ORIGINAL budget

Statement of Operations Revenue

- \$19.6 million more than budget
 - \$18.3 million less in grant revenue
 - Relates to DCC being recorded here for budget purposes
 - Relates to decreased enrolment

 - \$5.1 million more in Provincial Grants – Other
 - Announcements made later in the year

 - \$0.9 million more in Federal Grants and Fees
 - LINC announcement made after budget submitted

Statement of Operations Revenue

- \$1.0 million more in School Generated Funds
 - Can vary from year to year. Budget conservatively.
- \$0.4 million less in Investment Income
 - Payout of \$11 million of Early Retirement Gratuity payouts not budgeted for
- \$2.8 million more in Other Fees and Revenues
 - Mostly related to Proceeds of Disposition.
- \$28.5 million in Amortization of DCC
 - Recorded as part of GSN for budget purposes.

Statement of Operations Revenue

- \$1.3 million increase from prior year.
 - \$5.2 million increase in GSN
 - Decreased enrolment
 - Increase in GSN for salary increases funded by Ministry
 - \$0.3 million increase in Provincial Grants – Other
 - Comparable
 - \$0.4 million decrease in SGF
 - Comparable

Statement of Operations Revenue

- \$0.3 million decrease in Investment Income
 - Less cash on hand as a result of early retirement gratuity payout
- \$3.9 million decrease in Other Fees and Revenue
 - Less Proceeds of Disposition Recognized in the current year.
- \$0.4 million increase in Amortization of DCC
 - As amortization expense increases, there will be a corresponding increase in amortization of DCC

Statement of Operations Expenditures

- **\$18.1 million more than budget**
 - Mainly a result of:
 - Increase in “Provincial Grants – Other” means proportionate increase in expenditures
 - Increase in Employee Future Benefits amortization cost based on actuarial evaluation
 - Increase in WSIB liability due to actuarial evaluation
 - Increase in supply usage over budget

Statement of Operations Expenditures

- \$9.2 million increase over prior year
 - Mainly a result of increases in salaries as a result of collective agreements.

Statement of Operations Expenditures

- \$6.4 million increase in instruction
 - Increase in salaries as a result of collective agreements
 - Increase in supply costs
- \$0.3 million increase in administration
 - Increase in salaries as a result of collective agreements
- \$0.4 million increase in transportation
 - Contractual increases

Statement of Operations Expenditures

- \$2.8 million increase in pupil accommodation
 - Increase in amortization costs
- \$0.9 million decrease in school generated funds
 - Can vary from year to year. Usually based on revenue collected for SGF