



2009-2010 Budget Update

February 23, 2010

CONTEXT

Context

Overview

Langley School District has taken many steps to improve its financial management processes, and the Finance Department is confident that all key elements of a comprehensive restructuring plan, which was initiated in August 2009, will be in place by July, 2010.

Context

Overview

However, restructuring has been a major undertaking. As the district has been reviewing every aspect of its financial operations and achieving significant savings, cost pressures have continued to mount.

Based on current projections, Langley School District anticipates a budget deficit of \$5.31 million in 2009-2010.

Context

Overview

The Ministry of Education and the Auditor General's Department have been informed of this situation, and representatives of the Auditor General's Department have commented positively on the new budgeting and financial processes being implemented.

Context

The district has:

- Improved communications between the Finance Department, schools and other departments.
- Developed templates that will allow consistent, improved budget planning and reporting on the part of school administrators and department managers.
- Adopted a zero-based budgeting model, which promotes greater accountability in planning.
- Strengthened the district's accounting and reporting systems.

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Langley School District projects a budgeted deficit of \$5.31 million in the 2009 – 2010 operating year.

The 'balanced' final budget that will be presented to the Board today is a legal requirement, but the district has informed the Ministry of Education that Langley will be in a deficit position on June 30, 2010.

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This situation is not unique to Langley. Other districts are facing shortfalls or deficits. Every effort is being made to realize savings and reduce the actual deficit in the current operating year.

Some uncertainty remains in the expenditure projections, as the ongoing financial review may alter the deficit figures up or down.

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Preliminary Budget Bylaw - June 16/09

Annual Facility Grant	\$ 1,100,000
Internal Accounts & Opportunities	1,015,789
Cost Savings to be Determined	323,731
MOE Operating Grants Overstated	<u>820,590</u>
	\$ 3,260,110
Salary Differential (net cost) Dec/09	\$ 1,500,000
Budget Variances (Ongoing)	<u>\$ 550,674</u>
Projected Deficit June 30, 2010	<u><u>\$ 5,310,784</u></u>

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Although savings were realized in many areas of the 2009-2010 budget, new costs and cost pressures negated them and contributed to the projected deficit.

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Areas of Savings

TOCs
Microfiche Project on Hold
Dept Spending
Energy Savings
Senior Staff Reduced
Elementary VPs Reduced
Jobs Eliminated & Not Replaced
Reduction in Pro-D
Withheld Surpluses from Elementary
Held Back Unallocated Funding to
Elem. and Sec. on DDM Funding

Additional Costs

Overtime Payouts
Maternity Top Up
Vacation Payouts – Bill 66 and
Contractually
Arbitration Fees
Head Hunting Firm
Legal Fees
Insurance Premiums
Personnel Issues
Other Budget Variances
Additional Audit Fees
Deloitte Costs
Project Inventory Reports for Facility
Planning

Moving Forward: Beyond 2009-2010

Moving Forward

A Changed Environment

The financial environment Langley School District operates in has changed significantly and systemic changes will be necessary to align the district's operations and financial planning with the new realities it faces.

Moving Forward

What has changed:

- Accelerating, unpredictable cost pressures
- Lack of financial clarity attached to new commitments
- Expanded and diversified mandate
- Enrolment uncertainties
- Uncertainty in the funding envelope
- Increased expectations for service
- Complex contractual and legislative obligations

Moving Forward

What must we do to respond?

- Review and redefine the Decentralized Decision Making (DDM) model which has been in place in Langley School District for a very long time
- Continue implementation of a Financial Planning and Monitoring processes that is easy to use by managers and administrators throughout the system, and which can respond quickly to changing projections in revenues and expenditures.