REPORT TO

CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

INTERIM FINANCIAL REPORT – APRIL 2018

Surely, you desire truth in the inner parts; you teach me wisdom in the inmost place.
Psalm 51:6

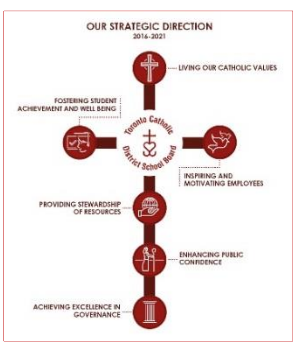
Created, Draft	First Tabling	Review
May 29, 2018	June 6, 2018	

D. Bilenduke, Senior Coordinator of Finance
P. De Cock, Comptroller of Business Services & Finance

INFORMATION REPORT

Vision:
At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:
The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.
We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



Rory McGuckin
Director of Education

D. Koenig
Associate Director
of Academic Affairs

T. Robins
Acting Associate Director
of Planning and Facilities

L. Noronha
Executive Superintendent
of Business Services and
Chief Financial Officer

A. EXECUTIVE SUMMARY

This Financial Update Report as at April 30th, 2018 provides a year-to-date look at significant financial activities at the Board. Business Services staff revised the format and consolidated the quarterly report in order to provide more analytics, a simpler format to report operating and capital expenditures in the appendices, and a more targeted expense variance analysis.

In order to comply with the Board's meeting schedule, a year-to-date April report was prepared to give the Trustees a report prior to the summer recess. The June quarterly report will be prepared for the Board meeting scheduled in August.

The Board is on target to meet and likely exceed the budgeted operating surplus of $0.1 million for 2017-18. The anticipated surplus of $10.5 million from the ASO benefits reserve has not been included in the preceding projected in-year operating surplus because this item is considered an extraordinary one-time revenue item. Appendix A provides a high-level summary expenditure variance analysis. When comparing the percentage spent to this period last year, it is important to know that year-to-date teaching days for April 2017 was 150 days and year-to-date for April 2018 was 151 days resulting in a .7% unfavourable variance that will disappear by year-end.

The cumulative staff time required to prepare this report was 15 hours.

B. PURPOSE

The Financial Update report is required to keep Trustees informed on the Board's financial performance through the year and illustrate any variance in expected outcomes. The report will provide a systematic analytical review of Operating and Capital Budgets, in the following order:

- High Level Review and Risk Assessments of Operating Budget
- Staff Absenteeism and Employee Family Assistance Program
- High Level Review and Risk Assessment of Impacts to MYSP
- High Level Review of School Renewal and Capital Projects

C. BACKGROUND

1. ***This report is recognized as a best practice in the province.*** The Ministry of Education and the District School Board Reporting Workgroup have both identified regular periodic financial reporting as a best practice in managing the Board's financial outcomes.

D. EVIDENCE/RESEARCH/ANALYSIS

HIGH LEVEL REVIEW AND RISK ASSESSMENTS OF OPERATING BUDGET

1. ***Salary and Benefit expenditures are expected to finish on or below target for this academic year.*** Overall, in the Salary and Benefits area, Figure 1 below illustrates the current risk exposure. This expenditure category is the most closely monitored risk as it comprises the largest portion of the operating budget.

Figure 1: Salary and Benefits Variance / Risk Analysis

	Actual to Budget		***Actual to Previous Year***		***Risk Assessment***
Instructional Salaries	↓	3.3%	↑	1.1%	●
Instructional Benefits	↓	16.1%	N/C	0.0%	●
Non-Instructional Salaries	↓	1.8%	↓	2.0%	●
Non-Instructional Benefits	↓	7.8%	↓	10.6%	●

● = Low: On Track ◆ = Medium: Monitor ⬣ =High: Action Required

Both Instructional and Non-Instructional Benefits will continue to be monitored as they are tracking to finish significantly under budget. This will contribute to a potential surplus at year-end if this trend continues.

2. ***At an aggregate level, other expenditure categories (besides salary and benefits) are expected to finish on or below target.*** Overall, in the Non-Salary area, Figure 2 below illustrates the current risk exposure.

Figure 2: Non-Salary Variance / Risk Analysis

	Actual to Budget		***Actual to Previous Year***		***Risk Assessment***
Instructional Expense	↓	26.7%	↓	12.3%	●
Transportation Expense	↑	0.2%	↑	1.7%	◆
Operations & Maintenance	↑	0.3%	↑	2.8%	●
Other Non-Instructional	↑	24.1%	↑	34.4%	●

While Instructional expenses are tracking low compared to budget, they are considered a low risk because the timing of expenditure recognition is subject to annual timing variations and unspent school block funds are carried forward. Transportation Expenses are being closely monitored due to higher fuel costs and the triggering of fuel escalation clauses in bus contracts. Other Non-Instructional Areas are tracking higher than budget, however, this can be attributed to prior year's remedy payments negotiated by the Ministry of Education and paid out this year. The Ministry is providing the Board with offsetting revenue against this expense.

3. ***Grant Revenue from the Province remains stable.*** There are no anticipated events affecting operating revenues received by the Ministry of Education. The March enrolment census is 80% complete and nothing of significance has come to staff's attention that would change the revenue budget. A modest increase in revenue of $1 - $3 million can be expected for this year.

4. ***Other Revenues are subject to external factors, which may result in variances from the Annual Plan.*** The 2017-18 revenue and expenditure estimates contained a plan to expand the number of school sites available for parking fee revenue generation in association with the Toronto Parking Authority (TPA). Permit Rate increases and increased enrolment of international Visa students also contributed to an overall increase in other revenues estimates.

Figure 3: Other Revenue Variance / Risk Analysis

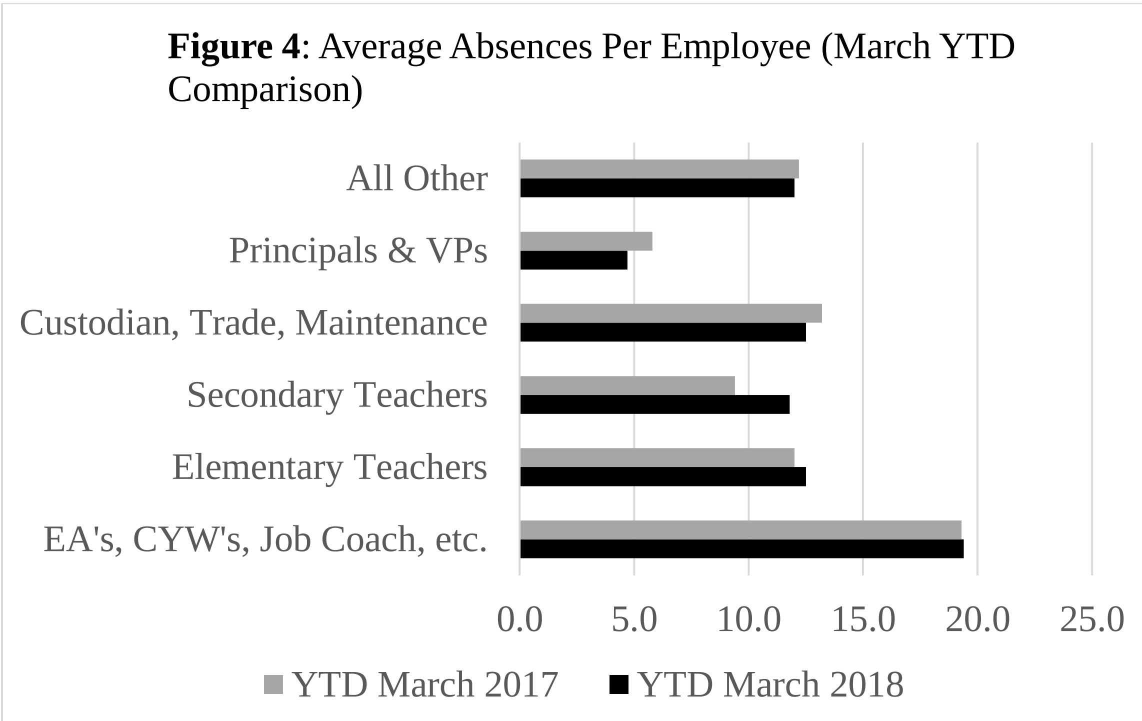
	Actual to Budget		***Actual to Previous Year***		***Risk Assessment***
Permit Revenues	↓	3.0%	↑	24.8%	●
Parking Revenues	↓	93.7%	N/C	0.0%	⬣
Visa Fees	↑	9.9%	↑	16.1%	●

Parking revenues year-to-date have realized 9% of the planned $400K, and the year-to-date results are in line with the previous year's actual revenues. Staff have confirmed the delayed rollout of additional school sites to the TPA, and consequently, negatively impacted upon planned parking revenue growth in 2017-18.

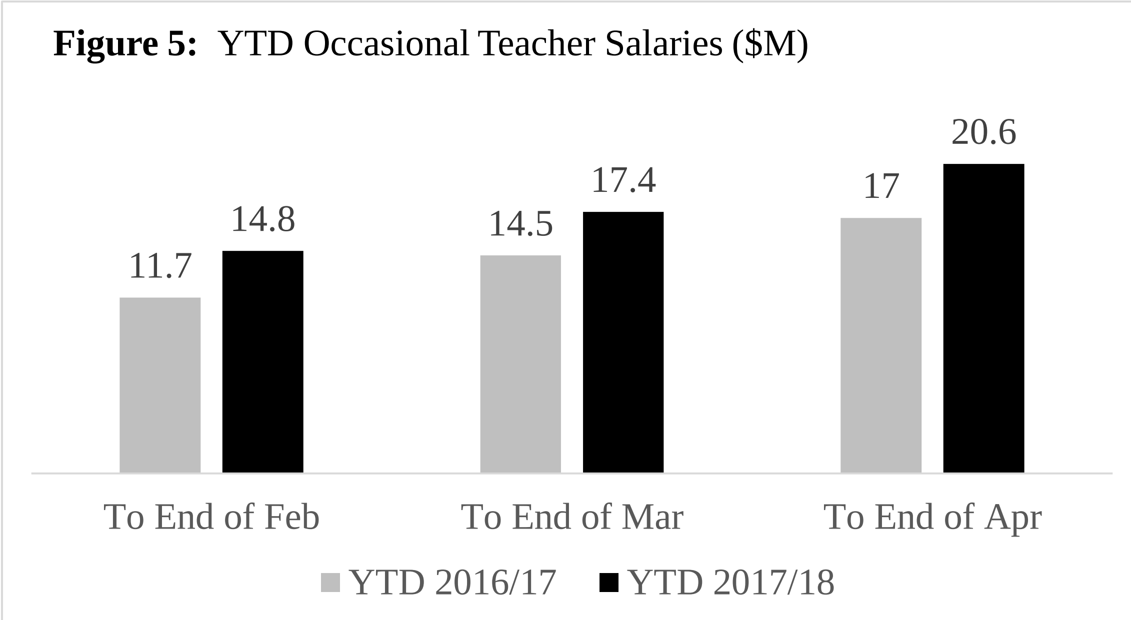
STAFF ABSENTEEISM AND EMPLOYEE FAMILY ASSISTANCE PROGRAM

5. ***Staff Absenteeism Rates have increased and Occasional Fill Rates have declined.*** Recent statistics continue to provide evidence that staff absenteeism rates are increasing across all employee groups. Total Teacher Absence days have risen by 15% and Total Occasional Teacher expenditures have risen by 21% compared to the same time last year.

The following table provides a year-over-year comparison of staff absenteeism over the same period in the previous fiscal year. Elementary Teachers, Education Assistants (EAs), Child and Youth Workers (CYW), Job Coaches, Secondary Teachers and Other school board employees are all showing an increase in average days absent, while Custodians/Maintenance and Principals/VP's are all showing a decrease in average days absent. The following chart compares average sick utilization by employee type as of March:



6. ***Salaries and wages account for 75% of TCDSB's operating budget.*** Staff absenteeism due to personal illness continues to be a problem at the Board. More Occasional Teachers have been made available this fiscal year resulting in 2017-18 usage rate of 18.7% higher when compared to the same period last year as illustrated in Figure 5. Staff had anticipated this increase and budgeted accordingly for the year. As a result, on an overall basis, salary and wages are expected to finish at or below the budgeted amount.



7. ***The Board has invested in employee wellness by purchasing an Employee Family Assistance Program (EFAP).*** The Board purchased an EFAP in December 2018. The data collected after 2 quarters show that usage rates have been climbing each month and the issues being dealt with mirror the national averages. Figures 6 provides the services accessed by month and Figure 7 provides information on the types of services accessed.

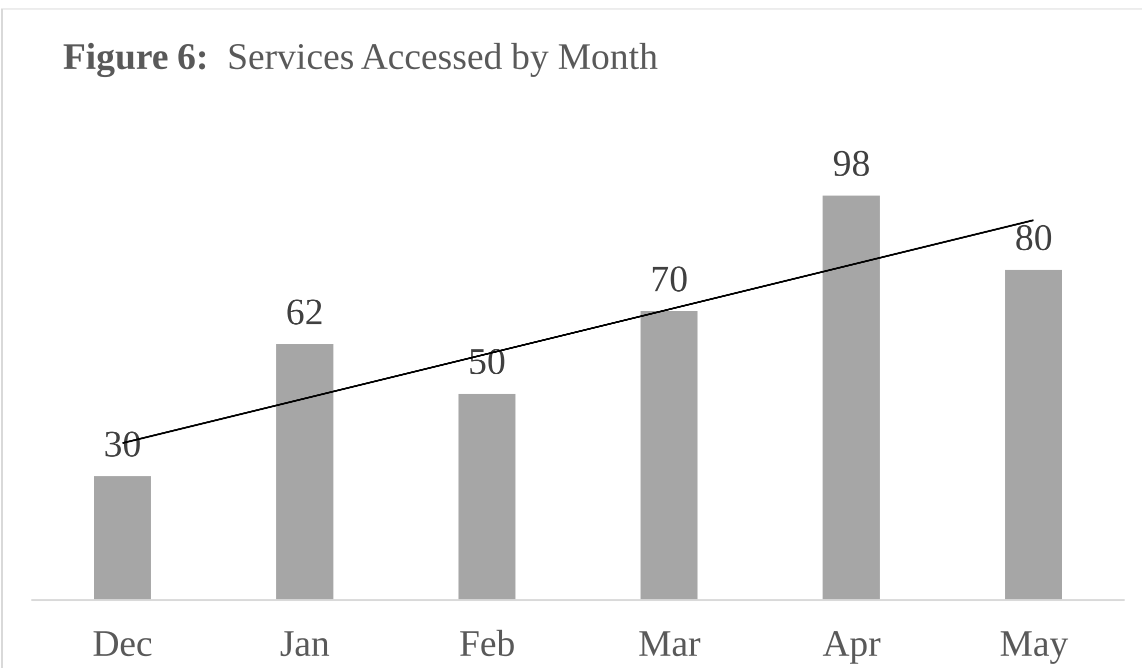


Figure 7: Counselling Service Types

	Q1	Q2	Current YTD		Industry Average	National Norm
Addiction Related	1	12	13	4.9%	1.7%	2.5%
Couple / Relationship	16	48	64	24.2%	23.5%	23.0%
Family	4	17	21	8.0%	11.9%	10.9%
Personal / Emotional	58	87	145	54.9%	50.7%	50.5%
Work Related	8	13	21	8.0%	12.2%	13.2%
Total	**87**	**177**	**264**	**100.0%**		

HIGH LEVEL REVIEW AND RISK ASSESSMENT OF IMPACTS TO MYSP

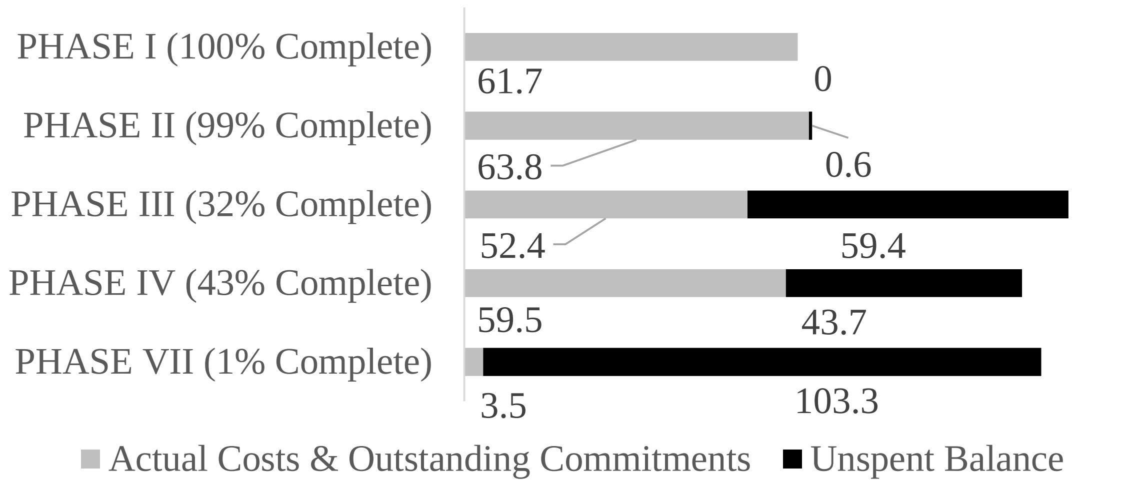
8. ***Measuring the Overall impact to Multi-Year Strategic Plan requires constant monitoring.*** The increasing trend observed in staff absenteeism and the low Occasional Teacher fill rates will negatively influence upon the primary pillar of student achievement and well-being. Suspension of new voluntary professional development initiatives may hinder the development of new instructional pedagogies and relevant curricular resources for classrooms.

TCDSB MYSP 2016-2021	IMPACTS	RISK PROFILE
Living our Catholic Values	Year of the School celebrates the Living Faith in school, students and staff	
Fostering Student Achievement and Well-being	Staff Absenteeism and Low OT Fill Rates jeopardizing Student Assessment and Instructional Strategies, and limited professional development initiatives due to low OT Supply Roster.	
Inspiring and Motivating Employees	Recent rollout of Employee Assistance Program focusing on staff well-being	
Providing Stewardship of Resources	Labour Grievances creating Cost Pressures, and Short Term Disability Leave Management Initiatives to mitigate staff absenteeism related cost pressures	
Enhancing Public Confidence	Increased Accountability Measures and Reporting Requirements	
Achieving Excellence in Governance	Ministry Review planned	

HIGH LEVEL REVIEW OF SCHOOL RENEWAL AND CAPITAL PROJECTS

9. ***The Capital program totals $448 million.*** The Board received Capital Project funding for many new schools, additions and childcare spaces. The capital program funding includes Childcare funding and Full Day Kindergarten funding for projects where applicable. Figure 8 illustrates the Ministry approved capital budgets, the amount spent and/or committed, the balance remaining and the percentage completed by each Phase. Appendix B provides more detail regarding the Capital Projects Phases 1 to 7.

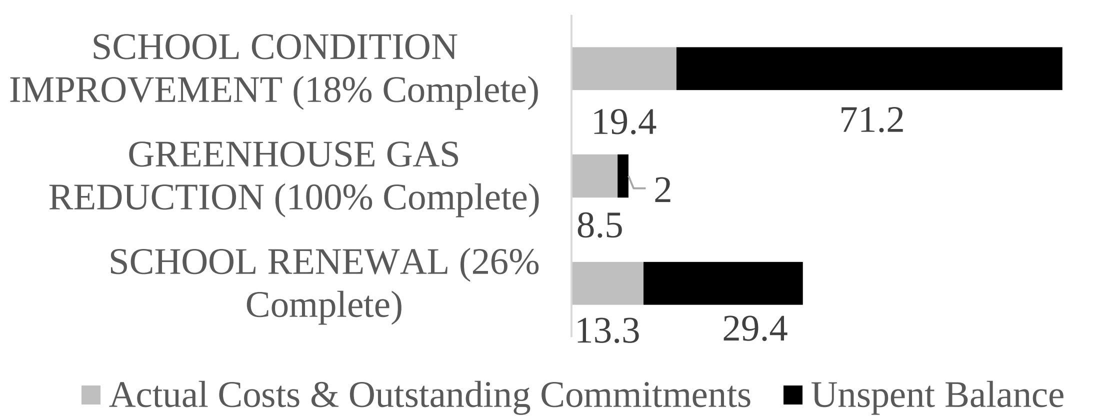
Figure 8: Capital Project Spending Status ($M)



10. ***The Renewal Program consists of major building component replacements and site improvements for a total available at September 1, 2017 of $140M with funding of approximately $98M remaining.*** The Renewal Program is funded through several grants such as Regular School Renewal Grant, School Improvement Grant and the Greenhouse Gas Reduction Grant. Staff are currently issuing tender documents so construction can begin in the summer months and this will reduce the funding available.

Figure 9 provides a high-level view of the Ministry Approved funding, Actual & Committed Amounts spent and the balance remaining for School Renewal, Greenhouse Gas Reduction and School Renewal Capital Projects to date:

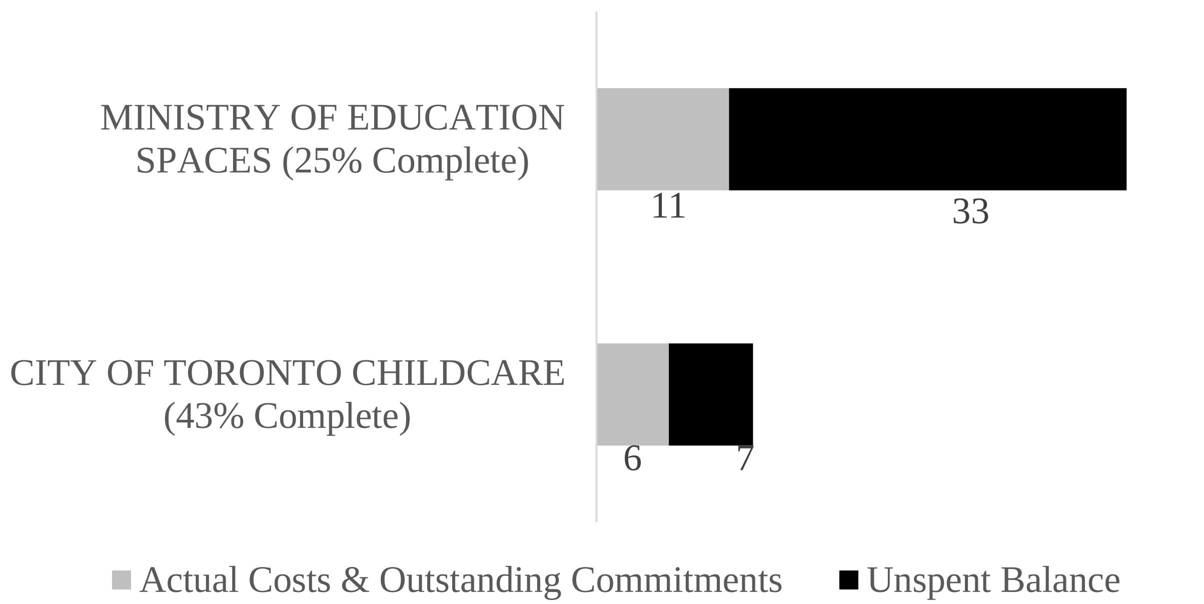
Figure 9: Renewal Spending Status ($M)



The Board received a budget of $7.1M for Greenhouse Gas Reduction with an expenditure timeline of March 31st 2018 and an additional $3.8M on April 1, 2018 with an expenditure timeline of March 31st 2019. The Board met the completion timeline of March 31, 2018. The Board continues to complete work already underway to meet the expenditure timeline for March 31, 2019.

11. ***The Capital budget also includes two Childcare Program capital projects.*** The childcare program consists of childcare additions, childcares as part of new school construction and retrofit of existing childcares. Childcare capital funding is received from the Ministry of Education and the City of Toronto for purposes of building childcare space at specific schools. Figure 10 presents the status of progress to date including the percentage complete, actual and committed costs, as well as the balance remaining for both the Ministry and City of Toronto funded childcares.

Figure 10: Childcare Capital Program Spending Status ($M)



E. METRICS AND ACCOUNTABILITY

1. ***The Board is on track to finish the year with a surplus.*** Expenditures and Revenues are on track to finish the year with the expected surplus of $0.1M and efficiencies in benefit expenditures should push this surplus higher.

2. ***The one-time extraordinary item of $10.5M is subject to continuing review by the Ministry of Education and outstanding grievances.*** The Revised Estimates had forecasted the $10.5M ASO Benefits Surplus be released by the Ministry of Education during 2017-18 fiscal year. The Board is in continued talks with the Ministry and Unions. The accounting for this surplus has become a moving target and it is expected to land somewhere between $7 and $13 million, but not likely by the end of this fiscal year.

F. CONCLUDING STATEMENT

This report is for the consideration of the Board.