



REPORT TO

CORPORATE AFFAIRS, STRATEGIC PLANNING AND PROPERTY COMMITTEE

FINANCIAL UPDATE REPORT AS AT FEBRUARY 28, 2015

Genesis 2:15

The LORD God took the man and put him in the Garden of Eden to work it and take care of it.

Created, Draft	First Tabling	Review
March 31, 2015	May 14, 2015	
D. Bilenduke, Senior Coordinator, Finance P. De Cock, Comptroller for 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 rooted in the love of Christ. We educate students to grow in grace and knowledge and to lead lives of faith, hope and charity



G. Poole

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A. EXECUTIVE SUMMARY

This Budget Status Report as at February 28th, 2015 provides a year-to-date look at both revenues and expenditures which are trending within the required margins of the 2014-15 revised estimates (Appendix B1 & B2). This report is significant because it represents the half-way mark for this fiscal year. As reported in previous financial status updates, the identified cost pressures concerning Short Term Disability Leave and Short Term Disability Leave as it relates to Maternity Leaves are trending higher now when compared to the same period last year. Further detailed analysis and reporting will be presented to the Board in the next monthly financial status update.

B. PURPOSE

The Budget Status report reviews expenditures, revenues, enrolment and staffing. The report tracks expenditures and revenues by category and compares YTD results to current budget and prior year actuals. Inconsistencies are investigated and analysed to detect, correct and report any unfavourable trends and events.

C. BACKGROUND

1. As part of the regular reporting cycle and consistent with best practices as outlined by both the Ministry of Education and District School Board Reporting Workgroup, a monthly Financial Report is prepared detailing any in-year expenditure variances and savings identified by analysing the 2014-2015 year-to-date actual expenditures compared to the Revised Budget Estimates.
2. All 2nd Quarter revenues and expenses have been adjusted for known MOE Public Sector Accounting Board (PSAB) requirements.
3. Attached as Appendix B1 and B2 is the 2nd Quarter Revenue and Expenditure forecast which has been established as our method of reporting interim financial results.

D. EVIDENCE/RESEARCH/ANALYSIS

1. Business Services closely monitors the 2014-2015 budget performance to identify areas of potential savings as well as any areas of potential cost pressures to the Board. There were variances across most expenditure categories based on the 6 months performance at February 28th, 2015 as outlined in Appendix B1 & B2 (attached). Most classroom expenditures are incurred over a 10 month period while administrative and facilities expenditures are more likely to follow a 12 month model. There are many other factors that determine monthly expenditures but as a rule and as a simple starting point, you would expect the classroom expenditures to be 60% spent (6/10) and the administration and facilities to be 50% spent (6/12).
2. Enrolment remains the key driver for generating Grants for Student Needs (GSNs). The GSNs are calculated using a weighted average of enrolment projections for two count dates, actual enrolment on October 31st 2014 and projected enrolment for March 31st 2015. Enrolment for elementary has been projected at 100% retention and secondary has been projected at 97.76% based on previous trends. The resulting Average Daily Enrolment is the key variable generating the grant revenues.

The Board has an estimated overall decrease in enrolment of 481 ADE compared to 2014-2015 Budget Estimates. Enrolment in the elementary panel is currently projected to decline by 263 and secondary enrolment is projected to decline by 218 ADE. Any decline in overall enrolment places pressure on the TCDSB's operating and capital budgets. These enrolment declines have been included in the revised estimates used in this report.

Average Daily Enrolment (ADE) Pupils of the Board	ADE 2014-15 Budget Estimates	# Change 2014-15 Budget Estimates to Revised Estimates.	ADE 2014-15 Revised Estimates
ELEMENTARY	60,550	(263)	60,287

SECONDARY	30,089	(218)	29,871
TOTAL	90,639	(481)	90,158

3. As calculated on page six of Appendix B2 the projected Board operating deficit of \$10.077 million is within .05% of the estimated deficit of \$9.461 million. This is only the half way point in the year and many unforeseen events could happen between now and the end of the year.

E. METRICS AND ACCOUNTABILITY

The following are trends and issues that have been identified:

1. Enrolment
Enrolment is the pressure point on the Board's revenue for this year. It has been projected to decline this year as well as the next few years. On March 31st, the actual count will be recorded and can have a negative impact on revenue if it should decline at a more rapid pace than projected. To mitigate enrolment declines, management has been proactive with managing extended student absences past the March break. No significant variances are expected for other revenue types.
2. Benefits
Benefit expenses are trending lower in all categories against the expected 60% and 50% trends. This trend was investigated and the following conclusions were made:
 - I. Most employees have maxed out CPP and EI deductions prior to the first four months of the fiscal period. The expense starts again in January so these expenditures should be accelerated from now through June.
 - II. The teacher holdbacks for equalization pay are not taxed for statutory deductions until they are paid out in June.

These variances will be monitored closely over the coming months to ensure conformance to the budget.

3. Salaries

Classroom salaries have a mix of 10 and 12 month employees but is more heavily skewed to the 10 month side. It is expected that the percentage spent to be in the 57 to 60% range. This has happened for the most part with the exception of ‘Library & Guidance’ which is trending at 63%. When developing the library and guidance budget, an average salary was used for the teacher’s component. Analysis on the actuals has determined that most teachers in this category are paid at top of scale. Since average teacher rates were used, another teacher group would have a disproportionate number of teachers paid on the lower end of the grid and this variance would be offset.

Administrative and Facilities salaries are trending on budget. The one risk for this salary type would be an unusually high vacation accrual at the end of the year. Human Resources is tracking vacations to ensure that employees are taking vacation in the year they are earned and are not being carried forward.

4. Short Term Disability Leave (STD) and Maternity Top-Up

STD continues to be a risk that can create an incremental cost pressure variance. In 2013/14 STD cost the Board \$11.67 million, in 2014/15 the budget was increased by \$900,000 to \$12.57 million. Maternity top-up is also beginning to trend higher which will require further analysis and reporting the next monthly financial status update. Both STD and Maternity Top Up are new expenditures created from the Memorandums of Understandings (MOUs) currently in effect. Without historical trends to rely on, budgeting for such variables will remain a challenge.

5. Grievances and Labour Relations Issues

Business Services consults monthly with the Labour Relations department on outstanding grievances and legal actions against the Board. If the Board suspects that it will have a liability at the end of the fiscal year due to one of these actions it must record the expense in the current year. It has been determined that current issues at this time, could add a significant expense at year end.

6. Expenses – Other

Other expenses are budget checked and an expenditures cannot be incurred in excess of approved budget allocations. School Block budgets that are not spent in the current year are carried forward to the next fiscal year.

The financial results for the Toronto Catholic District School Board at this time are within the required margins of 2014-15 Revised Budget Estimates. Areas of

concern reported in previous financial status reports such as Short Term Disability Leave and Short Term Disability Leaves as it relates to Maternity Leaves will be further reviewed and reported to the Board in the next financial status report to Board.

F. CONCLUDING STATEMENT

This report is for the consideration of the Board.