REPORT TO

REGULAR BOARD

FINANCIAL UPDATE REPORT AS AT APRIL 30, 2015

1 Peter 3:14
But even if you should suffer for what is right, you are blessed. "Do not fear what they fear; do not be frightened."

Created, Draft	First Tabling	Review
June 9, 2015	June 11, 2015	

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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

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A. EXECUTIVE SUMMARY

This Budget Status Report as at April 30th, 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). 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 will continue to be monitored. April is also the first month after the Board wide enrolment census is performed in order to determine our final funding for the 2014/15 fiscal year.

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 April YTD revenues and expenses have been adjusted for known MOE Public Sector Accounting Board (PSAB) requirements.

3. Attached as Appendix B1 and B2 is the April YTD 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 8 months performance at April 30th, 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 80% spent (8/10) and the administration and facilities to be 66.7% spent (8/12).

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. The Revised Estimates' enrolment retention for the period of October 2014 through March 2015 for elementary has been projected at 100% retention and secondary has been projected at 97.76% based on historical 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 in the Revised Estimates compared to the original 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.

The Board has almost concluded the process of compiling the actual enrolment numbers for March 31st, 2015. This process is time consuming and requires a regimen of audits, checking and verifying before a solid number is determined. Although some reporting is still outstanding it is reasonable to conclude that enrolment will finish the year approximately .06% under budget. This would translate into a $550,000 decline in revenue for the year.

The following chart illustrates the enrolment projections for the three key reporting thresholds during the fiscal year.

	ADE	ADE	ADE
Average Daily Enrolment (ADE) Pupils of the Board	**2014-15 Budget Estimates**	**2014-15 Revised Estimates**	**2014-15 Actual Forecast @ March 31, 2015**
ELEMENTARY	60,550	60,287	60,216
SECONDARY	30,089	29,871	29,888
TOTAL	**90,639**	**90,158**	**90,104**

3. As calculated on page six of Appendix B2 the projected Board operating deficit of $9.425 million is within an acceptable range of the estimated deficit of $9.461 million. This is the two thirds point in the year and many unforeseen events could also 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 has for the most part, been completed and all indications point to enrolment declining at a faster pace than predicted. To mitigate enrolment declines, management has been proactive with managing extended student absences past the March break. Tuition fees were reduced during April mostly due to refunds and commission payments. No significant variances are expected for other revenue types.

2. Benefits

Benefit expenses are trending lower in all categories against the expected 80% and 66.7% trends. This trend was investigated in February 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 statuary deductions until they are paid out in June.

Upon further analysis in March and April it appears that the actual benefit expense is lagging behind the planned increase in this year’s benefit budget as well as trends established at this period in the previous fiscal year. The forecast beginning in April has been adjusted to reflect some of these favourable observations and will be monitored closely over the coming months.

3. <u>Salaries</u>

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 70 to 80% range. At this point the overall salary expense is 74.2% of the current budget while this same indicator in April 2014 was 73.6%. The forecast beginning in April has been adjusted to reflect some of these unfavourable observations. If this trend were to continue the final salary expense would be over budget. Again, these accounts will be monitored closely over the remaining months.

Administrative and Facilities salaries are trending on budget, if not slightly under budget. The one risk for this salary type is the possibility of 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. <u>Short Term Disability Leave (STDL) and Maternity Top-Up</u>

STD continues to be a risk that can create an incremental cost pressure variance. In 2013-2014, STDL cost the Board $11.67 million, in 2014-2015 the budget was increased by $900,000 to $12.57 million. Maternity top-up is also beginning to trend higher. These expenses appear to have spiked and subsequently stabilized. Due to this volatility, close attention will be paid to these expenses going forward. Both STDL 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 and at present it is too early to quantify and establish a trend.

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, have the potential to add a significant expense at year end. These are contingent liabilities and an actual expense is not realized until it is paid.

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 forecast beginning in April has been adjusted to reflect some efficiencies realized in the Administrative envelope due to Professional Development restrictions. The forecast has also been adjusted in Facilities & Operations to reflect pressures from increased electricity rates and repair demands.

The financial results for the Toronto Catholic District School Board at this time are within the required margins of 2014-15 Revised Budget Estimates after significant adjustments to forecasted Revenues and Expenditures. Areas of concern reported in previous financial status reports such as Enrolment, 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.