



REPORT TO

REGULAR BOARD

## FINANCIAL UPDATE REPORT AS AT NOVEMBER 30, 2015

### Psalm 40:10

*"I do not hide your righteousness in my heart; I speak of your faithfulness and salvation. I do not conceal your love and your truth from the great assembly."*

Created, Draft	First Tabling	Review
January 12, 2016	January 28, 2016	
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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*



G. Poole

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## **A. EXECUTIVE SUMMARY**

This Budget Status Report as at November 30<sup>th</sup>, 2015 provides a year-to-date look at both revenues and expenditures. This is the first update for fiscal 2015-16 and takes into consideration any changes made in the Revised Estimates process. Both expenditures and revenues are trending within the revised budget for the year, however, it is very early in the year to determine trends. A more detailed variance summary is attached (Appendix B1 & B2). When reviewing the attachments it is important to know that at November 2014 the Board had 63 YTD teaching days while November 2015 had only 59. This could give the false impression that this year looks more favourable to last year in some of the teaching categories.

## **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 2015-16 year-to-date actual expenditures compared to the Revised Budget Estimates.
2. All November 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 November 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 2015-16 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 3 months performance at November 30<sup>th</sup>, 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 30% spent (3/10) and the administration and facilities to be 25% spent (3/12). When comparing this year to the same period last year one must be mindful that there are 4 less teaching days this year.

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 31<sup>st</sup> 2015 and projected enrolment for March 31<sup>st</sup> 2016. The Revised Estimates' enrolment retention for the period of October 2015 through March 2016 for elementary has been projected at 100% retention and secondary has been projected at 98.11% based on historical trends. The resulting Average Daily Enrolment is the key variable generating the grant revenues.

The Board has an estimated overall increase in enrolment of 630 ADE in the Revised Estimates compared to the original 2015-16 Budget Estimates. Enrolment in the elementary panel was projected to increase by 291 and secondary enrolment was projected to increase by 339 ADE. Any increase in overall enrolment increases revenue and also requires additional staff to meet class size requirements. These enrolment increases and corresponding staff requirements have been included in the revised estimates used in this report.

The following chart illustrates the enrolment projections for the two key reporting thresholds during the fiscal year and also provides last years revised estimates as a comparator.

	<b>ADE</b>	<b>ADE</b>	<b>ADE</b>
<b>Average Daily Enrolment (ADE) Pupils of the Board</b>	<b>2014-15 Revised Estimates</b>	<b>2015-16 Budget Estimates</b>	<b>2015-16 Revised Estimates</b>
ELEMENTARY	60,287	60,027	60,318
SECONDARY	29,871	29,488	29,827
<b>TOTAL</b>	<b>90,158</b>	<b>89,515</b>	<b>90,145</b>

## **E. METRICS AND ACCOUNTABILITY**

The following are trends and issues that have been identified:

### **1. Benefits**

Benefit expenses are trending similar to last year in most categories. Although it is too early to make a forecast, it is known that last year's benefits finished the year significantly under budget. Benefits will be monitored closely in the periods to come but at this point there is a positive pressure. The following are some other observations we have made in the past regarding benefits:

- 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 starting in the new year.
- II. The teacher holdbacks for equalization pay are not taxed for statutory deductions until they are paid out in June.

### **2. 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 classroom salaries would be close to 30% spent at this time. Library and Guidance salaries are considerably over budget consistent with last year at the same time. The explanation last year was that the average salary for this group tends to be higher than the average used for budgeting purposes. This variance will be investigated and the budget methodology may be adjusted for next year. Another concern is Occasional Teachers which appears to be trending unfavourably, and creating a negative pressure on the budget.

Administrative and Supervisory Officer salaries are trending slightly lower due, for the most part, to vacant positions at the beginning of the year.

One risk for non-classroom salary types 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 in which the vacation entitlement is earned and are not being carried forward.

A risk for all categories of salary expenses is the recently ratified labour agreements. Board staff are working diligently to get clarification on issues and apply interpretations consistently across the province, and continually looking for unanticipated costs stemming from these agreements.

3. Expenses – Other

Other expenses are budget checked and an expenditure 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 Information Technology and Maintenance & Operations budgets will experience considerable pressure this year. IT has lost the advantage of leasing classroom computers due to changes in Ministry reporting which greatly reduces their purchasing power. Maintenance and Operations is experiencing pressure from increased facility leasing costs and increased repair demands on a shrinking budget base.

The financial results for the Toronto Catholic District School Board at this time are within the required margins of 2015-16 Revised Budget Estimates. Areas of concern are Enrolment, Short Term Disability Leave and Short Term Disability Leaves as it relates to Maternity Leaves. These variances do not become prominent until later in the year (after March) and are difficult to forecast at this time with any accuracy.

## **F. CONCLUDING STATEMENT**

This report is for the consideration of the Board.