REPORT TO

AUDIT COMMITTEE

FINANCIAL STATUS UPDATE - APRIL

Proverbs 20:3

"It is to a man's honor to avoid strife, but every fool is quick to quarrel"

Created, Draft	First Tabling	Review
May 31, 2017	June 6, 2017	

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.

R. McGuckin
Associate Director of Academic Affairs

A. Sangiorgio
Associate Director of Planning and Facilities

C. Jackson
Executive Superintendent of Business Services and Chief Financial Officer

Angela Gauthier
Director of Education

A. EXECUTIVE SUMMARY

This Budget Status Report as at April 30, 2017 provides a detailed review of both revenues and expenditures. A more detailed variance summary is attached (Appendix A & B).

The Board is experiencing positive results when compared against both the revised budget and last year's actuals for both revenues and expenditures. Additional revenues are forecasted for English as a Second Language (ESL) grants and lease revenue. In addition, salaries and benefits are tracking under budget. Staff is conservatively estimating a $5.7 million budget surplus at August 31, 2017.

There are no significant budget risks identified at this time, however, there is a growing and urgent need to address deficiencies in IT infrastructure and Religious Program Resources. In addition, risks associated with Occasional Teacher costs remain and will be carefully tracked and monitored. Any surplus that remains at year end after addressing any potential risks could be used to reduce the accumulated deficit.

The cumulative staff time dedicated to developing this report was 10 hours.

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. Business Services staff investigate and analyse variances in order to detect, correct and report any unfavourable trends and events. The Ministry of Education (EDU) also uses this report to track the Board's compliance to its recovery plan. At March 31 the Board is required to submit its financial information for consolidation with the province of Ontario's year end submission. This April report has been prepared after sending the information to the Province in March and the required specified procedures performed by our external auditors.

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 2016-17 year-to-date actual expenditures compared to the Revised Budget Estimates. The current year's percentage spent of total budget is compared to the previous year's percentage spent for the same period.

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

Attached as Appendix A and B is the April YTD Revenue and Expenditure forecast which has been established as our method of reporting interim financial results. A high level Revenue and Expenditure summary is presented in the following table:

(000's)	**2015/16 Actual**	**2016/17 Rev. Est.**	**Change**
Expenditure	1,103,071	1,118,652	15,581
Revenue	1,107,005	1,119,418	12,413
Surplus/(Deficit)	**3,934**	**765**	**(3,168)**

The projected Revised Estimate surplus in 16/17 was $765K which is $3.2 million less than the 2015/16 actual. The 2015/16 surplus had been projected at $548K but finished the year with a $3.9 million surplus due to higher than projected revenues and one-time cost savings, primarily in benefits.

D. EVIDENCE/RESEARCH/ANALYSIS

1. Business Services closely monitors the 2016-17 budget performance to identify areas of potential savings as well as any areas of potential cost pressures to the Board. There were small variances across most expenditure categories based on the 8 months' performance at April 30, 2017 as outlined in Appendix A & B (attached). Most classroom expenditures occur over a 10-month period while administrative and facilities expenditures are more likely to follow a 12-month model. There are many factors that affect monthly expenditures, but as a rule and as a simple starting point, classroom expenditures are generally 80% spent (8/10) and expenditures associated with administration and facilities are usually 67% spent (8/12) in April.

2. Enrolment remains the key driver for generating Grants for Student Needs (GSNs). The GSNs for the Revised Budget Estimates are calculated using a weighted average of enrolment projections for two count dates, actual enrolment on October 31st 2016 and projected enrolment for March 31st 2017. A table of enrolment trends is as follows:

	ADE	ADE	ADE
Average Daily Enrolment (ADE) Pupils of the Board	**2015-16 Actual**	**2016-17 Budget Estimates**	**2016-17 Revised Estimates**
ELEMENTARY	60,434	60,919	61,181
SECONDARY	29,827	29,810	29,547
TOTAL	**90,261**	**90,729**	**90,728**

The Board is expecting a $1.4 million increase in ESL revenue due to a higher than expected number of students enrolling from non-English speaking countries. Staff will conduct an ESL review to determine how to allocate the additional ESL resources across the system.

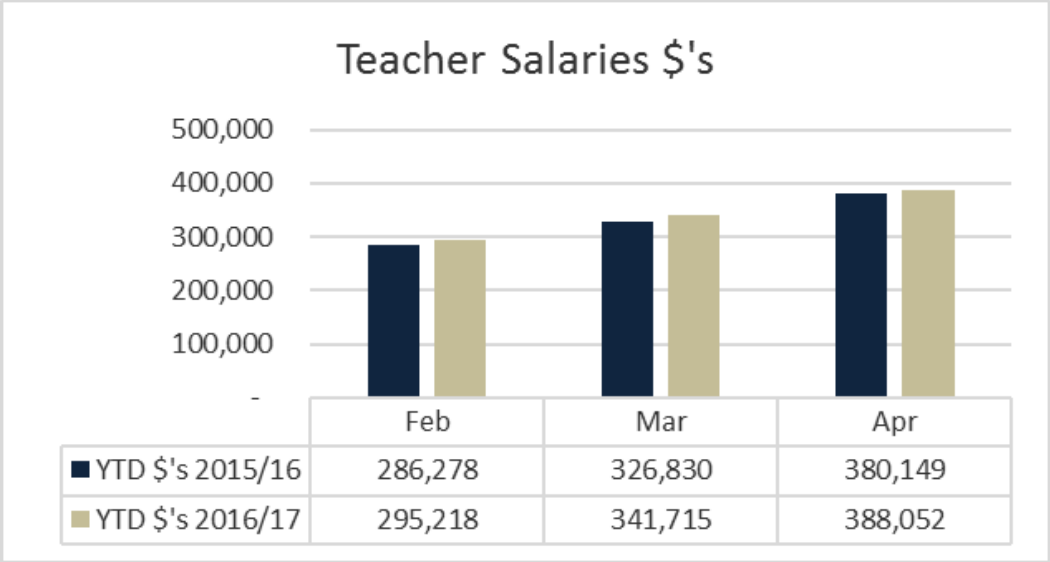
E. METRICS AND ACCOUNTABILITY

In the following examples, when the percentage of budget comparison is used it means actual YTD expenditure divided by total Revised Budget for 2016/17 and actual YTD expenditure divided by total expenditure for 2015/16. This provides us with a more accurate comparator for 2015/16 and assumes any explained variance in 2015/16 has been corrected in the 2016/17 Revised Estimates.

The following are trends and issues that have been identified, current month expenditure has been compared to the previous two periods only, in order to keep the graph scale relevant:

1. Teacher Salaries

The following graphs illustrate teacher salaries against the same period last year both in dollars and as a percent of budget:



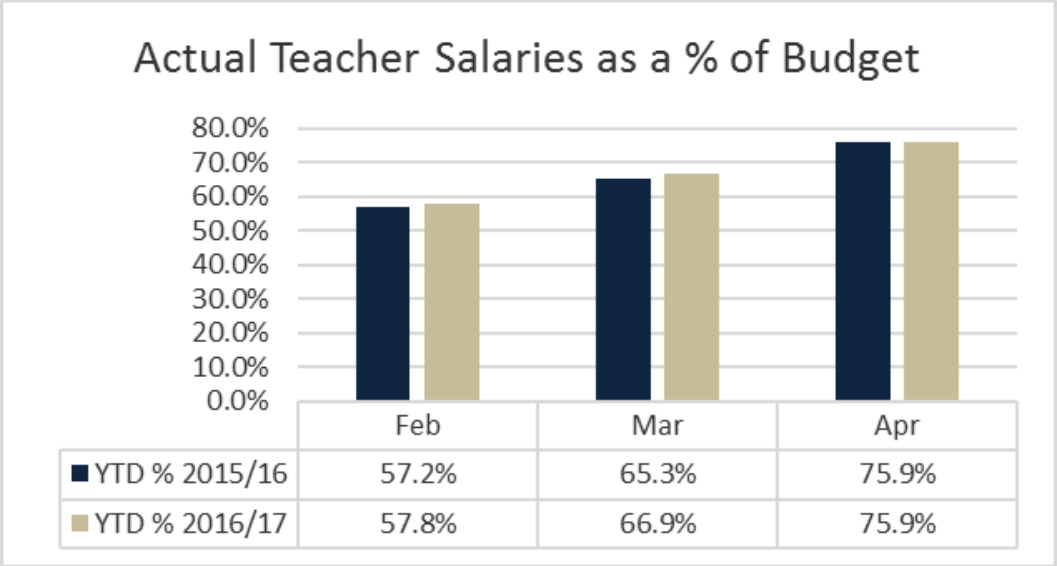


Figure 1 – 15/16 Budget $512M, 15/16 Actual $501M, 16/17 Budget $511M

The table in the second graph indicates that teacher salaries this year are running at exactly the same percentage spent as last year. In conclusion, teacher salaries are running the same as last year which is 4% under the expected rate of 80%. Last year salaries and wages finished the year with a favourable variance and this year appears to be following the same trend.

2. <u>Occasional Teachers</u>

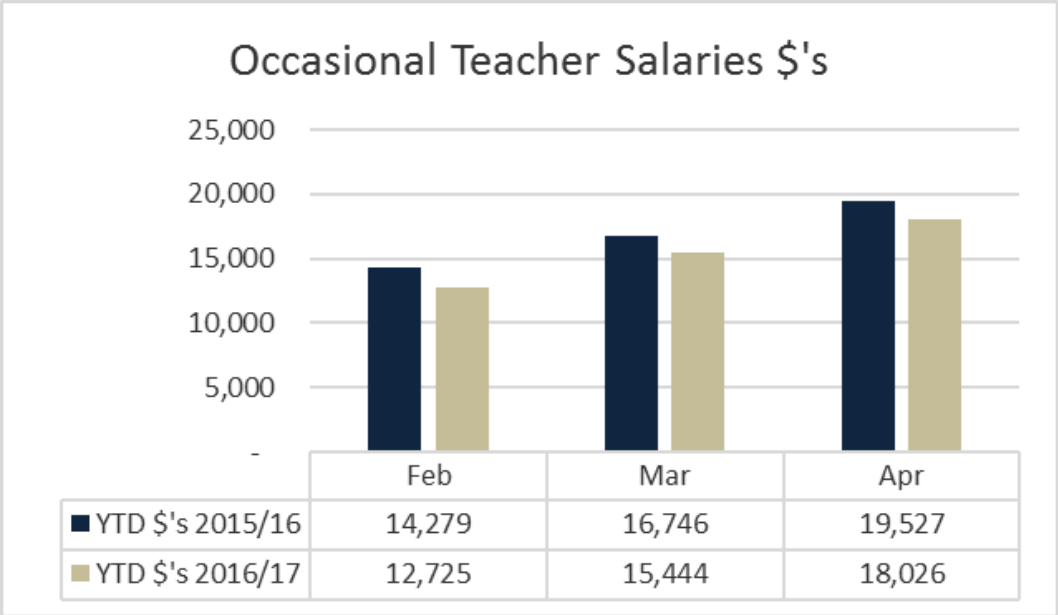
Occasional Teacher expense is $1.5 million less than the same period last year, however, since the budget this year is $2M less than last year's actual, the percentage of budget spent on the reduced base budget is 12% higher than the

same period last year. The percentage spent of 83% is over the 80% classroom expenditure benchmark one would expect at this time and the forecast has been increased by $0.75 million YTD in anticipation of a deficit in Occasional Teacher salaries.

The financial situation does not directly reflect teacher absenteeism rates which has seen a larger increase. This increase in absenteeism has not translated into an equivalent increase in financial costs due to the higher number of long term absences and the corresponding inability to fill daily absences by Occasional Teachers.

It is management's commitment to fill teacher vacancies due to illness and efforts have been made and will continue to be made to add more Occasional Teachers to the roster. As a result, it is likely that this will cause an additional cost pressure, and will require constant monitoring.

The following graphs illustrate occasional teacher salaries against the same period last year both in dollars and as a percent of budget/actual:



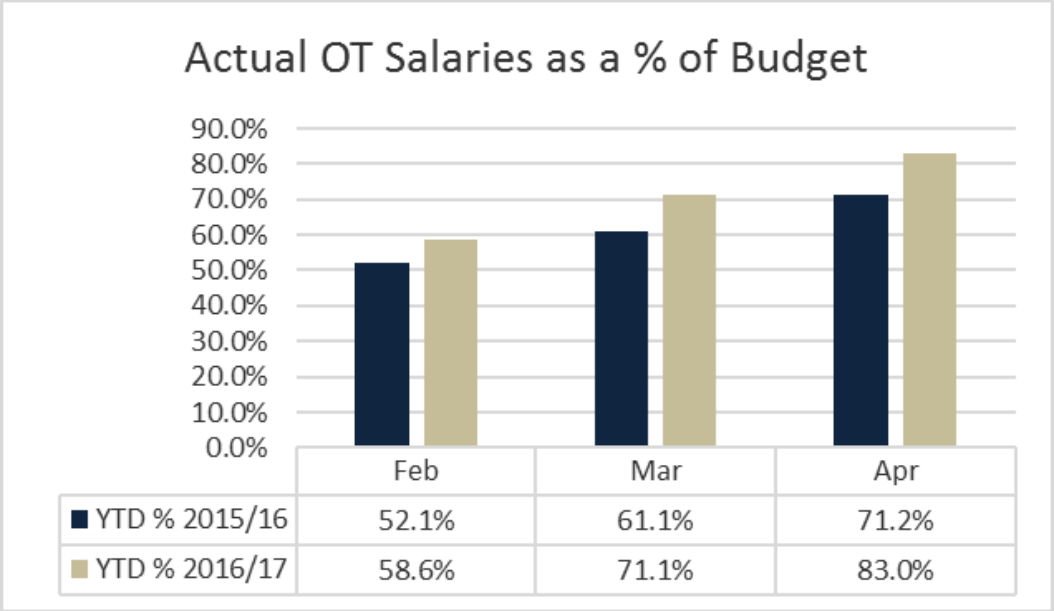
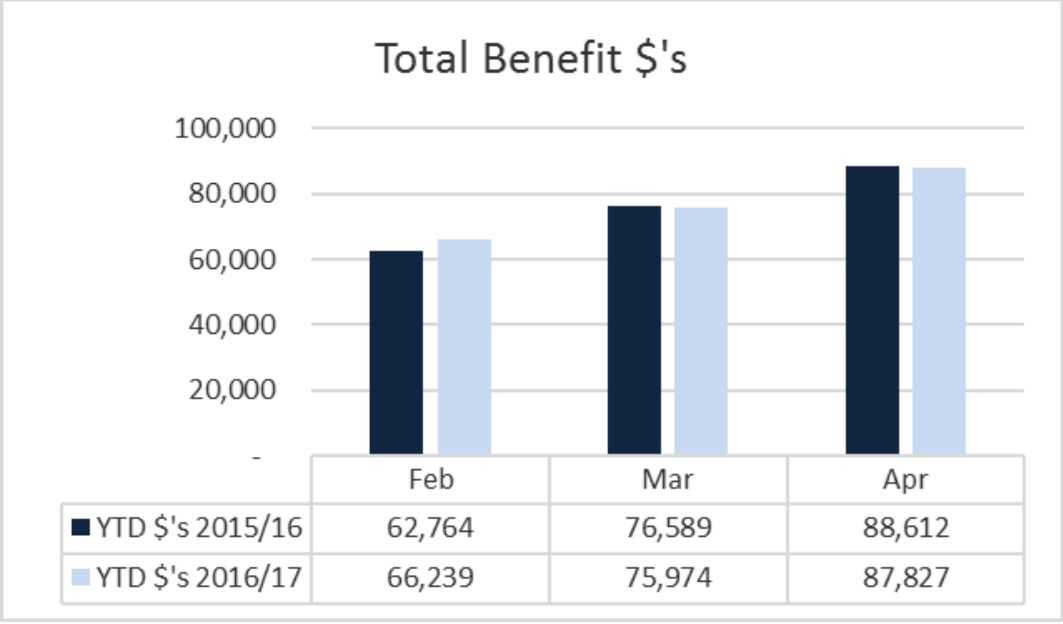


Figure 2 – 15/16 Budget $20.5M, 15/16 Actual $29.9M, 16/17 Budget $26.1M

3. <u>Benefits</u>

The following graphs illustrate Board wide benefit costs against the same period last year both in dollars and as a percent of budget/actual:



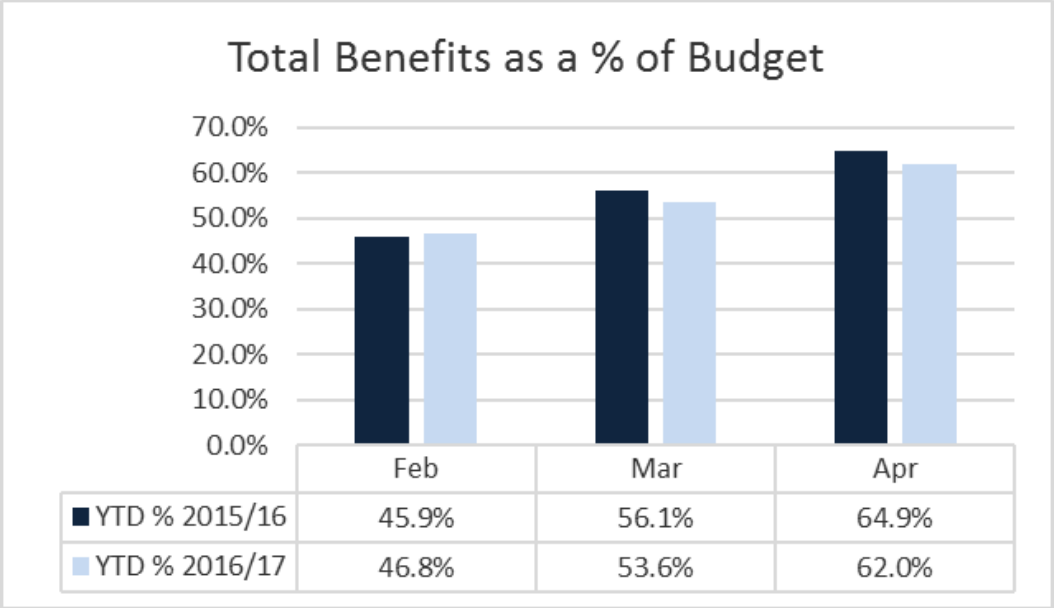


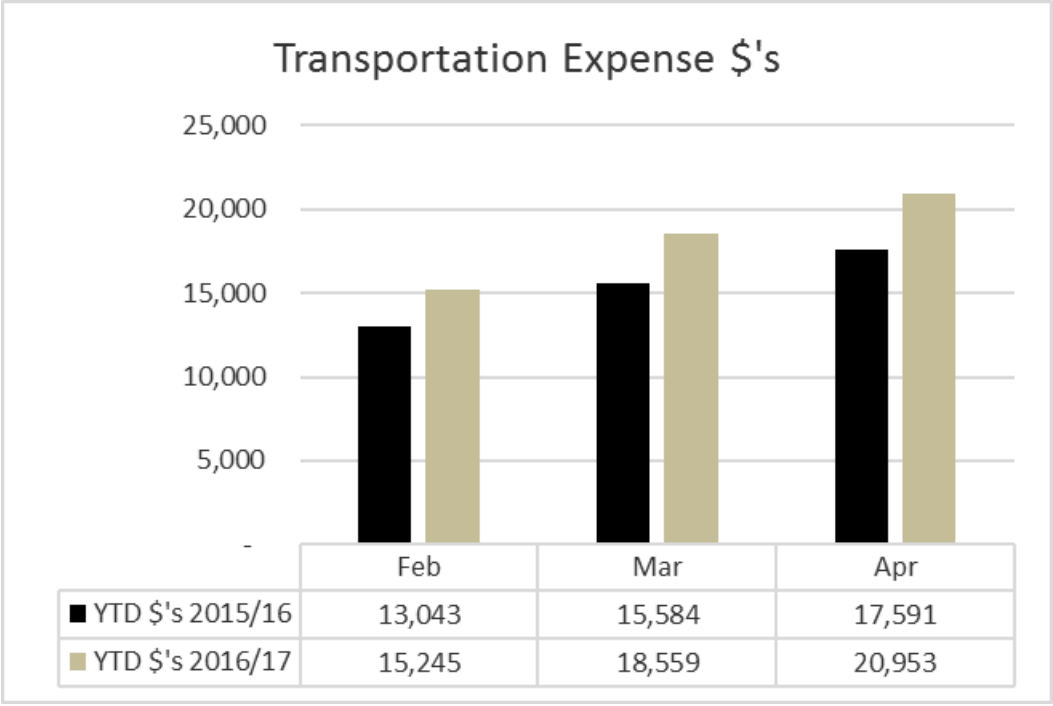
Figure 3 – 15/16 Budget $141M, 15/16 Actual $137M, 16/17 Budget $142M

The above graphs indicate that spending has slowed this year compared to last year at this time. Payments to the benefits trusts began at the end of March and the change in spending pattern is likely due to timing issues. We are expecting the % spent to catch up over the summer months. To date only 62% of the budget has been spent when we are 67 - 80% through the year. This indicates that we are tracking to finish under budget, however, this budget line is contingent on staff's use of their benefits creating a higher level of unpredictability.

4. <u>Transportation</u>

Transportation expense is $3.4 million higher than the same period last year and the percentage of budget spent is 0.5% less than last year. There are many variables in transportation this year including, snow days, new contracts, higher rates and varying volumes of accommodations and utilizations for special needs students. At 64.8%, transportation expense is very close to the 66.7% that would be expected for the 8 months.

The following graphs illustrate transportation expense against the same period last year both in dollars and as a percent of budget/actual:



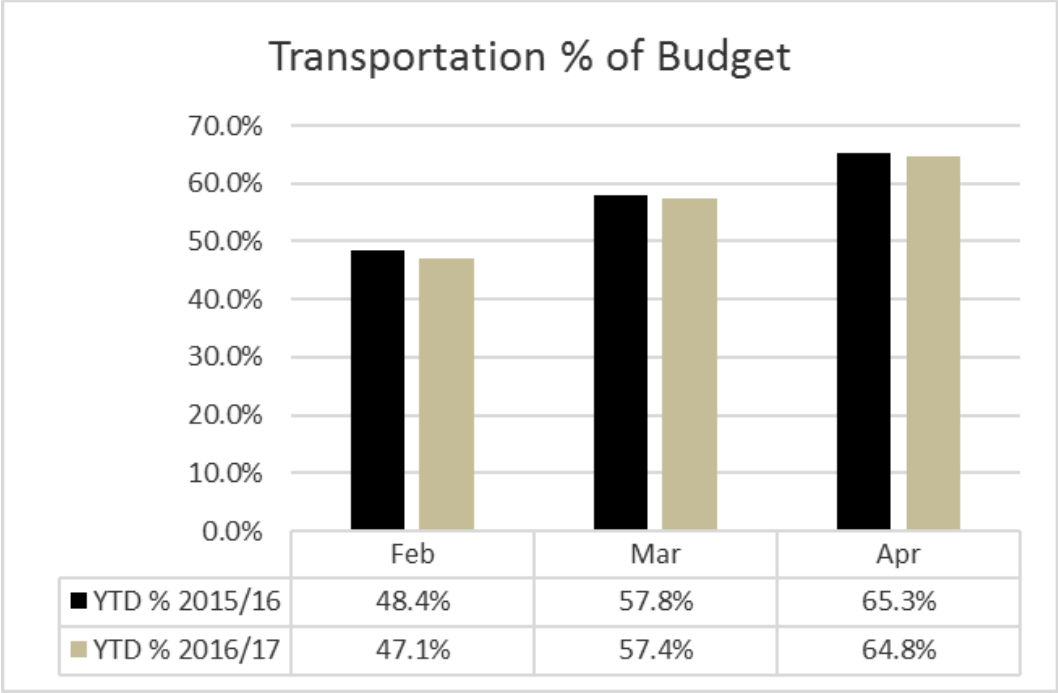


Figure 4 – 15/16 Budget $27.7M, 15/16 Actual $27.0M, 16/17 Budget $32.3M

F. CONCLUDING STATEMENT

This report is for the consideration of the Board.