REPORT TO

CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

FINANCIAL UPDATE REPORT AS AT FEBRUARY 28, 2018

To do what is right and just is more acceptable to the LORD than sacrifice.
Proverbs 21:3

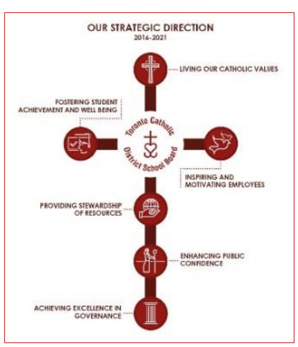
Created, Draft	First Tabling	Review
March 27, 2018	April 12, 2018	

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 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
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M. Puccetti
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 February 28th, 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.

The Board is on target to meet 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 February 2017 was 114 days and year-to-date for February 2018 was 115 days resulting in a .9% 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:

1. High Level Review and Risk Assessments of Operating Budget
2. Review Staff Absenteeism by Employee Group
3. High Level Review and Risk Assessment of Impacts to MYSP
4. Detailed Analysis of Operational Risk Areas
5. 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.

2. ***Changing requirements.*** The Board was required to provide a monthly report to the Ministry, in a defined format, as part of its multi-year recovery plan. The Board has met its obligations to the plan and monthly reporting has been modified to focus on issues that are of greater concern to our Board of Trustees and school community in a format that is more user friendly.

3. ***Notable changes.*** Revenue is directly dependent on school enrolment taken in October and March. Revenue variances are typically low risk subject to change due to enrolment changes, and only if required, further reporting of revenues will occur due to external factors or enrolment audits that create material changes affecting revenues will be reported. A section on capital reporting has been added and operating expenditures has been consolidated into one page attached as Appendix A.

D. EVIDENCE/RESEARCH/ANALYSIS

1. Overall, in the Salary & Benefits area, Figure 1 below illustrates the current risk exposure. The salary and benefits expenditure budgets presents the majority of risk exposure for the TCDSB as follows:

Figure 1: Salary and Benefits Variance / Risk Analysis

	Actual to Budget	***Actual to Previous Year***	***Risk Assessment***
Instructional Salaries	↓ 1.7%	↑ 1.2%	●
Instructional Benefits	↓ 12.7%	↓ 3.8%	◆
Non-Instructional Salaries	↓ 1.5%	↓ 1.3%	●
Non-Instructional Benefits	↑ 8.2%	↑ 6.8%	⬢

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

Instructional Benefits is a Medium Risk because it is tracking to finish 12% under budget, and is showing 3.8% decrease over the previous year's actuals. Non-

Instructional Benefits is a High Risk because it is 8% over-spent. Upon further review, the CUPE Remedy Settlement caused the variance in Benefit expenditures for which the Ministry will reimburse in full.

2. ***Overall, in the Non-Salary & Benefits area, Figure 2 below illustrates the current risk exposure.***

Figure 2: Non-Salary and Benefits Variance / Risk Analysis

	Actual to Budget		***Actual to Previous Year***		***Risk Assessment***
Instructional Expense	↓	17.5%	↓	2.6%	●
Transportation Expense	↓	1.7%	↑	1.0%	●
Operations & Maintenance	↓	4.9%	↓	3.5%	●
Other Non-Instructional	↑	24.1%	↑	34.4%	◆

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

Instructional Expenses is a Low Risk because it is tracking in alignment with the previous year and the timing of expenditure recognition is subject to annual timing variations. Transportation Expenses and Operations & Maintenance Expenses are a Low Risk because it is 1.7% and 4.9% under-spent respectively. The Other Non-Instructional Areas are assessed a Medium Risk and requires further monitoring. Upon further review, this expense area represents 0.5% of the total operating budget, and expenditure timing variances account for the majority of variances during the course of the fiscal year.

3. ***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 planned other revenues estimates.

Figure 3: Other Revenue Variance / Risk Analysis

	Actual to Budget		***Actual to Previous Year***		***Risk Assessment***
Permit Revenues	↑	0.18%	↓	3.46%	
Parking Revenues	↓	91.0%	N/C	0.0%	
Visa Fees	↑	9.0%	↑	3.3%	

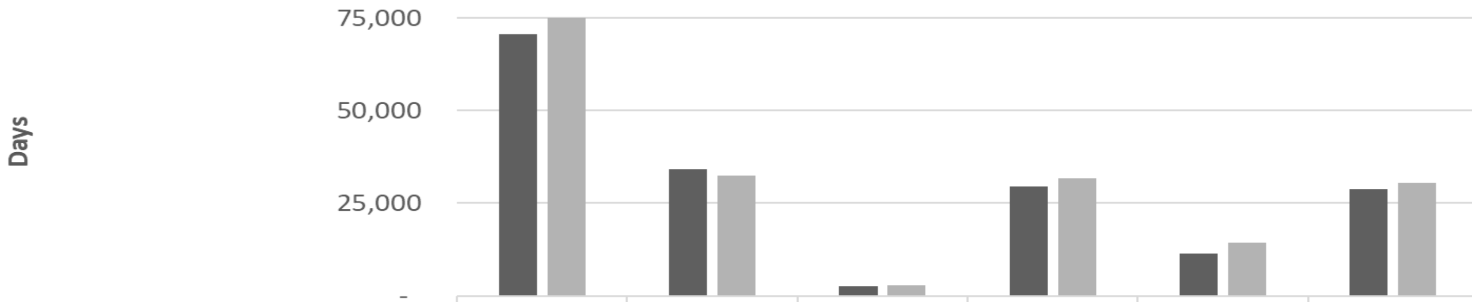
= Low: On Track = Medium: Monitor =High: Action Required

Parking revenues year-to-date has realized 9% of the planned $400K, and the year-to-date results are in line with the previous year's actual revenues. Upon further investigation, 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.

4. ***Staff Absenteeism Rates increase and Occasional Fill Rates decline.*** Recent statistics continue to provide evidence that staff absenteeism rates are increasing across all employee groups, and the most significant impact is evident upon student achievement and well-being.

   The following two tables provide a year-to-year comparison of staff absenteeism by employee group, and a year-over-year comparison of the current September 2017 to March 2018 period versus the same period in the previous fiscal year.

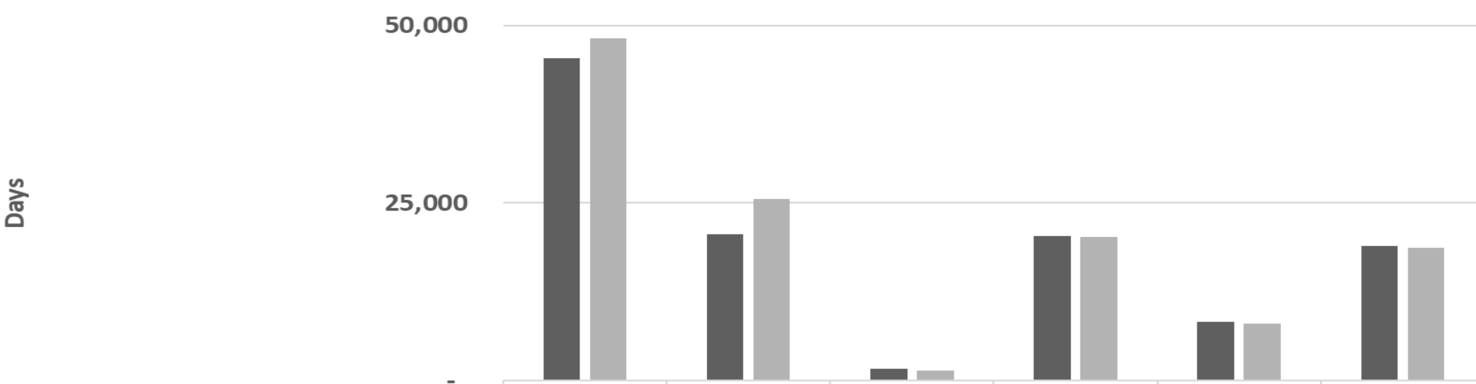
Absence Days by Group



	1. Elementary Teachers	2. Secondary Teachers	3. Principals and Vice Principals	4. Education Assistants, CYWs, Job Coaches, etc.	5. Custodians, Trade & Mtce.	6. *Other School Board Employees
Absence Days 2015/16 Full Year	70,680	34,294	2,583	29,560	11,403	28,829
Absence Days 2016/17 Full Year	75,073	32,473	2,753	31,814	14,276	30,458

Absence Days 2015/16 Full Year **Absence Days 2016/17 Full Year**

Absence Days by Category Sept. to Mar. 2016-17 Vs. 2017/18



	1. Elementary Teachers	2. Secondary Teachers	3. Principals and Vice Principals	4. Education Assistants, CYWs, Job Coaches, etc.	5. Custodians, Trade & Mtce.	6. *Other School Board Employees
Absence Days 2016/17 Sept. to Mar.	45,415	20,656	1,722	20,415	8,315	18,960
Absence Days 2017/18 Sept. to Mar.	48,172	25,528	1,430	20,256	8,004	18,752

Absence Days 2016/17 Sept. to Mar. Absence Days 2017/18 Sept. to Mar.

5. ***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	◆

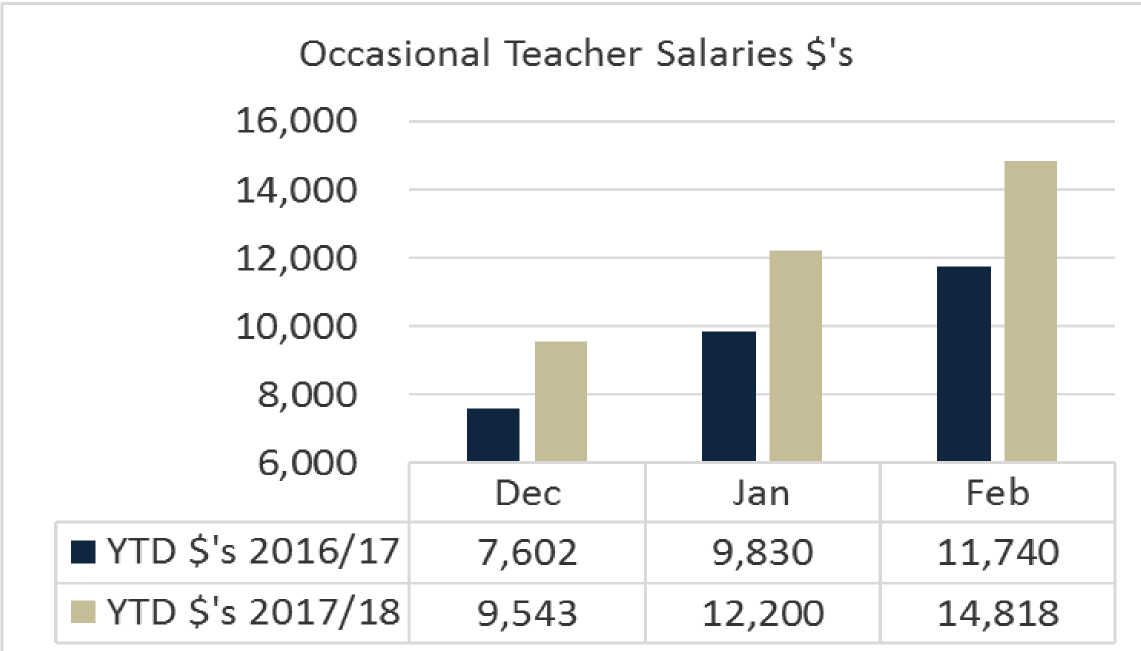
● = Low: On Track ◆ = Medium: Monitor ⬢ =High: Action Required

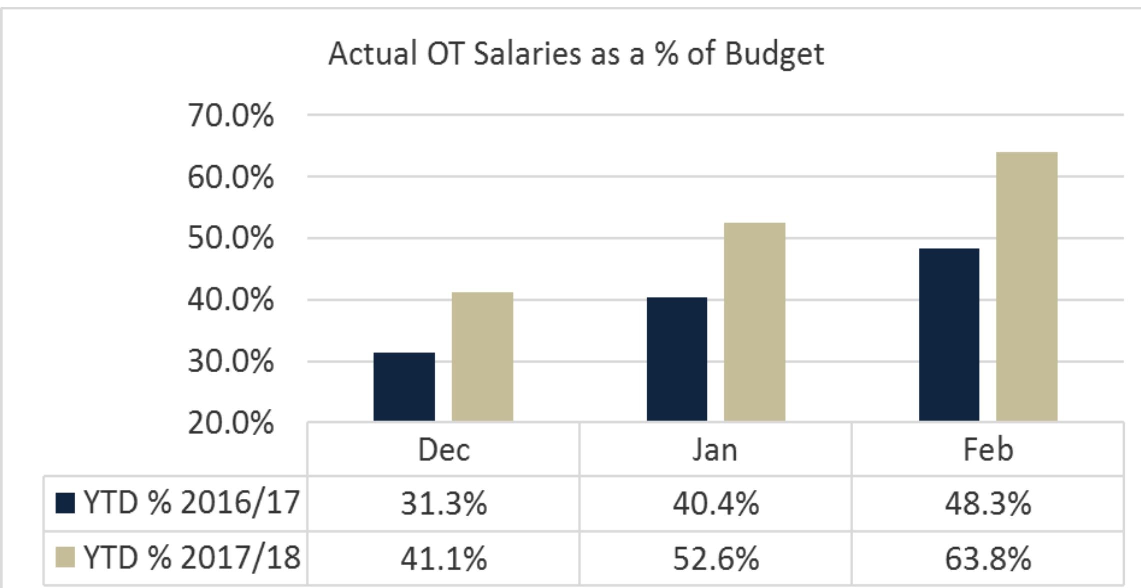
6. ***Revenue remains stable.*** There are no anticipated events affecting Operating Revenues. A pending land sale in March will bolster POD reserves and the Ministry has approved $41.7M under the 2017-18 Capital Priorities grant program for the construction or renovation of four schools.

7. ***Operating expenditures are tightly controlled.*** Budget checking control mechanisms in the enterprise financial system control and monitor all non-payroll related expenditures, and any exceptions to the budget requires Senior Executive and/or Board of Trustees authorization. The only exception to this

system control arises for utilities and emergency repairs. Expenses are tracking to finish the year on budget.

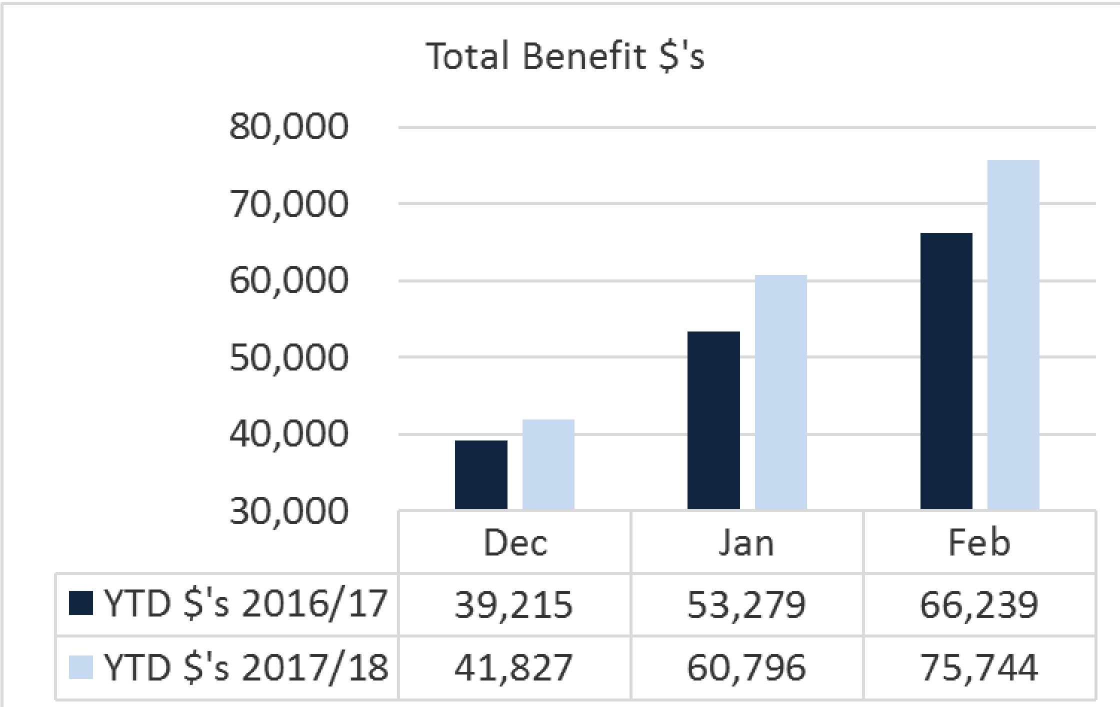
8. ***Salaries and wages account for 75% of our operating budget.*** Staff absenteeism due to personal illness continues to be a problem at the Board. More Occasional Teachers have been made available this fiscal year resulting in 2017-18 usage rate of 15.5% higher when compared to the same period last year as illustrated in the following graphs:



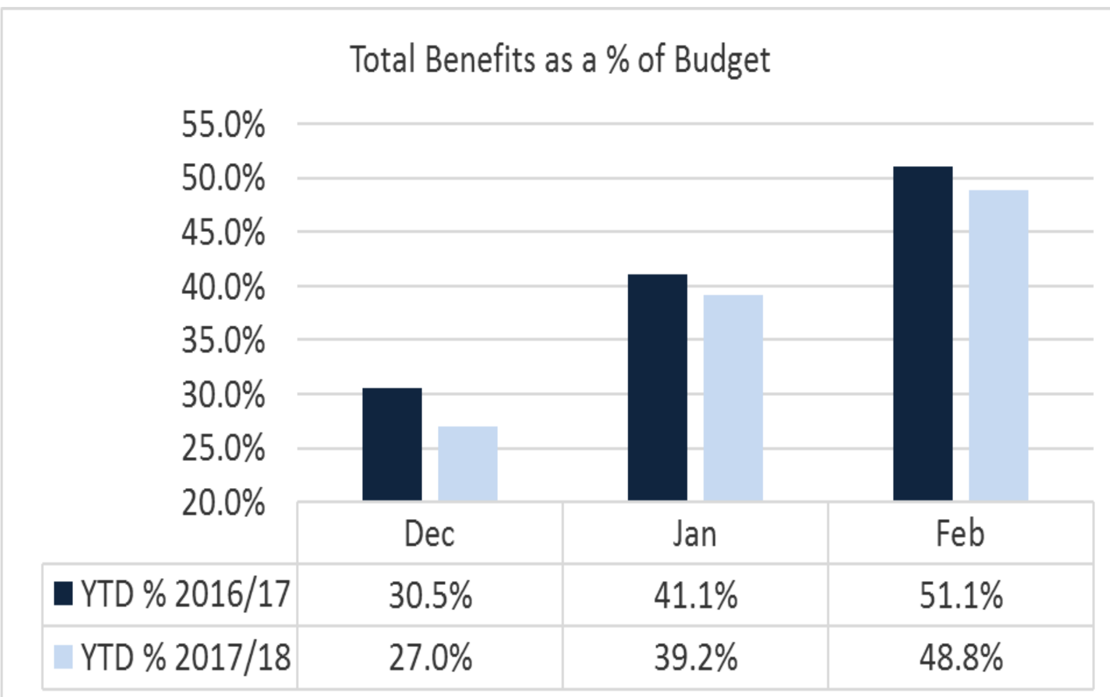


Salaries and wages overall appear to be on track to finish the year on budget.

9. ***Benefits are tracking under budget.*** In 2016-17 benefit surplus was a significant contributor to the Board's surplus. In 2017-18 the scheduled movement to Benefit Trusts has been delayed resulting in expected benefit increases not materializing. Benefits are expected to generate a significant surplus by year end as illustrated in the following graphs:

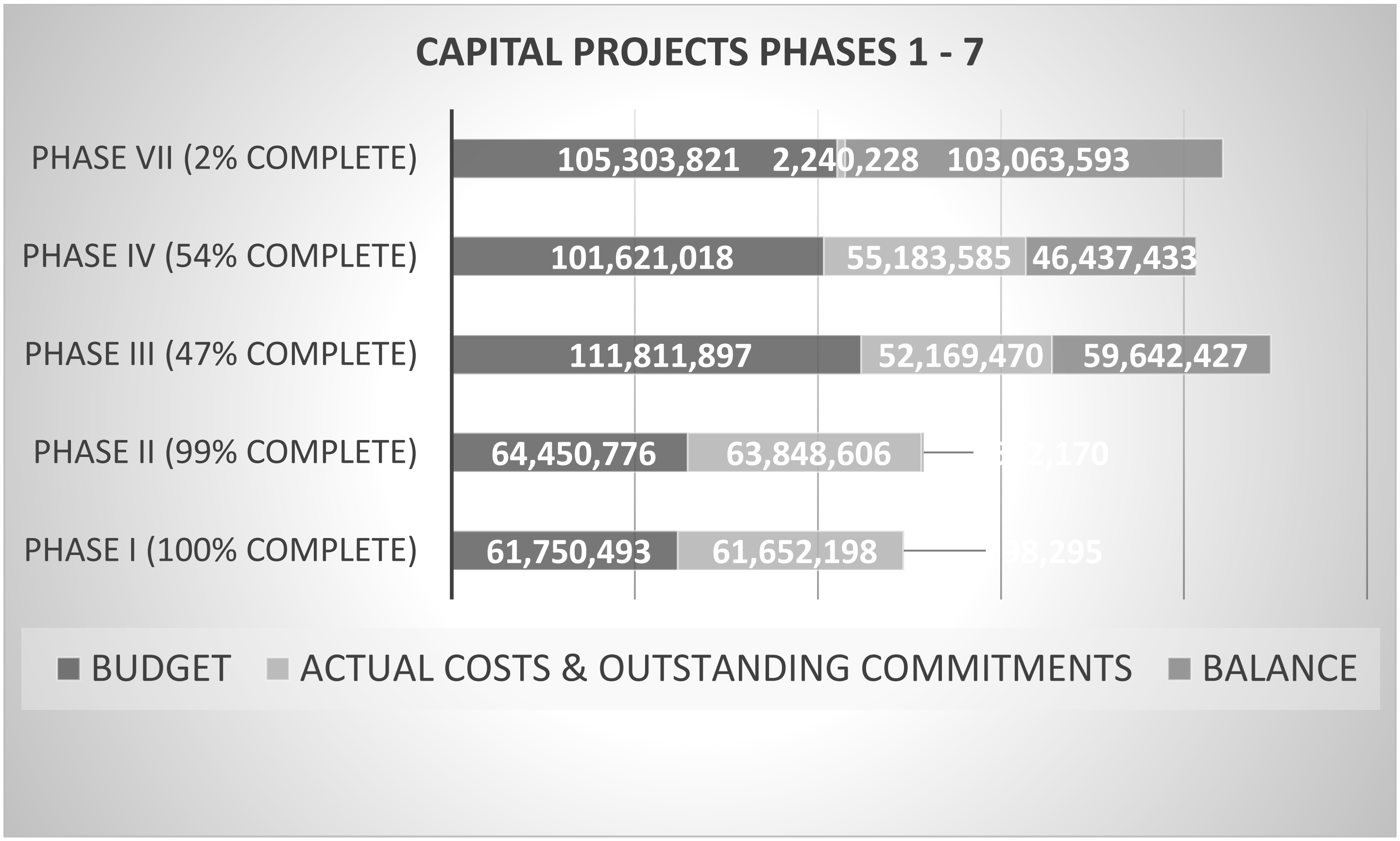


	Dec	Jan	Feb
YTD $'s 2016/17	39,215	53,279	66,239
YTD $'s 2017/18	41,827	60,796	75,744



	Dec	Jan	Feb
YTD % 2016/17	30.5%	41.1%	51.1%
YTD % 2017/18	27.0%	39.2%	48.8%

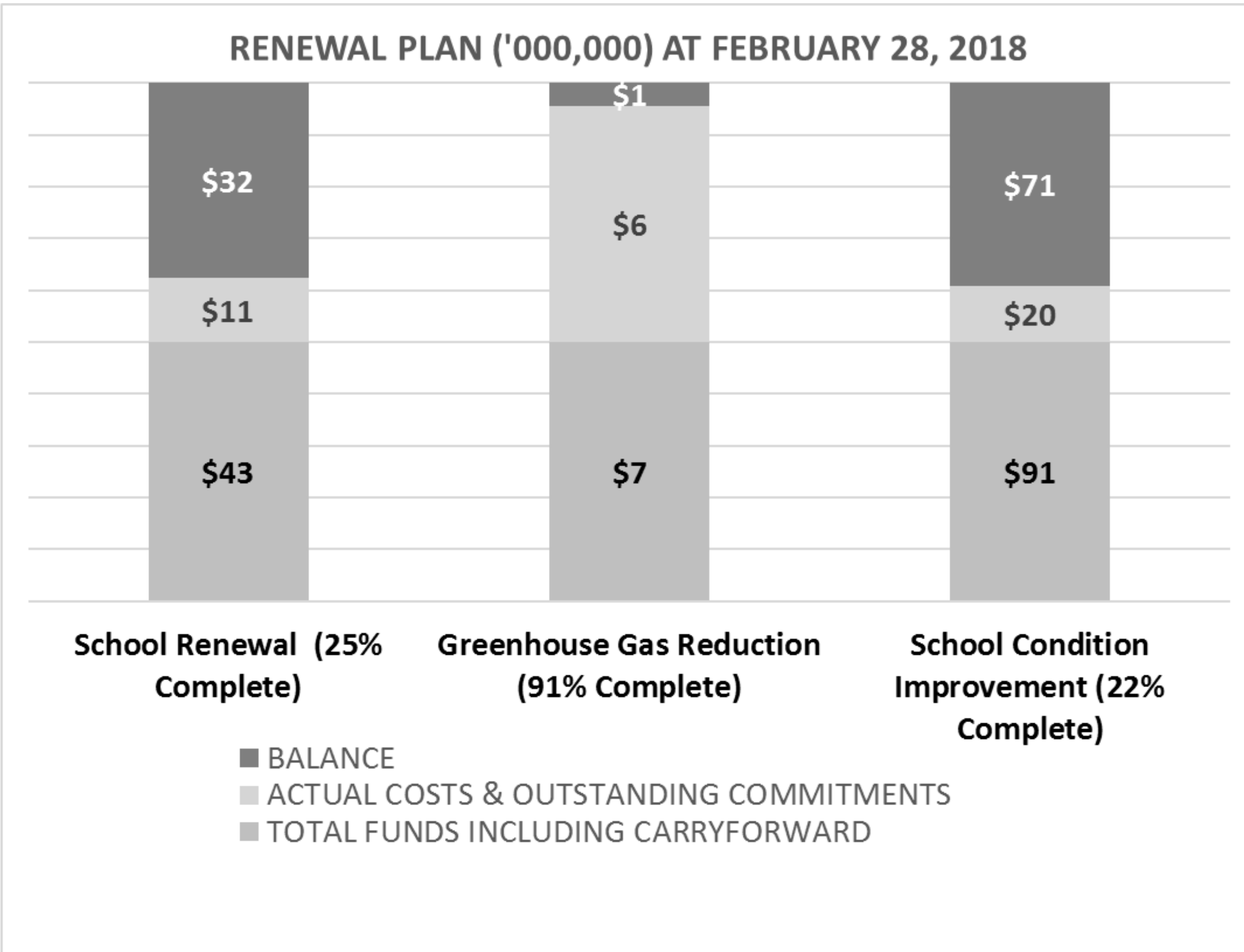
10. ***The Capital budget is $163.7M this year.*** The Board received Capital Project funding for many new schools, additions, Full Day Kindergarten to name just a few. The following progress bar graph illustrates the Ministry approved capital budgets, the amount spent and/or committed, the balance remaining and the % completed by each Phase. Appendix B provides more detail regarding the Capital Projects Phases 1 to 7.



In addition to the Regular School Renewal Grants, TCDSB also received additional capital grants for the purpose of Greenhouse Gas Reduction initiatives. The Board received a budget of $7.1M for Greenhouse Gas Reduction with an expenditure deadline of March 31st 2018. This project is a top priority for Capital Staff because any unspent funds at the March 31st expenditure deadline is returned to the Ministry of Education.

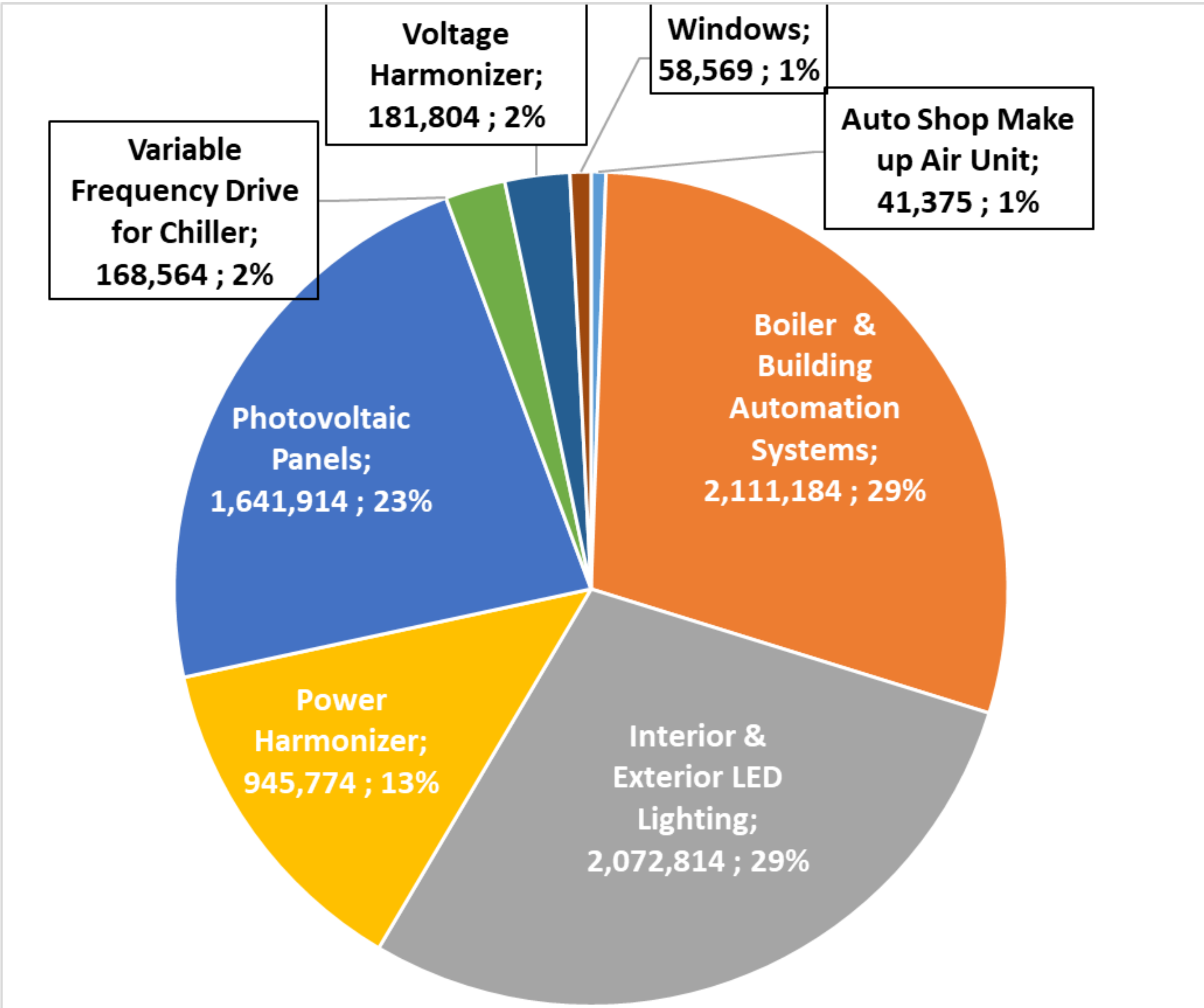
The TCDSB has approximately $103.5M School Renewal and School Condition Improvement funding available for school repairs, and staff are currently issuing tender documents so construction can begin in the summer months.

The following progress bar graph provides a high-level view of the Ministry Approved funding amounts, Actual & Committed Amounts spent, and the balance remaining for School Renewal, Greenhouse Gas Reduction and School Renewal Capital Projects to date:

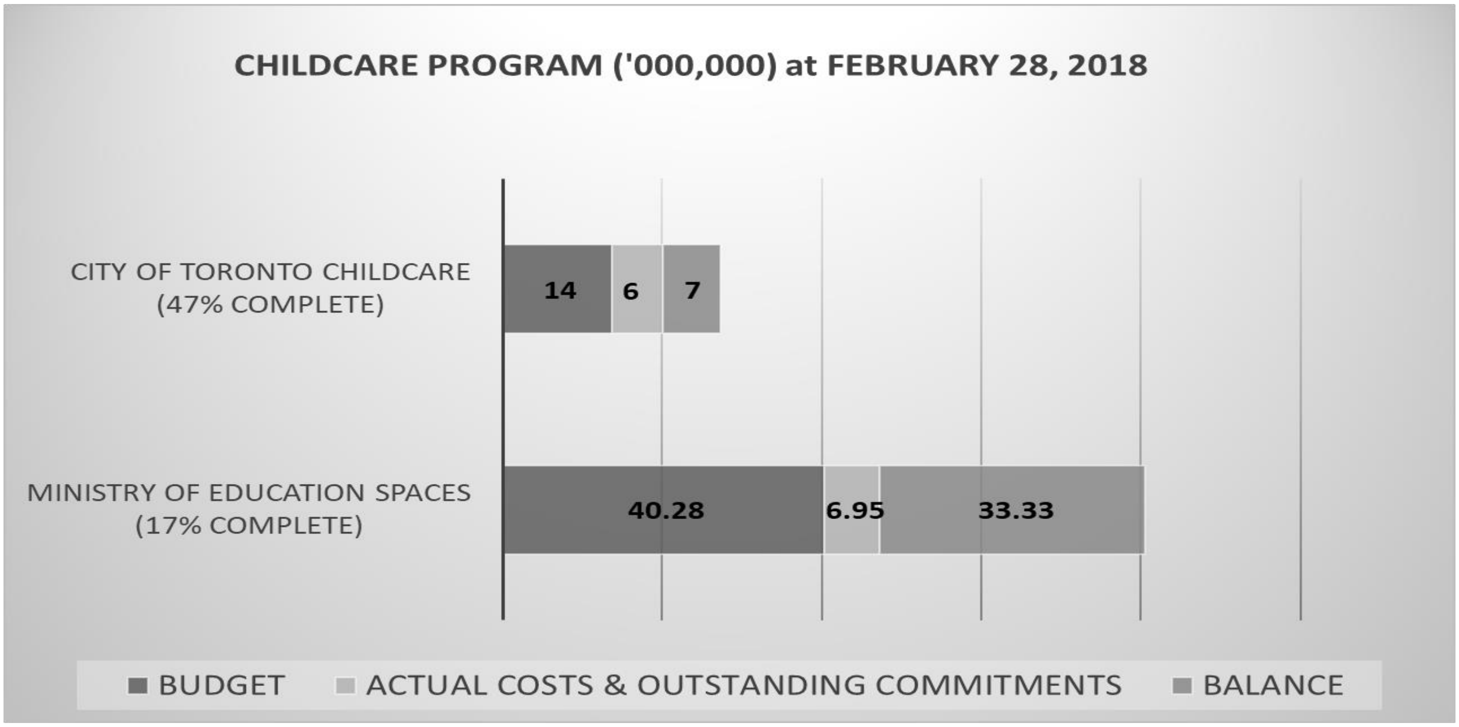


The GHGR funding originally approved at Board May 18th 2017 for a total of $7,098,190 achieved savings in the original plan, and projects were added to meet the expenditure timeline of March 31, 2018 and effectively address the savings. The Ministry required that the projects meet the criteria for GHGR and the funds must be expended by March 31st 2018 with no opportunity for a carry-forward. In addition, this funding allowed for the pursuit of energy efficiencies in both school and administrative facilities.

The following pie graph provides a high-level view of the manner by which the Greenhouse Gas Reduction funds have been expended to date:



11. ***The Capital budget also includes two Childcare Program capital projects.*** The Board received Capital Project funding for many new schools, additions, Full Day Kindergarten to name just a few. The following progress bar graph illustrates the Ministry approved capital budgets, the amount spent and/or committed, the balance and the % completed by each Phase.



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.