



First Quarter Interim Financial Report, 2018-19

To: Finance, Budget and Enrolment Committee

Date: 23 January, 2019

Report No.: 01-19-3564

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that the First Quarter Interim Financial Report – 2018-2019 be received.

Context

Enclosed is the first quarter report from 1 September 2018 to 30 November 2018 outlining the financial position of the Board relative to the approved budget. It is important to note that this is an early look at the Board's financial position after the first three months of operation in the 2018-19 school year. While there have been changes in enrolment and expenditure forecasts, the Board remains in a balanced financial position for the 2018-19 year, as outlined in the report.

Assumptions and Risk Factors

The following assumptions and risk factors that could have an impact on the current year projection have been identified. Staff will continue to monitor these areas closely and will provide updates to the Board on a regular basis:

1. Enrolment:

The enrolment count of students in October has been completed. The remaining risk to enrolment is the final count date in March, which has an impact on Grants for Student Needs revenue.

2. Inflation on Utility Prices:

The pace of economic recovery and global events are major factors that influence pricing. Staff monitor commodity prices daily and are positioned to lock in prices based on conditions. Currently fuel and natural gas prices are projected to remain with budgeted parameters for the balance of the 2018-19 school year. A cost pressure could develop if actual fuel and utility prices in 2018-19 outpace opportunities to mitigate costs through market hedging, conversation efforts by the Board and any funding adjustments provided by the Ministry

Provided in this report are several appendices that summarize the results of the operations for the first quarter:

- Appendix A provides high level financial information in the Public Sector Accounting Board (PSAB) format on changes to both revenue and expenses since the original budget was approved. In the second section of the appendix, enrolment changes are highlighted based on the 31 October 2018 count. The last section of the appendix outlines the changes to Board staffing during the same timeframe.
- Appendix B provides a summary of revenues for the quarter ending 30 November 2018. The first section of this appendix provides information on the Grant for Student Needs, while the second section of the appendix provides information on other revenues of the Board. The actual results for the first quarter and a comparison to the same period in the prior year are included in the appendix.
- Appendix C provides the summary of expenses for the quarter ending 30 November 2018, based on Ministry of Education classifications. The appendix includes the Board approved original budget and revised budget. The right side of the appendix provides actual results of the first quarter's operations and a comparison to the same period in the prior year.

Enrolment Changes

Day school enrolment projections for 2018-19 versus the original budget projections based on 31 October 2018 actual enrolment has been updated per schedule below. The elementary panel saw a gain in enrolment of 52.5 while the secondary panel saw a decline of approximately 688.2 students.

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Projected Pupils of the Board Enrolments

Category	Actual 2017-18	Original 2018-19 Enrolment Projection	Revised 2018-19 Enrolment Projection	Change in Enrolment
JK/SK	35,354.0	34,760.0	34,788.0	28.0
Grade 1 to 3	53,097.3	53,295.5	53,414.0	118.5
Grade 4 to 8	84,239.8	85,077.0	84,983.0	-94.0
Total Elementary	172,691.1	173,132.5	173,185.0	52.5
Secondary	69,806.5	69,926.2	69,238.0	-688.2
Total Day School	242,497.6	243,058.7	242,423.0	-635.7

Revenue and Expenditure Changes

The financial position of the board has been updated based on both enrolment changes and other changes in operations. The current financial forecasts an additional use of the working fund reserves from the original budget of \$20.2M to \$27.8M, which will leave a forecasted working reserve balance of \$13.1M at year end.

The following chart outlines the significant changes forecasted from the original budget:

	Amount in
Revenue:	
Enrolment changes	(\$2.4)
ESL enrolment increase	4.6
Tuition fees	1.0
Total Revenue increase	3.2
Expenditures:	
Extended Day Program	0.5
Teaching Staffing FTE	1.4
Salary and Benefit cost	4.9
Accounting accrual reversal	5.0
Other costs	(1.1)
Total Expenditures	10.7
Net Change in Financial Position	\$7.6M

The original budget for the 2018-19 year includes in-year savings target of \$7M which staff continue to monitor and will report back any changes in the second quarter.

Action Plan and Associated Timeline

Not applicable.

Resource Implications

Not applicable.

Communications Considerations

Not applicable.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

- Appendix A: Dashboard Summary
- Appendix B: Detailed Revenue Summary
- Appendix C: Detailed Expense Summary by Category

From

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Dashboard Summary - Financial, Enrolment and Staffing Categories
2018-19 Interim Financial Report as of Nov 30th 2018 (reflects Revised Estimates)

Section A				
Summary of Financial Results				
(\$Millions)	Budget Estimate	Forecast Revised Estimate	In-Year Change	
			\$	%
Revenue				
GSN allocation	2,989.2	2,991.4	2.2	0.1%
Less GSN allocation for capital	(20.3)	(20.3)	-	0.0%
Other revenue	385.5	381.0	(4.6)	-1.2%
Total Revenue	3,354.4	3,352.0	(2.4)	-0.1%
Expenses				
Classroom Expenses	2,609.3	2,606.8	(2.5)	-0.1%
Other Operating Expenses	719.1	726.7	7.7	1.1%
Total Expenses	3,328.4	3,333.5	(5.1)	-0.2%
In year Surplus (Deficit)	26.0	18.5	(7.4)	
PSAB compliance adjustment	(47.6)	(47.7)	(0.1)	
PSAB compliance financial position	(21.6)	(29.2)	(7.6)	
Transfer from sinking fund reserve	1.4	1.4	-	
Transfer from benefit reserves	5.9		(5.9)	
Transfer from working fund reserve	14.3	27.8	13.5	
Total usage of reserve	21.6	29.2	7.6	-

* (School Generated Fund is not included in the above figure)

Change in Revenue (details information please see appendix B)

- GSN allocation change is mainly result from changes in enrolment and teacher's Q&E
- Other Revenue decrease in Q1 forecast is mainly due to recent funding changes announced by Ministry

Change in Expenses (Details information please see appendix C)

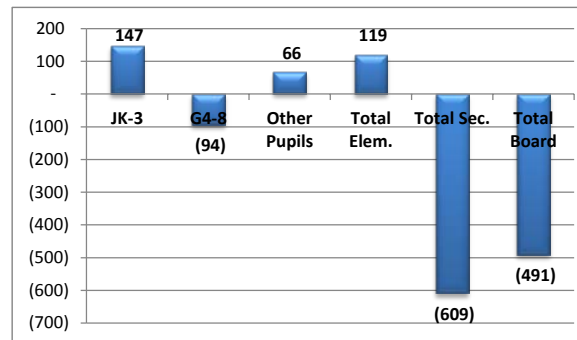
- Decrease in Classroom Expenses is mainly due to corresponding to recent funding change announced by Ministry
- Increase in other operating expense mainly resulting from initial planned legal fee reduction occurred in prior year end and updated benefit cost

Change Total usage of reserve

- Change in total usage of reserves represents additional usage of reserve funds compare to initially planned due to enrolment change and grant reduction

Section B				
Summary of Enrolment				
ADE	Budget Estimate	Forecast Revised Estimate	In year Change	
			#	%
Elementary				
JK-3	88,056	88,202	147	0.2%
G4-8	85,077	84,983	(94)	-0.1%
Other Pupils	307	373	66	17.7%
Total Elementary	173,440	173,558	119	0.1%
Secondary < 21				
Pupils of the Board	69,926	69,238	(688)	-1.0%
Other Pupils	1,761	1,840	79	4.3%
Total Secondary	71,687	71,078	(609)	3.3%
Total	245,127	244,636	(491)	-0.2%

Change in Enrolment:



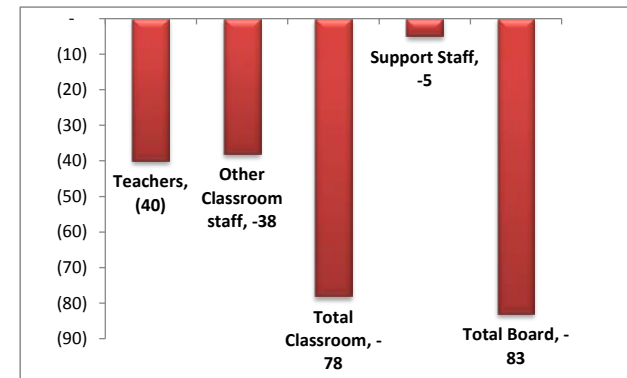
Highlights of changes in Enrolment:

- Oct 31st actual enrolment is higher than projection in Elementary panel and lower in the Secondary panel
- Secondary enrolment doesn't include high credit student

Section C				
Summary of Staffing				
FTE	Budget Estimate	Forecast Revised Estimate	In-Year change	
			#	%
Classroom				
Instructional Teachers	15,668	15,628	(40)	-0.3%
Other School based staff	12,016	11,978	(38)	-0.3%
Total School based staff	27,684	27,606	(78)	-0.3%
Support Staff	4,020	4,015	(5)	-0.1%
Total Staff	31,704	31,621	(83)	-0.3%

Note: Actual as of count date of October 31st.

Changes in Staffing:



Highlights of Changes in Staffing:

The change of staffing in the forest was mainly result from enrolment and EPO reduction

**Toronto District School Board
Interim Financial Report of Operating Expense
For the Period Ending November 30, 2018**

(in \$ Thousands)

	Budget Assessment				Risk Assessment			
	a	b	C = b-a	d = c/a	e	f = e/b	Prior Year	
	2018-19				Actual Spending 2018-19	Prior Year		
OPERATING	Budget	Forecast	\$ Increase (Decrease)	% Increase (Decrease)	to Nov 30/2018	% of Actual Spent	Significant Variance Note	Prior year actual to Nov 30/2017
Classroom Instruction								
Class. Teachers	1,588,629	1,596,045	7,416	0.47%	413,517	25.91%		418,829
Supply Staff	111,365	111,779	414	0.37%	28,087	25.13%		28,063
Teacher assistants/Early Childhood Educator	191,883	189,246	-2,638	-1.37%	50,879	26.89%		48,526
Texts./Supplies	66,292	54,072	-12,219	-18.43%	17,481	32.33%		14,421
Computers	26,255	26,100	-155	-0.59%	12,348	47.31%	1	12,362
Prof/ParaProf/Tech.	188,960	189,489	528	0.28%	47,328	24.98%		45,435
Library/Guidance	62,807	63,063	256	0.41%	16,704	26.49%		14,376
Staff Develop.	13,000	15,119	2,118	16.29%	2,415	15.97%	2	2,240
Department Heads	3,392	3,256	-137	-4.03%	876	26.92%		901
Total Classroom	2,252,584	2,248,168	-4,416	-0.20%	589,636	26.23%		585,153
Non-Classroom								
Principals and VPs	131,867	133,369	1,502	1.14%	34,505	25.87%		33,918
School Office	83,875	88,780	4,905	5.85%	21,624	24.36%		21,393
Coord. and Consult.	30,874	29,280	-1,594	-5.16%	7,975	27.24%		7,358
Continuing Ed.	103,381	100,469	-2,912	-2.82%	23,951	23.84%		22,817
Amortization	6,726	6,709	-17		963	14.35%		0
Total Non-Classroom	356,723	358,607	1,884	0.53%	89,018	24.82%		85,487
Administration								
Trustees	2,114	2,115	1		320	15.13%	3	744
Dir./Supv. Officers	12,054	12,708	654	5.43%	2,862	22.53%		2,943
Board Admin.	64,688	69,757	5,069	7.84%	18,839	27.01%		18,516
Amortization	361	378	16		323	85.61%		0
Total Administration	79,217	84,958	5,741	7.25%	22,345	26.30%		22,203
Transportation								
Pupil Transp.	64,768	64,806	39	0.06%	19,321	29.81%	4	18,443
Transp. - Prov. sch.	183	183	0	0.00%	0	0.00%		0
Amortization	31	31	0		6			0
Total Transportation	64,981	65,019	39	0.06%	19,327	29.72%		18,443
School Operations and Maintenance								
Sch. Oper./Maint.	319,882	321,562	1,681	0.53%	81,515	25.35%		82,404
School Renewal	33,639	33,545	-94	-0.28%	792	2.36%	5	4,383
Other Pupil Accommodation	17,394	17,418	24		10,383	59.61%	6	9,723
Amortization	179,422	179,423	1		28,745	16.02%		0
Total School Operations and Maintenance	550,337	551,948	1,611	0.29%	121,435	22.00%		96,510
NON-OPERATING								
Other Non-Oper. Expenses	24,526	24,805	279	1.14%	699	2.82%		555
Total Non-Operating	24,526	24,805	279	1.14%	699	2.82%		555
TOTAL EXPENSE	3,328,368	3,333,505	5,137	0.15%	842,460	25.27%		808,350

Explanations of significant variances

- 1 - Higher computer expenditures is due to timing of IT projects, license payments and school purchases.
- 2 - Staff development cost is typically lower in 1st quarter due to school start up
- 3 -Trustee expense in 1st quarter is lower compare to prior year is due to OPSBA membership fee paid in 2nd quarter.
- 4 - Transportation cost only occur through a 10-month period.
- 5 - Low spending on school renewal reflects capital and renewal projects schedule, total spending is expected to be in line with budget by year end.
- 6 - Other Pupil Accommodation spending represents timing of interest charges on debt.

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Detailed Revenue Summary
Period Ending November 30, 2018
(x \$1,000)

Budget Assessment					Risk Assessment						
a	b	c = b - a		d = c/a		e	f	g	h	g = f - h	
2018-19					Material Variance Note	Actual Revenue 2018-19		Actual Revenue 2017-18		Year-to year Increase (Decrease)	
Budget Estimates	Forecast	Change		As of Nov 30th % of Forecast Received		As of Nov 30th % of Forecast Received	As of Nov 30th % of Forecast Received	As of Nov 30th % of Forecast Received	As of Nov 30th % of Forecast Received		As of Nov 30th % of Forecast Received
		\$ Increase (Decrease)	% Increase (Decrease)								
General Operation Grant											
Pupil Foundation	1,363,645	1,359,913	(3,732)	-0.3%	2	267,913	19.7%	258,611	19.4%	0.3%	
School Foundation	176,775	176,179	(596)	-0.3%		34,709	19.7%	33,840	19.4%	0.3%	
Special Education	338,208	339,675	1,467	0.4%		66,919	19.7%	63,769	19.4%	0.3%	
French as a Second Language	33,270	33,270	-	0.0%		6,554	19.7%	6,259	19.4%	0.3%	
English as a Second Language	77,128	81,727	4,599	6.0%	2	16,101	19.7%	14,485	19.4%	0.3%	
Learning Opportunity	178,596	178,553	(43)	0.0%		35,176	19.7%	34,058	19.4%	0.3%	
Continuing Education	25,875	25,781	(94)	-0.4%		5,079	19.7%	5,162	19.4%	0.3%	
Teacher Q & E	284,841	286,716	1,875	0.7%	1	56,485	19.7%	56,616	19.4%	0.3%	
ECE Q & E	19,297	19,288	(9)	0.0%		3,800	19.7%	3,627	19.4%	0.3%	
Transportation	53,678	53,627	(51)	-0.1%		10,565	19.7%	9,996	19.4%	0.3%	
Administration and Governance	63,050	62,820	(230)	-0.4%		12,376	19.7%	11,781	19.4%	0.3%	
School Operations	272,220	271,323	(897)	-0.3%		53,453	19.7%	51,897	19.4%	0.3%	
Indigenous Education	5,055	5,054	(1)	0.0%		996	19.7%	977	19.4%	0.4%	
Safe Schools	8,070	8,056	(14)	-0.2%		1,587	19.7%	1,529	19.4%	0.3%	
Community Use of Schools	3,813	3,813	-	0.0%		751	19.7%	750	19.4%	0.3%	
New Teacher Induction Program	1,387	1,194	(193)	-13.9%		235	19.7%	167	19.4%	0.3%	
Declining Enrolment	0	219	219			43	19.7%	0	0.0%	19.7%	
Trustees' Association Fees	43	43	-	0.0%		8	19.7%	8	19.4%	0.3%	
Restraint Savings	(950)	(950)	-	0.0%		(187)	19.7%	(184)	19.4%	0.3%	
Regular Operating Grants	2,904,001	2,906,301	2,300	0.1%		572,563	19.7%	553,348	19.4%	0.3%	
Grants for other Purposes											
School Renewal Grant	47,276	47,135	(141)	-0.3%		9,286	19.7%	9,143	19.4%	0.3%	
Capital Debt Interest Payments	17,468	17,468	-	0.0%		3,441	19.7%	3,934	19.4%	0.3%	
Permanent Financing of 55 School Board Trust	20,499	20,499	-	0.0%		4,038	19.7%	3,967	19.4%	0.3%	
	85,243	85,102	(141)	-0.2%		16,765	19.7%	17,044	19.4%	0.3%	
Total Allocation	2,989,244	2,991,403	2,159	0.1%	1/2	589,328	19.7%	570,392	19.4%	0.3%	
Other Revenue											
Other Provincial Grants (EPO)	53,554	47,451	(6,104)	-11.4%	3	8,541	18.0%	21,280	36.2%	-18.2%	
Federal Grants	22,000	22,000	-	0.0%		4,467	20.3%	3,826	17.4%	2.9%	
Rental Revenue	29,071	29,071	-	0.0%		8,448	29.1%	8,184	27.5%	1.6%	
Tuition Fees	30,850	31,850	1,000	3.2%	4	11,993	37.7%	10,464	36.8%	0.9%	
Continuing Education	3,777	3,777	-	0.0%		2,195	58.1%	2,094	56.9%	1.2%	
Staff on Loan	14,142	14,717	575	4.1%	5	3,064	20.8%	3,362	24.1%	-3.3%	
Miscellaneous Revenues	21,013	20,979	(34)	-0.2%		7,094	33.8%	3,662	25.0%	8.8%	
Deferred Capital											
Contributions/Capital Revenue	211,113	211,113		0.0%		6,227	2.9%	19,613	13.3%	-10.4%	
	385,519	380,956	(4,563)	-1.2%		52,029	13.7%	72,484	22.8%	-9.1%	
Total Funds	3,374,763	3,372,359	-2,404	-0.1%		641,357	19.0%	642,876	19.7%	-0.7%	
Less: Funding to be used for mTCA	(20,347)	(20,347)	-	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	
Total Operational Revenue	3,354,416	3,352,012	-2,404	-0.1%		641,357	19.1%	642,876	19.8%	-0.7%	

Explanation of Revenue Variances

- 1 - Increase in Teacher Q & E is due to updated teacher average salary grid and enrolment
- 2 - Net changes in Grants are due to enrolment change.
- 3 - Decrease in Forecast for EPO Grants is due to recent changes implemented by the Province.
- 4 - Increase in Tuition Fees is mainly due to increase in enrolment for International Students.
- 5 - Increase in Staff on Loan due to additional staff on secondment.