DURHAM CATHOLIC
DISTRICT SCHOOL BOARD
Learning and Living in Faith

2022/2023 Second Quarter Budget Status Report and Mid-Year Forecast

DURHAM CATHOLIC DISTRICT SCHOOL BOARD
Learning and Living in Faith

Our Mission

To be an inclusive Catholic learning community that inspires every student to achieve their full potential through faith and education.

Our Vision

By fostering positive relationships with home, school, parish and community, students and staff will learn and work in a Catholic environment where every person is:

- Safe and welcomed
- Accepted and valued
- Heard and engaged
- Supported and prepared

Our Values

We live our faith by demonstrating values of love, hope, faith, charity, respect and reconciliation.

Index of Attachments

Attachment 1

Average Daily Student Enrolment

	2022/2023	2021/2022	Variance	% Change
Elementary	15,225	15,056	169	1.11%
Secondary	6,599	6,518	81	1.23%
Total	**21,824**	**21,574**	**250**	**1.15%**

As noted in the above table the Board's enrolment across the two panels has grown by 1.15%. Based on current projections, the Board anticipates stable enrolment with modest growth (1% - 1.7% increase) over the next few years.

It is important to note the Board's Long Term Capital Plan and Land Acquisition Strategy is significantly influenced by the Board's student enrolment population, particularly its geographic dispersion and demography. As the Region of Durham continues to expand northwards from east to west it is critical that the Board maintain efficient and effective utilization of its school facilities such that it can continue to service existing communities while generating the ability to qualify for new schools in growth areas.

Means by which the Board manages its facility utilization include boundary reviews, program reviews and where warranted accommodation (school closure) reviews. The Board's capital footprint also significantly impacts the operating budget and as such it is paramount that the Long-Term Accommodation Plan be continually reviewed, updated and diligently implemented in order to maintain a healthy overall financial position.

Attachment 2

Summary of Revenue as at February 28, 2023

Operating	Budget	Received	Anticipated	Received to Anticipated Variance
Ministry Grants (GSN)	$258,135,456	$137,287,152	$137,287,152	$0
Other Ministry (PPF)	4,925,990	3,136,540	3,136,540	0
Secondments	1,171,981	0	0	0
Government of Canada	721,599	471,770	471,770	0
Other Provincial Agencies	1,049,208	673,376	673,376	0
Community Use of Schools	750,000	337,126	375,000	(37,874)
Continuing Education Fees	200,000	98,513	100,000	(1,487)
International Students	816,675	818,321	816,675	1,646
Partnership Agreements	926,500	753,785	555,900	197,885
Interest Revenue	0	180,323	0	180,323
Incentive Revenue	115,322	104,272	57,661	46,611
School Generated Funds	5,000,000	3,239,905	3,239,905	0
Subtotal	**$273,812,731**	**$147,101,083**	**$146,713,979**	**$387,104**
Capital				
Ministry Grants (GSN)	$51,043,930	$4,251,019	$4,251,019	$0
Multi-Year Technology Program	455,000	0	0	0
Proceeds of Disposition	2,075,005	2,075,005	2,075,005	0
Education Development Charges	24,075,294	17,787,790	19,575,294	(1,787,504)
Subtotal	**$77,649,229**	**$24,113,814**	**$25,901,318**	**($1,787,504)**
TOTAL	**$351,461,960**	**$171,214,897**	**$172,615,297**	**($1,400,400)**

Notes follow on next page

Attachment 2

Summary of Revenue - Notes

The majority of the Board's revenue sources are cash flowed based on a pre-determined schedule of remittances such as:

- The Ministry monthly grant payment;
- Installments based on other Ministry funding transfer payment agreements;
- Secondments billed at the end of the term;
- Government of Canada scheduled payments;
- Monthly or ongoing other revenue sources such as partnership agreements and community use of schools;
- Monthly EDC payments from the municipalities; and
- Transfers from reserve funds during the year end process.

As a result, there should not be much, if any, variance between actual and anticipated as most payments are known in amount and are to be received on a fixed schedule.

The positive variance in operating revenue noted above is due to increased partnership revenue and interest revenue resulting from higher interest rates and a positive cash balance throughout the first two quarters of the fiscal year. This additional revenue will be used to address pressures in expenditures (as noted in Attachments 4, Wages and Benefits and 6, Departmental Expenditures).

Education Development Charges automatically flow to the EDC reserve fund to be used for future land purchases. As a result, the Board's overall capital revenue position is essentially neutral relative to budget at the mid-year point.

Attachment 3

Summary of Expenditures as at February 28, 2023

	2022/2023 Budget	Actual Expenditures	%	Anticipated	%	Actual to Anticipated Variance
Wages & Benefits	$233,240,071	$117,102,187	50.2%	$117,473,155	50.4%	$370,968
Schools	2,299,050	1,477,583	64.3%	1,379,430	60.0%	(98,153)
Departments	33,007,546	15,446,729	46.8%	15,528,784	47.0%	82,055
Provision to Operating Reserve	266,064	0	0%	0	0%	0
School Funds	5,000,000	2,563,054	51.3%	2,563,054	51.3%	0
Capital Programs	77,649,229	33,611,538	43.3%	37,006,375	47.7%	3,394,837
Total	**$351,461,960**	**$170,201,091**	**48.4%**	**$173,950,798**	**49.5%**	**$3,749,707**

Attachment 3 is a summary of the detailed analysis contained in Attachments 4 through 7 of the Board’s year to date expenditures in comparison with anticipated results.

In particular, Attachment 4 breaks down the wage variance into four components and Attachment 6 provides analysis regarding the year-to-date results for each of the individual departments.

In addition, Attachment 7 outlines the spending (anticipated versus actual) in the capital programs area of the budget.

Anticipated expenditures are based on two core components: anticipated consumption rate of annual ongoing operating costs (i.e. - utilities); and anticipated stage of completion of various individual operating and capital related projects and initiatives.

Attachment 4

Wages and Benefits as at February 28, 2023

	Budget	Actual	%	Anticipated	%	Actual to Anticipated Variance
Wages – Academic	$142,736,201	$71,839,482	50.3%	$71,747,787	50.3%	($91,695)
Wages – Support	47,221,673	24,620,425	52.1%	25,221,136	53.4%	600,711
Sick Leave Plans	5,738,810	3,306,384	57.6%	2,928,568	51.0%	(377,816)
Benefits/ Deductions	37,543,387	17,335,896	46.2%	17,575,664	46.8%	239,768
	$233,240,071	**$117,102,187**	**50.2%**	**$117,473,155**	**50.4%**	**$370,968**

Anticipated wages at the mid-year point detailed in the above chart (Attachment 4) are based on the following: teaching wages at 13 pays out of 26; EA's and ECE's at 13 pays out of 22; other support staff and non-teaching wages at 13 pays out of 26; supply teacher costs at 99 days out of 194.

Overall, the Board's annual wages and benefits budget is derived by the number of staff required by the system as outlined in Attachment 5 (Staffing Summary).

In reviewing the above chart, a positive variance is noted in support wages resulting from vacant positions throughout the first half of the year. It has been difficult for the Board to find qualified staff in certain fields, such as the trades. Lower than anticipated wages have also resulted in savings in benefits at the mid-year point. As positions are filled, savings in both wages and benefits will dissipate throughout the remainder of the year.

Also noted in the above chart is a negative variance in the sick leave category. The Board continues to experience unprecedented absences and is forecasting a continued pressure in supply costs throughout the remainder of the year.

In addition, there is a small negative variance in academic wages resulting from adjustments in staffing requirements as noted on Attachment 5.

On April 6, 2023, staff received a report from School Boards' Co-operative Inc. (SBCI) which reflects an amended forecast for WSIB costs which is approximately $260,000 higher than the current budget. These additional costs will be incurred by the year end.

Savings resulting from vacant positions will be utilized to offset pressures in supply costs, increased WSIB expenses and academic staffing adjustments.

Attachment 5

Staffing Summary as at February 28, 2023

	Budget	Payroll	Variance
Teachers			
Elementary Teachers	909.68	910.38	(0.70)
Secondary Teachers	435.16	435.68	(0.52)
Coordinators/Consultants	34.50	34.50	0.00
Principals/Vice-Principals			
Elementary/Secondary	77.67	77.67	0.00
Non-Teaching			
Senior Administration	12.00	12.00	0.00
Middle Management/Non-Union	64.00	62.00	2.00
Faith Formation	8.00	8.00	0.00
Student Services	46.30	45.30	1.00
Educational Assistants	321.00	321.00	0.00
Early Childhood Educators	97.00	97.00	0.00
Custodial Maintenance	169.00	166.00	3.00
Secretarial/Clerical	112.50	110.00	2.50
Trustees	8.00	8.00	0.00
Secondments	9.83	9.83	0.00
Total	**2,304.64**	**2,297.36**	**7.28**

The majority of the Board’s operating budget is wages and benefits. From a financial controls’ perspective, the easiest way in which to monitor this area of the budget is to compare budgeted positions to those hired and on payroll as per the staffing summary (Attachment 5).

There are a number of positions which are dependent on student enrolment, and which can fluctuate throughout the year. In addition, many positions are determined by collective agreement and/or specified Ministry funding.

At the mid-year point there are a number of positions which may have become vacant during the year, and which are yet to be filled based on timing, candidate availability, hiring processes, etc.

As noted on Attachment 4 (Wages and Benefits), the Board has experienced difficulties in hiring in certain areas. It is anticipated these positions will be filled during the second half of the year.

Overall, the total number of staff on payroll is within the budgeted complement with the above noted vacancies due to be filled at some point during the remainder of the year or utilized to offset pressures noted in other areas.

Attachment 6

Departmental Expenditures as at February 28, 2023

	Budget	Actual	%	Anticipated	%	Actual to Anticipated Variance
Student Transportation	$7,950,639	$3,932,338	49%	$3,975,319	50%	$42,981
Facilities Services	10,009,871	5,417,947	54%	5,343,143	53%	(74,804)
Information Technology	3,427,967	1,676,750	49%	1,628,984	48%	(47,766)
Academic Services	9,312,466	3,349,333	36%	3,482,818	37%	133,485
Business Services	186,000	87,498	47%	93,000	50%	5,502
Human Resources	708,972	260,494	37%	304,486	43%	43,992
Mileage/Travel Allowances	483,738	260,318	54%	241,869	50%	(18,449)
Director’s Office	221,000	138,932	63%	110,500	50%	(28,432)
Legal/Professional Services	360,109	98,892	27%	151,246	42%	52,354
Trustees/Student Reps	225,084	178,232	79%	146,305	65%	(31,927)
Communications	121,700	45,995	38%	51,114	42%	5,119
Total	**$33,007,546**	**$15,446,729**	**47%**	**$15,528,784**	**47%**	**$82,055**

Upon review of the analysis of departmental expenditures (Attachment 6) there is savings in Academic Services. Given that these budgets are primarily funded by the Ministry for use towards specified initiatives it is anticipated that any remaining funds will need to be carried over to next year.

There are also savings in Student Transportation due to route cancellations resulting from driver absences.

In addition, as noted in the above chart, is the negative variance in Facility Services resulting from pressures in utility costs, specifically gas prices. Savings in Student Transportation and additional revenue from Attachment 2 (Summary of Revenue) may be necessary to offset this pressure.

All remaining departments essentially offset each other for typical expenditure consumption. The departmental variances as shown in the above schedule are a result of timing differences in relation to estimated consumption/utilization rates. It is anticipated that each Superintendent will manage their expenditures within the allocated budget with the exception of the aforementioned cost pressures and/or savings.

Attachment 7

Capital Program Expenditures as at February 28, 2023

	Budget	Actual	%	Anticipated	%	Actual to Anticipated Variance
Msgr Paul Dwyer C.H.S., Replacement (see Note 1)	$11,762,251	$121,489	1%	$1,176,225	10%	$1,054,736
St. Anne Catholic School Addition (See Note 2)	4,210,526	33,216	0%	0	0%	(33,216)
Unnamed North Pickering (Seaton) Elementary School (See Note 3)	8,478,058	0	0%	0	0%	0
Debenture Payments	6,683,107	3,341,553	50%	3,341,553	50%	0
School Renewal	6,675,973	2,835,367	42%	2,670,389	40%	(164,978)
School Condition	13,234,015	7,911,580	60%	7,940,409	60%	28,829
Multi-Year Technology Program	455,000	358,339	79%	227,500	50%	(130,839)
Transfer to Proceeds of Disposition (POD) Reserve	2,075,005	1,222,204	59%	2,075,005	100%	852,801
Transfer to EDC Reserve	24,075,294	17,787,790	74%	19,575,294	81%	1,787,504
Total	**$77,649,229**	**$33,611,538**	**43%**	**$37,006,375**	**48%**	**$3,394,837**

- Note 1: Total Ministry approved funding for Monsignor Paul Dwyer Replacement School - $29,405,627. The budget reflects anticipated 2022/2023 spend.
- Note 2: Amended Ministry approved funding for St. Anne Catholic School Addition - $4,801,755. Subsequent to budget, additional funding was approved.
- Note 3: Total Ministry approved funding for the Unnamed North Pickering (Seaton) elementary school is $16,956,116. The budget reflects anticipated 2022/2023 spend.

Attachment 7

Additional Capital Program Expenditure Notes

The capital budget is separate from the operating budget and has its own direct funding sources and/or multi-year based programs. The timing of certain programs is dependent on the nature of the work and the timing of approvals.

Cash flow for the capital program is short-term financed by the Board through its capital credit facilities and trued up (including interest costs) after each Ministry reporting cycle.

Unused capital funds are carried over to the next year to either complete the project or to be reallocated to new projects within the same capital program.

The Board is responsible to manage its capital programs on a multi-year basis and to complete projects within the funding provided by the Ministry with any cost overruns to be funded by the Ministry through an amended Approval to Proceed (ATP) or through the Board's Proceeds of Disposition reserve fund (upon approval from the Minister of Education). The Board has requested use of the Proceeds of Disposition Reserve in the amount of $852,801 to offset cost overages in Child Care projects from the previous fiscal year.

Attachment 8

Operating Reserve Fund Continuity Schedule

Balance as per 2021/2022 Financial Statements	$NIL
2022/2023 Provision at Revised Estimates	266,064
Mid-Year Forecast Surplus or (Deficit)	0
Anticipated Balance at August 31, 2023	**$266,064**

The Board's Accumulated Surplus is the only reserve fund available for use towards balancing the operating budget. The Board had utilized its operating reserves over the past two years to offset pandemic related costs and ended the fiscal year August 31, 2022 with a balance of $NIL.

It has become the practice of the Board during the annual budget process to commit any projected operating surplus in the current year to the reserve fund (Attachment 8) to facilitate budget planning for the upcoming year. This exercise takes place at the mid-point of the year and as such the mid-year forecast has been determined and presented in the second quarter budget status report for the period ending February 28, 2023. At this time the year-to-date results would indicate that there is no change in the projected provision to reserve balance as presented in the 22/23 Revised Estimates report. Essentially, the cost pressures identified in academic wages, supply costs, WSIB expenses (Attachment 4) and Facility Services (Attachment 6) are expected to be offset by additional revenue (Attachment 2), vacant positions (Attachment 4) and Transportation Services (Attachment 6).

Attachment 9

Summary of Cash Position and Investment Options

Month	Bank Balance High	Bank Balance Low	Bank Balance Average
September 2022	$25,502,833	$(4,393,874)	$11,721,886
October 2022	$56,542,352	$20,749,516	$39,881,272
November 2022	$44,445,475	$26,529,884	$37,161,387
December 2022	$65,936,753	$29,202,856	$44,872,582
January 2023	$52,866,494	$32,924,488	$45,715,686
February 2023	$46,911,584	$25,531,804	$36,347,251
Average	**$48,700,915**	**$21,757,446**	**$35,950,011**

The Board's investment policy requires consideration of the following principles when determining its cash management strategy: achieve optimum rate of return; avoid borrowing if self-financing is possible; and ensure maximum security of funds. To this end the Board maintains all of its funds at one of the tier one major financial institutions. The Board continues to consolidate all of its operating and reserve funds into a single account to maximize interest earnings potential and to minimize overdraft charges or short-term financing costs.

The summary of cash position (Attachment 9) illustrates the change in activity taking place in the account during the course of a month whereby the average monthly high is a positive $45.7 million, and the average monthly low is a positive $11.7 million. This is due specifically to timing differences between the receipt of revenue and the payout of expenditure. From a revenue perspective the Board receives its Ministry grant installments monthly and tax installments quarterly from the Municipalities. However, expenditures follow a much more even and consistent stream with weekly payments to vendors and bi-weekly payroll for Board employees. As such there are peaks and troughs within the accounts each month.

The summary of cash position reported above includes funds in the Board's Education Development Charges Reserve which will be utilized to purchase property for the replacement Monsignor Paul Dwyer C.H.S. and the new Unnamed North Pickering (Seaton) elementary school.

Overall, the Board has experienced an increase in its operating cash position of $1,013,806 since the beginning of the year, due to the fact that more funds were received ($171,214,897 as per the Summary of Revenue, Attachment 2) than disbursed ($170,201,091 as per the Summary of Expenditures, Attachment 3). This positive result does not represent an operating surplus for the year but rather is simply a cash flow surplus due to the timing of revenue and expenditure transactions. As the year progresses this trend will reverse itself and ultimately the Board's overall cash position should only represent a change from the prior year equivalent to the amount of reserves used to balance the operating budget or for specified capital purposes (such as Education Development Charges).

The Board maintains three credit facilities of $30 million each (for a total of $90 million) to support the Boards operating, capital programs and land acquisition cash flow requirements respectively.