



**DURHAM CATHOLIC
DISTRICT SCHOOL BOARD**
Learning and Living in Faith

Memorandum

To: Board of Trustees
From: Tracy Barill, Director of Education
Date: December 19, 2022
Subject: **Annual Chief Financial Officer Overview**

Purpose

The purpose of this report is to update the Board of Trustees on the current financial position of the board and to provide an overview of the 2022/2023 Revised Estimates report.

Background

The Board has utilized its operating accumulated surplus (also known as reserves) to address pandemic related costs and has ended the 2021/2022 fiscal year with no remaining operating reserves. This was not only supported by the Ministry of Education but encouraged.

Looking ahead, the board needs to restore its reserves to provide the financial capacity to manage any future unforeseen situations. To this end, the 2022/2023 Revised Estimates report includes a provision to accumulated surplus of \$266,064.

Staff will provide an overview of the year end results and highlights of the 2022/2023 Revised Estimates report at the December 19, 2022 Board meeting.

TB/eb



**DURHAM CATHOLIC
DISTRICT SCHOOL BOARD**
Learning and Living in Faith

Financial Overview

Presented to: Board of Trustees
December 19, 2022



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Agenda



- Balanced Budget and Operating Accumulated Surplus
- Funding Envelopes and Deferred Revenue
- Revised Estimates – Highlights
- Enrolment
- Moving Forward





Balanced Budget

- School Boards are required to have balanced budgets, where total spending is less than or equal to revenue.
- An in-year deficit may be permissible under certain circumstances if there were prior year surpluses (called accumulated surplus) to draw upon.
- Limited to the lesser of:
 - 1) the balance of accumulated surplus
 - 2) 1% of the school board's operating revenue

Ministry allowed the use of up to 2% per year during the pandemic, providing additional funding to boards with less than 2% available.





Operating Accumulated Surplus (also known as Operating Reserve)

Balance over the past five years:

Accumulated Surplus - Operating, Balance End of Year	
2018	\$1,630,323
2019	\$3,039,824
2020	\$3,244,780
2021	\$1,566,771
2022	\$NIL

Operating accumulated surpluses have been utilized over the past two years to support pandemic related costs.





Operating Accumulated Surplus – Revised Estimates

2022/2023 Revised Estimates

Increased enrolment has provided the opportunity to begin replenishment of the operating accumulated surplus.

Operating Accumulated Surplus	
Balance, August 31, 2022	\$NIL
Provision to Accumulated Surplus 22/23	<u>266,064</u>
Forecasted Balance, August 31, 2023	\$266,064

Target is 2% of operating revenue





Funding Envelopes and Deferred Revenue

- In addition to accumulated surplus, boards have certain envelopes of funding that can be carried forward to the following year(s).
- Certain components of a school board's operating allocation have restrictions on how funds can be used.
- Funds are enveloped for a specific purpose and unspent funding in a fiscal year is carried forward as deferred revenue to be utilized in the following year for the intended purpose.
- These funds cannot flow to accumulated surplus.





Funding Envelopes, Continued

Envelopes include:

- Special Education
- Indigenous Education
- Learning Opportunities (Targeted Student Supports, Experiential Learning)
- Mental Health (Mental Health Workers in Schools, Supporting Student Mental Health)
- Capital (School Renewal, School Condition Improvement, Temporary Accommodation)





Deferred Revenue Balances brought forward to 2022/2023

Deferred Operating Revenue (Enveloped Funding)

- Special Education Supports - \$958K
- Indigenous Education - \$915K
- Experiential Learning - \$125K

Deferred Capital Revenue

- School Renewal - \$3.5M
- School Condition Improvement Allocation - \$7.6M
- Temporary Accommodation - \$317K





Deferred Revenue - Other

In addition to Enveloped Funding through the Grants for Student Needs (GSN), there are other deferred revenues brought forward to 22/23:

Operating:

- Other Ministry Grants - \$1.4M
- Other (Tuition fees, etc) - \$500K

Capital:

- Other Ministry Grants - \$250K
- Education Development Charges (EDC) - \$7.8M
- Proceeds of Disposition (POD) - \$2.4M





Revised Estimates

- A part of the regular financial cycle of School Boards across the Province is the preparation of Revised Estimates.
- This exercise essentially entails a review of the major underlying revenue and expenditure factors originally used in preparing the 2022/2023 Estimates.
- Revenue and expenses are adjusted to reflect enrolment changes, funding announcements and updated operational needs.
- Revised estimates of revenue and expenditures have been prepared using actual enrolment as at October 31, 2022 and revised projections for March 31, 2023.





Revised Estimates - Highlights

- Balanced Budget
 - \$273.8M Operating Budget
 - \$77.6M Capital Budget
- Revenue includes:
 - Additional Ministry Priorities and Partnership Funding (PPF)
 - Deferrals from 2021/2022
- Expenses have been adjusted to reflect staffing adjustments based on increased enrolment, new PPF initiatives and any other changes to meet operational needs
- Increase in staffing – 42.34 FTE
- Provision to Operating Accumulated Surplus - \$266K





Enrolment

Enrolment drives ministry funding through the Grants for Student Needs

- Increase of 352 students from Estimates to Revised Estimates

Panel	Revised Estimates	Estimates	Difference
Elementary	15,225	14,929	296
Secondary	6,599	6,543	56
Total	21,824	21,472	352

Modest growth projected in the next 3 years





2022/2023 Anticipated Operating Revenue	Revised Estimates	Estimates
Ministry – Grants for Student Needs (GSN)	\$258,135,456	\$258,879,746
Ministry – Priorities and Partnerships Funding (PPF)	4,925,990	2,246,825
Secondment Revenue	1,171,981	1,074,814
Government of Canada	721,599	721,599
Other Provincial Agencies	1,049,208	884,614
Community Use of Schools	750,000	750,000
Continuing Education Fees	200,000	200,000
International Students	816,675	600,000
Child Care and Partnerships	926,500	850,000
Incentive Revenue	115,322	115,322
School Generated Funds	5,000,000	5,000,000
Provision from Operating Accumulated Surplus	NIL	NIL
Total	\$273,812,731	\$271,322,920





Moving Forward – 2023/2024 Estimates

Considerations:

- Enrolment
- Grants for Student Needs (GSN) - Uncertainty
- Transportation (contract ends in 2023) and new funding formula to be introduced for 23/24
- Inflation
- Current labour negotiations
- Accumulated surplus – continue to replenish post COVID
- New Multi-Year Strategic Plan





2023/2024 Estimates - Timelines

- Finance Committee meetings:
 - February 6, 2023
 - April 17, 2023
 - May 15, 2023
 - June 12, 2023
- Senior Administration meetings/discussions (January – June)
- Grants for Student Needs (February/March)
- System Staffing Processes (March to June)
- Budget Consultation and Deliberation (March to June)





Questions?

