



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

Memorandum

To: Board of Trustees
From: Tracy Barill, Director of Education
Date: April 22, 2024
Subject: **2023/2024 Second Quarter Budget Status Report**
Origin: Marie Hammond, Chief Financial Officer

Purpose

The 2023/2024 Second Quarter Budget Status Report reflects the Board's financial position at the mid-year point.

Background

An important exercise each year is the preparation of the mid-year Second Quarter Budget Status Report. It allows staff to analyze results to date and to forecast year end results. The report was reviewed in detail with the Finance Committee on April 15, 2024.

TB/MH/II
Attachment



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

2023/2024 Second Quarter Budget Status Report and Mid-Year Forecast





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.

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Average Daily Student Enrolment

	2023/2024	2022/2023	Variance	% Change
Elementary	15,735	15,225	510	3.35%
Secondary	6,873	6,599	274	4.15%
Total	22,608	21,824	784	3.59%

As noted in the above table the Board's enrolment across the two panels has grown by 3.59%. Based on current projections, the Board anticipates stable enrolment with modest growth (0.6% for the 24/25 school year).

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.

Summary of Revenue as at February 29, 2024

Operating	Budget	Received	Anticipated	Received to Anticipated Variance
Ministry Grants (GSN)	\$269,008,895	\$140,421,967	\$140,421,967	\$0
Other Ministry (PPF)	3,947,691	2,396,196	2,396,196	0
Secondments	1,312,742	481,753	481,753	0
Government of Canada	992,908	342,728	342,728	0
Other Provincial Agencies	1,062,492	562,479	562,479	0
Community Use of Schools	575,000	371,411	287,500	83,911
Continuing Education Fees	200,000	76,734	100,000	(23,266)
International Students	623,401	694,981	623,401	71,580
Partnership Agreements	1,200,000	816,669	720,000	96,669
Interest Revenue	0	350,048	0	350,048
Other Revenue	200,065	110,093	100,033	10,060
School Generated Funds	<u>6,000,000</u>	<u>3,589,890</u>	<u>3,589,890</u>	<u>0</u>
Subtotal	\$285,123,194	\$150,214,949	\$149,625,947	\$589,002
Capital				
Ministry Grants (GSN)	\$42,038,762	\$3,668,969	\$3,668,969	\$0
Multi-Year Technology Program	380,000	0	0	0
Proceeds of Disposition	27,566,317	27,566,317	27,566,317	0
Education Development Charges	<u>14,933,683</u>	<u>9,709,567</u>	<u>10,433,683</u>	<u>(724,116)</u>
Subtotal	<u>\$84,918,762</u>	<u>\$40,944,853</u>	<u>\$41,668,969</u>	<u>(\$724,116)</u>
TOTAL	\$370,041,956	\$191,159,802	\$191,294,916	(\$135,114)

Notes follow on next page

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 specific intervals or 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, community use of schools fees, international student fees and interest revenue resulting from higher interest rates and a positive cash balance throughout the first two quarters of the fiscal year. Any additional revenue will be used to address pressures in expenditures (as noted in Attachments 4, Wages and Benefits and Attachment 8, Operating Reserve Fund Continuity Schedule).

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.

Summary of Expenditures as at February 29, 2024

	2023/2024 Budget	Actual Expenditures	%	Anticipated	%	Actual to Anticipated Variance
Wages & Benefits	\$244,301,947	\$127,910,500	52.4%	\$127,936,877	52.4%	\$26,377
Schools	2,339,510	1,375,205	58.8%	1,403,706	60.0%	28,501
Departments	32,481,737	15,546,576	47.9%	15,786,455	48.6%	239,879
School Funds	6,000,000	3,011,704	50.2%	3,011,704	50.2%	0
Capital Programs	<u>84,918,762</u>	<u>45,306,751</u>	53.4%	<u>48,589,707</u>	57.2%	<u>3,282,956</u>
Total	\$370,041,956	\$193,150,736	52.2%	\$196,728,449	53.2%	\$3,577,713

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.

Wages and Benefits as at February 29, 2024

	Budget	Actual	%	Anticipated	%	Actual to Anticipated Variance
Wages – Academic	\$148,791,013	\$78,211,891	52.6%	\$78,157,638	52.5%	(\$54,253)
Wages – Support	49,741,259	27,085,295	54.5%	27,178,591	54.6%	93,296
Sick Leave Plans	6,561,427	3,692,515	56.3%	3,652,753	55.7%	(39,762)
Benefits/ Deductions	<u>39,208,248</u>	<u>18,920,799</u>	48.3%	<u>18,947,895</u>	48.3%	<u>27,096</u>
	<u>\$244,301,947</u>	<u>\$127,910,500</u>	52.4%	<u>\$127,936,877</u>	52.4%	<u>\$26,377</u>

Anticipated wages at the mid-year point detailed in the above chart (Attachment 4) are based on the following: teaching wages at 14 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 108 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 as well as benefits resulting from vacant positions throughout the first half of the year. 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.

Through discussions and correspondence with School Boards' Co-operative Inc. (SBCI), the Board has been experiencing a higher number of WSIB claim submissions and approvals than originally forecasted. It is anticipated that there will be an increase in WSIB costs relative to budget incurred by the year-end. Staff are currently investigating the impact of these claims.

The Board is also anticipating a shortfall between the funding received and actual payments to employees related to the Memoranda of Settlement (MOS) between the Crown and various sector unions relating to the repeal of Bill 124 (Protecting a Sustainable Public Sector for Future Generations Act, 2019). The amount of the shortfall is unknown at this time, but any savings from vacant positions as well as positive variances in other areas (additional revenue, Attachment 2 and departmental savings, Attachment 6) will be required to offset the pressures created by the MOS as well as the WSIB increase.

Staffing Summary as at February 29, 2024

	Budget	Payroll	Variance
Teachers			
Elementary Teachers	938.47	939.81	(1.34)
Secondary Teachers	442.18	443.18	(1.00)
Coordinators/Consultants	28.00	27.00	1.00
Principals/Vice-Principals			
Elementary/Secondary	76.17	76.17	0.00
Non-Teaching			
Senior Administration	11.00	11.00	0.00
Math Lead, Assistant to the Superintendent	1.00	1.00	0.00
Middle Management/Non-Union	63.83	61.83	2.00
Faith Formation	8.00	8.00	0.00
Student Services	45.30	43.10	2.20
Educational Assistants	327.00	327.00	0.00
Early Childhood Educators	104.00	104.00	0.00
Custodial Maintenance	169.00	166.00	3.00
Secretarial/Clerical	109.50	109.50	0.00
Trustees	8.00	8.00	0.00
Secondments	10.33	10.33	0.00
Total	2,341.78	2,335.92	5.86

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.

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.

Departmental Expenditures as at February 29, 2024

	Budget	Actual	%	Anticipated	%	Actual to Anticipated Variance
Student Transportation	\$9,013,792	\$4,350,206	48%	\$4,506,896	50%	\$156,690
Facilities Services	9,856,047	5,305,121	54%	5,301,748	54%	(3,373)
Information Technology	3,848,734	1,966,579	51%	1,924,367	50%	(42,212)
Academic Services	7,600,621	2,930,244	39%	3,048,142	40%	117,898
Business Services	198,000	85,335	43%	99,000	50%	13,665
Human Resources	418,900	196,508	47%	184,450	44%	(12,058)
Mileage/Travel Allowances	583,458	250,515	43%	245,052	42%	(5,463)
Director's Office	261,401	142,257	54%	130,701	50%	(11,556)
Legal/Professional Services	354,000	109,954	31%	148,680	42%	38,726
Trustees/Student Reps	225,084	164,371	73%	146,305	65%	(18,066)
Communications	121,700	45,486	37%	51,114	42%	5,628
Total	\$32,481,737	\$15,546,576	48%	\$15,786,455	49%	\$239,879

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 shortages and absences. Savings in Student Transportation may be utilized to offset pressures in wages and benefits (Attachment 4).

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.

Capital Program Expenditures as at February 29, 2024

	Budget	Actual	%	Anticipated	%	Actual to Anticipated Variance
Msgr. Paul Dwyer C.H.S., Replacement (see Note 1)	\$11,762,251	\$215,630	2%	\$588,113	5%	\$372,483
Unnamed North Pickering (Seaton) Elementary School (See Note 2)	8,478,058	430,157	5%	423,903	5%	(6,254)
Debenture Payments	6,683,107	3,341,553	50%	3,341,553	50%	0
School Renewal	5,711,665	2,048,592	36%	2,284,666	40%	236,074
School Condition	9,403,681	1,723,524	18%	3,761,472	40%	2,037,948
Multi-Year Technology Program	380,000	271,411	71%	190,000	50%	(81,411)
Transfer to Proceeds of Disposition (POD) Reserve	27,566,317	27,566,317	100%	27,566,317	100%	0
Transfer to EDC Reserve	14,933,683	9,709,567	65%	10,433,683	70%	724,116
Total	\$84,918,762	\$45,306,751	53%	\$48,589,707	57%	\$3,282,956

Note 1: Budgeted amounts for ministry funded Capital Priority Projects reflect the estimated completion of the projects during the 2023/2024 fiscal year.

Note 2: Educational Development Charges (EDC) are collected by municipalities for future site development costs associated with new residential development. The funds are held in the EDC reserve to finance the purchase of land for future school sites in growth areas. The costs listed above for Monsignor Paul Dwyer C.H.S. Replacement and the Unnamed North Pickering Elementary School only include construction costs. Land costs will come from the EDC reserve when the purchase occurs.

Capital Program Expenditures - 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).

Operating Reserve Fund Continuity Schedule

Balance as per 2022/2023 Financial Statements	\$517,170
2023/2024 Provision at Revised Estimates	0
Mid-Year Forecast Surplus or (Deficit)	TBD
Anticipated Balance at August 31, 2024	\$517,170

The Board's Accumulated Surplus is the only reserve fund available for use towards balancing the operating budget.

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.

Additional revenue (Attachment 2), vacant positions (Attachment 4), and Transportation Services savings (Attachment 6) will be utilized to cover the cost pressures identified in academic wages, supply costs, WSIB costs, and the anticipated funding shortfall related to the Memoranda of Settlement (MOS) relating to Bill 124 (Attachment 4). In the event current year savings cannot offset these cost pressures, the Board will need to utilize the operating reserve fund. The amount of any potential shortfall is unknown at this time and therefore, no amounts have been included under the Mid-Year Forecast Surplus or (Deficit) in the above table.

Summary of Cash Position and Investment Options

Month	Bank Balance		
	High	Low	Average
September 2023	\$77,668,896	\$11,939,059	\$44,744,541
October 2023	\$77,683,468	\$66,935,861	\$72,298,564
November 2023	\$82,988,171	\$64,002,981	\$73,470,582
December 2023	\$87,841,687	\$60,418,489	\$74,120,467
January 2024	\$85,149,056	\$68,159,403	\$76,622,696
February 2024	\$74,615,326	\$58,611,565	\$59,014,054
Average	\$80,991,100	\$55,011,226	\$66,711,817

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 and to invest in bank term deposits where excess funds are available 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 \$80.9 million, and the average monthly low is a positive \$55.0 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 in addition to the Proceeds of Disposition (POD) reserve which will be utilized for future capital projects. Under the ministry's cash management strategy, any POD that is not projected to be spent in the current year, will flow back to the ministry through a delayed grant reduction to be returned once its use has been approved.

Overall, the Board has experienced a decrease in its operating cash position of \$1,990,934 since the beginning of the year, since less funds were received (\$191,159,802 as per the Summary of Revenue, Attachment 2) than disbursed (\$193,150,736 as per the Summary of Expenditures, Attachment 3). This negative result does not represent an operating deficit for the year but rather is simply a cash flow deficit 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 and Proceeds of Disposition).

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.