



Second Quarter Interim Financial Report – 2021-22

To: Finance, Budget and Enrolment Committee

Date: 7 April, 2022

Report No.: 04-22-4300

Strategic Directions

- Provide Equity of Access to Learning Opportunities for All Students
- Allocate Human and Financial Resources Strategically to Support Student Needs
- Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being

Recommendation

It is recommended that the report regarding the Second Quarter Interim Financial Report – 2021-22 be received.

Context

Enclosed is the second quarter report from December 1, 2021 to February 28, 2022, outlining the financial position of the Board relative to the Revised Estimates report presented on January 13, 2022.

The attached information summarizes the projected financial position of the Board as of February 28, 2022. As presented in the revised estimates report, the Board forecasted an in-year deficit of \$65.1M for the 2021-22 school year. Based on the current updated projection, there is a positive change in the financial position of \$5.3M. The change is mainly attributed to school closures, virtual learning, use of COVID funding and other in-year savings.

The revised projected in-year deficit is \$59.8M and the projected working funds balance at the end of the year is at \$141.9M. The items that contributed to the changes in the financial position are outlined below:

2021-22 Projected Financial Projection and Working Fund Balance (as of February 28, 2022)				
			\$M	%
21-22 Financial Projection as reported at the January 13, 2022 FBEC - Surplus/(Deficit)			(\$65.1)	-2.2%
Revenue changes				
Federal Safe Return to Class Fund - Ventilation Top-Up Funding applied to existing costs		1.5		
Decrease in international student tuition revenues		(2.3)		
Decrease in permit revenues		(1.0)		
Total Revenue Changes			(1.8)	
Compensation expense changes				
Central department gapping and temp savings		9.2		
Increase in School based staff costs (net of Q&E grant changes and supply teacher savings)		(12.0)		
Total Compensation Changes			(2.8)	
Operational expense changes				
Insurance cost savings		2.7		
Transportation cost savings due to periods of remote learning		2.5		
Net utilities savings due to periods of closures and use of COVID funding		2.2		
Decrease in international student expenses		0.8		
Decrease in aquatic program expenses due to closures		0.8		
Other central department in-year savings		0.9		
Total Operating Expense Changes			9.9	
Changes to financial position			5.3	
Updated 2021-22 Financial Position - Surplus/(Deficit)			(59.8)	-2.1%
Working funds and unrestricted reserves balance - September 1, 2021			201.7	
Projected use of working funds			(22.7)	
Projected use of other unrestricted reserves			(37.1)	
Projected working funds and unrestricted reserves balance - August 31, 2022			141.9	

New Safe Indoor Air Top Up – Federal Safe Return to Class Fund:

On March 24, 2022, the Ontario government announced new investments to support ventilation improvement projects during the 2021-22 school year. TDSB is entitled to receive \$5.8M of this new federal funding. Funds can be utilized for retrofits, repairs, upgrades and installation of HVAC infrastructure, maintenance and recommissioning of HVAC systems, purchase and installation of mechanical ventilation filters and purchase of HEPA units and filters to improve indoor air quality. This funding is time limited and eligible expenses must be incurred from September 1, 2021 to August 31, 2022.

At this time, it is estimated that approximately \$1.5M of this funding can be used to offset existing labour costs relating to HVAC maintenance. Staff are reviewing other uses of this funding and will provide an update to Trustees at a future FBEC meeting.

Assumptions and Risk Factors

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

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. Based on the parameters outlined in 2022:SB03 memo by the Ministry for the stabilization COVID-19 support funding, staff have determined that TDSB is not eligible for this funding in the year 2021-22. It is to be noted, the TDSB was eligible for \$68.2M of stabilization funding in the year 2020-21.

Revenue:

The projection for international student tuition is based on tuition fees received to date and reflects the current enrolment trend. The revenue is not expected to immediately resume to pre-pandemic levels in 2021-22, due to the global pandemic situation. However, staff's assumption is international student revenues will gradually return to pre-pandemic levels within the next 2 to 3 years.

Permit fees are based on the community use of board facilities. Although it is anticipated that permit revenues will gradually return to pre-pandemic levels as restrictions are lifted, the revenues in 2021-22 are projected to be lower than originally budgeted. There may still be unanticipated impacts to future operations depending on public health guidance and government direction.

Pandemic Impacts:

Effective March 21, 2022, the province has lifted masking and physical distancing in schools to allow students and staff to return to a more normal learning environment, while maintaining other protective measures. Additional staffing and non-staffing resources were allocated to address students' educational, mental health and safety needs in 2021-22. It is also important to note that the 2021-22 pandemic supports from the Ministry were lower as compared to the funding received in 2020-21. The Board's financial position includes the second half of the Ministry's COVID funding and projected board funded pandemic expenses. There is a risk that the final board funded costs may deviate from the projected figure presented, depending on any significant changes to system needs.

Provided in this report are several appendices that summarize the results of the operations for the second 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 Appendix A, enrolment changes are highlighted based on the October 31, 2021 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 second quarter ending February 28, 2022. The first section of Appendix B provides information on the Grant for Student Needs, while the second section of the appendix provides information on other revenues of the Board, including revenue from international students. The actual results for the first six months and a comparison to the same period in the prior year are included in Appendix B.
- Appendix C provides the summary of expenses for the second quarter ending February 28, 2022, based on Ministry of Education classifications. The appendix includes the Board approved original budget and revised budget. The appendix outlines actual results of the second quarter's operations and a comparison to the same period in the prior year.
- Appendix D provides a current versus projected expenditure summary by department. Explanations of significant variances have been provided.
- Appendix E is the Ministry's 2022: B08 memo outlining the new Safe Indoor Air Top up funding announced on March 24, 2022.

Action Plan and Associated Timeline

Not applicable.

Resource Implications

Not applicable.

Communications Considerations

This report will be posted on the TDSB external website.

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
- Appendix D: Departmental Summaries
- Appendix E: B08-Safe Indoor Air Top Up to Federal Safe Return to Class Fund

From

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