



Second Quarter Interim Financial Report, 2019-2020

To: Special Finance, Budget and Enrolment Committee

Date: 20 April, 2020

Report No.: 04-20-3863

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that the Second Quarter Interim Financial Report, 2019-2020 be received.

Context

Enclosed is the second quarter report for the period 1 September 2019 to 29 February 2020, outlining the financial position of the Board relative to the approved budget. Staff are projecting to be close to budget targets at this point in time, despite a slight increase in the use of reserves in this forecast.

The attached information summarizes the financial position of the Board as of 29 February 2020. In the 1st quarter report, The Board reported using working funds of \$27.4M in the 2019-2020 school year. However, the updated projection shows a slight increase of \$0.8M to the working funds this year (now \$28.2M). The major items are showing as following:

2019-20 projected Financial Position and Working Fund Balance as of Feb 28th			
(\$ Millions)			
Type	Description	Budget	Comments
		\$	
Budgeted In-Year Operating Result - Surplus/(Deficit)		(27.4)	1st Quarter projected operating deficit
Grant Changes			
	Prior year Spec Ed Table amount reduction	(0.5)	TDSB portion of Ministry adjustment of High needs amount based on 18-19 actual at provincial level
Labour Expenses			
	Central severance cost	(1.1)	Severance cost not budgeted
	Staffing variances	0.2	Administration and Facilities department variances
Operating Revenues and Expenses			
	International student revenue reduction	(1.4)	International student revenue is lower than anticipated
	Interest Income	(2.5)	Interest income expected to be lower due to Feds cuts the overnight rate
	Utilities Savings	1.5	Due to favourable pricing on natural gas
	Subtotal Operations	(3.8)	
Covid-19 impact (up to April)			
	Distribution center business interruption	(0.4)	Less chargeable distribution work
	Facility revenue reduction (Mar-April)	(2.6)	Including permit, park and rec revenue, Non Operating site revenue child care revenue etc.
	Utility savings (March-April)	3.0	Utility savings due to closure
	Facility operating savings due to school closure	3.6	Including savings on O/T, maintainance material, and other operating expense
	Nutrition services net loss	(0.4)	Nutrition services not loss due to school closure
	Transportation cost savings	1.1	Estimated savings from transportation contract up to April
	Other known cost pressure due to Covid-19	(1.3)	Mainly Ipad lease cost for students
	Subtotal	\$ 3.0	
	Variances to Budget total	(0.8)	
Actual in - Year Operating Result		(28.2)	
Prior Year Working Fund Balance		29.3	
Working Fund Balance as at Aug 31 2020		1.1	
Note: there are still 9.2M in year savings build in the projection.			

Impact of COVID 19

While this projection indicates initial savings in the 2nd quarter as a result of the government mandated system shutdown in March and April, the total impact of COVID 19 are still being determined as the shutdown continues. An update on financial impact of COVID 19 will be provided in future FBEC meetings as costs and savings can be determined. Some of the possible financial impacts being monitored by staff include the following:

- The purchase and lease of computer equipment and software to support remote learning. Final costs will be known once all students are supplied with the required technology to support remote learning and leases are concluded.
- Maintenance savings and associate costs of bringing systems back online not known at this time. Staff continues to track impact of work delayed.

- Savings in utility costs that are subject to timing of school reopening.
- Loss of lease and rental revenues, depending on when facilities reopen.
- Savings in temporary supply staffing costs which cannot be accurately determined until a reopening date is known.
- Loss in various other revenues, such as interest income, parent fees, and cafeteria sales also are dependent on several factors that can only be determined once the system is operational again.

Risks to Projection

The following items are being tracked by staff and could have an impact on the operating results for the year:

- The enrolment count of students in October has been completed and was better than initially projected. The finalization of the March 31 count date for enrolment is still not complete. We are closely monitoring enrolment, paying close attention to Continuing Education enrolment.
- There is an in-year saving target of \$9.2M in the 1st quarter and 2nd quarter projection which may not be fully achieved due to expenditures related to COVID 19.
- Other market factors which impact cost of materials and supplies during and after the COVID 19 health crisis, such as energy prices that are currently low but could increase significantly in the future.

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

- Appendix A provides high-level financial information in 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 31 October 2019 counts. 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 29 February 2020. The first section of this appendix provides information on the Grants for Student Needs (GSN), while the second section of the appendix provides information on the other revenues of the Board. The actual results for the first six months 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 second quarter ending 29 February 2020, based on Ministry of Education classifications. The appendix includes the Board approved original budget and second quarter

projection. The right side of the appendix provides actual results of the first six months operations and a comparison to the same period in the prior year.

- Appendix D provides the summary by department of current and projected expenditures to year end. Explanations of significant variances have been provided, with the exception of savings on compensation expense in the departments which mainly represent timing of filling the vacancies or retirements.

Action Plan and Associated Timeline

Resource Implications

N/A

Communications Considerations

This report will be posted on the Board's budget website to inform stakeholders of our financial projections for the current school year.

Board Policy and Procedure Reference(s)

N/A

Appendices

- Appendix A: Dashboard Summary
- Appendix B: Detailed Revenue Summary
- Appendix C: Detailed Expenses Summary by Category
- Appendix D: Departmental Summaries

From

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