

# **REVISED ESTIMATES**

## ***BUDGET UPDATE***

**December 20, 2016**

Presented by:

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# Key Items/Topics to Review

## **Revised Estimates Budget Update:**

- Financial Cycles and Development**
- 2016-17 Revised Estimates Position**
- Enrolment**
- Revenues**
- Expenses & Compliance Provisions**
- Review of Revised Estimates & Significant Changes**
- Revised Estimates Submission & Compliance**
- Issues and Concerns**
- Next Steps**



# Financial Cycles & Development

- **Three reporting cycles (+ March):**
  1. **Estimates in June** (prior to fiscal year)
  2. **Revised Estimates in December** (during the fiscal year)
  3. **Year End Financials in November** (Following fiscal year)

\* *Board Target/Requirement*

= *Balanced Budget*

= *Link to Multi-Year Strategic Plan*



# 2016-17 Revised Estimates

	2016-2017 Estimates	2016-2017 Revised Estimates	Increase (Decrease)	
			\$	%
<b>Total Operating Revenue</b>	\$ 575,954,601	\$ 578,305,685	\$ 2,351,084	0.4%
Salaries and Benefits	516,250,699	521,366,562	5,115,863	1.0%
Other Expenditures	63,238,322	63,006,433	(231,889)	-0.4%
<b>Total Expenditures: Operating</b>	<b>\$ 579,489,021</b>	<b>\$ 584,372,995</b>	<b>\$ 4,883,974</b>	<b>0.8%</b>
<b>Net Operating Surplus (Deficit) Before PSAB Provision</b>	<b>(3,534,420)</b>	<b>(6,067,310)</b>	<b>(2,532,890)</b>	<b>71.7%</b>
<b>Provision EFB (PSAB)</b>	1,366,220	1,364,272	(1,948)	-0.1%
<b>Net Operating Surplus (Deficit) After PSAB Provision</b>	<b>(4,900,640)</b>	<b>(7,431,582)</b>	<b>(2,530,942)</b>	<b>51.6%</b>
<b>Committed Sinking Fund</b>	683,480	142,939	(540,541)	-79.1%
<b>Ministry Compliance Surplus (Deficit)</b>	<b>\$ (5,584,120)</b>	<b>\$ (7,574,521)</b>	<b>\$ (1,990,401)</b>	<b>35.6%</b>



# 2016-17 Revised Estimates Enrolment

<b>Enrolment Changes: 2016-17 Estimates to Revised Estimates</b>				
	2016-17 Estimates	2016-17 Revised Estimates	Difference	
			#/\$	%
<b>ENROLMENT (excludes High Credit &amp; Visa students)</b>				
Elementary	36,277.21	36,406.22	129.01	0.36%
Secondary	18,100.75	17,905.13	(195.62)	-1.08%
Total Enrolment	<u>54,377.96</u>	<u>54,311.35</u>	(66.61)	-0.12%
<b>ENROLMENT (High Credit)</b>				
Secondary	<u>15.25</u>	<u>7.00</u>	(8.25)	
<b>ENROLMENT (Age &gt;21)</b>				
Secondary	<u>-</u>	<u>1.00</u>	1.00	
<b>ENROLMENT (Visa students)</b>				
Elementary	52.00	63.00	11.00	21.15%
Secondary	282.00	367.00	85.00	30.14%
Total Enrolment	<u>334.00</u>	<u>430.00</u>	96.00	28.74%
<b>ENROLMENT (Native students)</b>				
Secondary	<u>-</u>	<u>1.00</u>	1.00	
<b>ENROLMENT (includes Visa students)</b>				
Elementary	36,329.21	36,469.22	140.01	0.39%
Secondary	18,398.00	18,281.13	(116.87)	-0.64%
Total Enrolment	<u>54,727.21</u>	<u>54,750.35</u>	23.14	0.04%



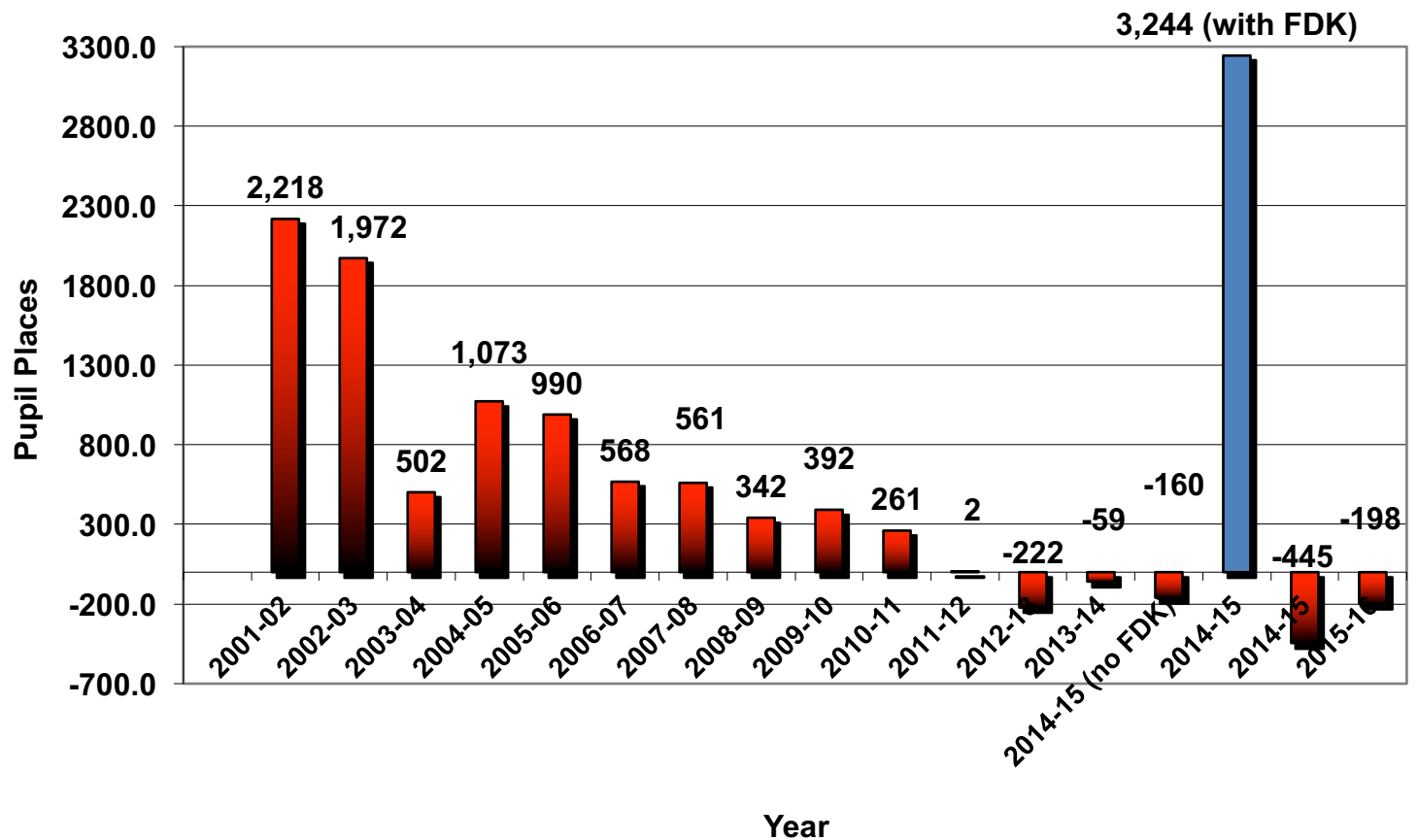
# 2016-17 Revised Estimates Enrolment

<b>Enrolment Changes: 2015-16 Actuals to 2016-17 Revised Estimates</b>				
	2015-16 Actual	2016-17 Revised Estimates	Difference	
			#/\$	%
<b>ENROLMENT (excludes High Credit &amp; Visa students)</b>				
Elementary	36,753.44	36,406.22	(347.22)	-0.94%
Secondary	17,863.75	17,905.13	41.38	0.23%
Total Enrolment	<b>54,617.19</b>	<b>54,311.35</b>	(305.84)	-0.56%
<b>ENROLMENT (High Credit)</b>				
Secondary	<b>16.88</b>	<b>7.00</b>	(9.88)	
<b>ENROLMENT (Age ≥ 21)</b>				
Secondary	-	<b>1.00</b>	1.00	
<b>ENROLMENT (Visa students)</b>				
Elementary	50.50	63.00	12.50	24.75%
Secondary	263.75	367.00	103.25	39.15%
Total Enrolment	<b>314.25</b>	<b>430.00</b>	115.75	36.83%
<b>ENROLMENT (Native students)</b>				
Secondary	-	<b>1.00</b>	1.00	
<b>ENROLMENT (includes Visa students)</b>				
Elementary	36,803.94	36,469.22	(334.72)	-0.91%
Secondary	18,144.38	18,281.13	136.75	0.75%
Total Enrolment	<b>54,948.32</b>	<b>54,750.35</b>	(197.97)	-0.36%



# 2016-17 Revised Estimates Enrolment

**Enrolment Change Year over Year History**  
2002 to 2017 (Revised Estimates)  
(Without FDK for 2010-11 to 2013-14)





# 2016-17 Revised Estimates Revenues

<b>Revenue Summary</b>				
	<b>2016-17 Revenue Estimates</b>	<b>2016-17 Revenue Revised Estimates</b>	<b>Difference Estimates vs Revised Estimates</b>	
			#/\$	%
<b><u>OPERATING REVENUE</u></b>				
<b>Grants for Student Needs (GSN)</b>	<b>\$ 560,273,884</b>	<b>\$ 560,413,151</b>	<b>\$ 139,267</b>	<b>0.02%</b>
Other Grants		(118,069)	(118,069)	
Other Revenue	8,280,900	10,129,900	1,849,000	22.33%
Continuing Education Other	7,399,817	7,880,703	480,886	6.50%
<b>TOTAL OPERATING REVENUE (before Grants/Revenue with Expense offsets/ Capital/ PSAB)</b>	<b>\$ 575,954,601</b>	<b>\$ 578,305,685</b>	<b>\$ 2,351,084</b>	<b>0.41%</b>
Grants/Revenue with Expense offsets	\$ 4,295,080	\$ 5,502,192	\$ 1,207,112	28.10%
Capital Program Revenue	\$ 22,432,155	\$ 22,823,903	\$ 391,748	1.75%
PSAB Items	\$ 53,290,205	\$ 53,826,669	\$ 536,464	1.01%
<b><u>TOTAL REVENUE (Operating &amp; Non-Operating)</u></b>	<b>\$ 655,972,041</b>	<b>\$ 660,458,449</b>	<b>\$ 4,486,408</b>	<b>0.68%</b>





# 2016-17 Revised Estimates Expenses & Compliance Provisions

Expenditures	2016-2017 Estimates	2016-2017 Revised Estimates	Increase (Decrease)	
			\$	%
Salaries & Wages	445,723,369	450,195,899	4,472,530	1.0%
Employe Benefits	70,527,330	71,170,663	643,333	0.9%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 516,250,699</b>	<b>\$ 521,366,562</b>	<b>\$ 5,115,863</b>	<b>1.0%</b>
Other Expenditures	63,238,322	63,006,433	(231,889)	-0.4%
<b>Total Expenditures</b>	<b>\$ 579,489,021</b>	<b>\$ 584,372,995</b>	<b>\$ 4,883,974</b>	<b>0.8%</b>

Compliance Provisions	2016-2017 Estimates	2016-2017 Revised Estimates	Increase (Decrease)	
			\$	%
<b>Provision EFB (PSAB)</b>	1,366,220	1,364,272	(1,948)	-0.1%
<b>Committed Sinking Fund</b>	683,480	142,939	(540,541)	-79.1%
<b>Compliance Provisions</b>	<b>\$ 2,049,700</b>	<b>\$ 1,507,211</b>	<b>\$ (542,489)</b>	<b>-26.5%</b>



# 2016-17 Revised Estimates (Operating & Non-Operating)

	<b>Operating Expenditures</b>	<b>Non-Operating Expenditures</b>	<b>Total</b>
<b>Revenues</b>	<b>\$ 578,305,685</b>	<b>\$ 82,152,764</b>	<b>\$ 660,458,449</b>
<b>Salary and Wages</b>	\$ 450,195,899		\$ 450,195,899
<b>Employee Benefits</b>	71,170,663		71,170,663
<b>Other Expenditures</b>	63,006,433		63,006,433
<b>Non-Operating</b>		82,152,764	82,152,764
<b>Total Expenditures</b>	<b>584,372,995</b>	<b>82,152,764</b>	<b>666,525,759</b>
<b>Net Operating Surplus (Deficit) Before PSAB Provision</b>	<b>\$ (6,067,310)</b>	<b>\$ -</b>	<b>(6,067,310)</b>
Provision EFB (PSAB)	1,364,272		1,364,272
Committed Sinking Fund	142,939		142,939
<b>Net Operating Surplus (Deficit) After PSAB Provision &amp; Commitments</b>	<b>\$ (7,574,521)</b>	<b>\$ -</b>	<b>\$ (7,574,521)</b>



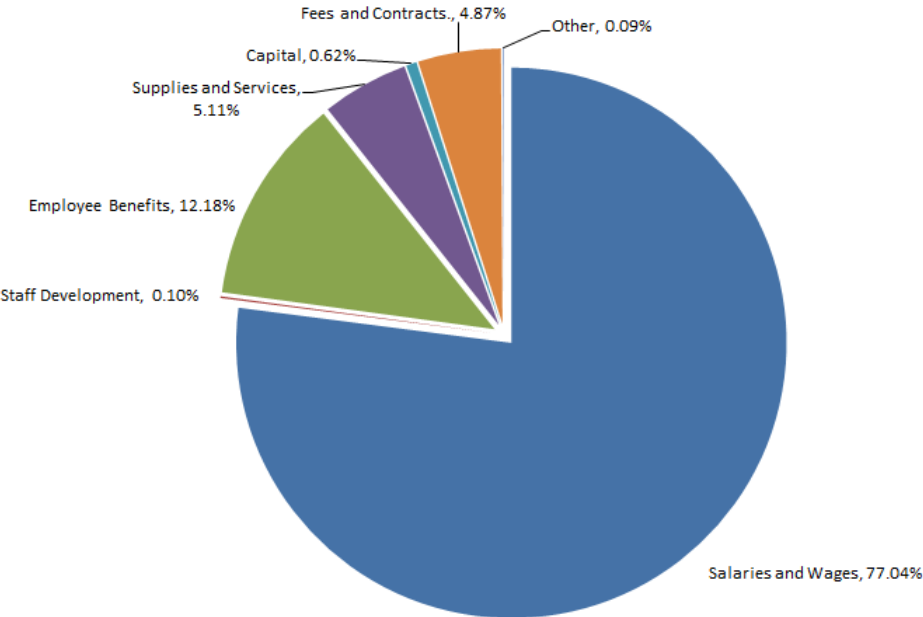
# 2016-17 Revised Estimates

	<b>2016-2017 Revised Estimates</b>	<b>%</b>
Grants for Student Needs (GSN)	560,413,151	96.91%
Other Grants	(118,069)	-0.02%
Other Revenue	10,129,900	1.75%
Continuing Education Other	7,880,703	1.36%
<b>Total Operating Revenue</b>	<b>\$ 578,305,685</b>	<b>100.00%</b>
Salaries and Wages	450,195,899	77.04%
Employee Benefits	71,170,663	12.18%
Other Expenditures	63,006,433	10.78%
<b>Total Expenditures: Operating</b>	<b>\$ 584,372,995</b>	<b>100.00%</b>
<b>Net Operating Surplus (Deficit) Before PSAB Provision</b>	<b>(6,067,310)</b>	<b>-1.05%</b>
<b>Provision EFB (PSAB)</b>	1,364,272	0.24%
<b>Committed Sinking Fund</b>	142,939	0.02%
<b>Ministry Compliance Surplus (Deficit)</b>	<b>\$ (7,574,521)</b>	<b>-1.31%</b>



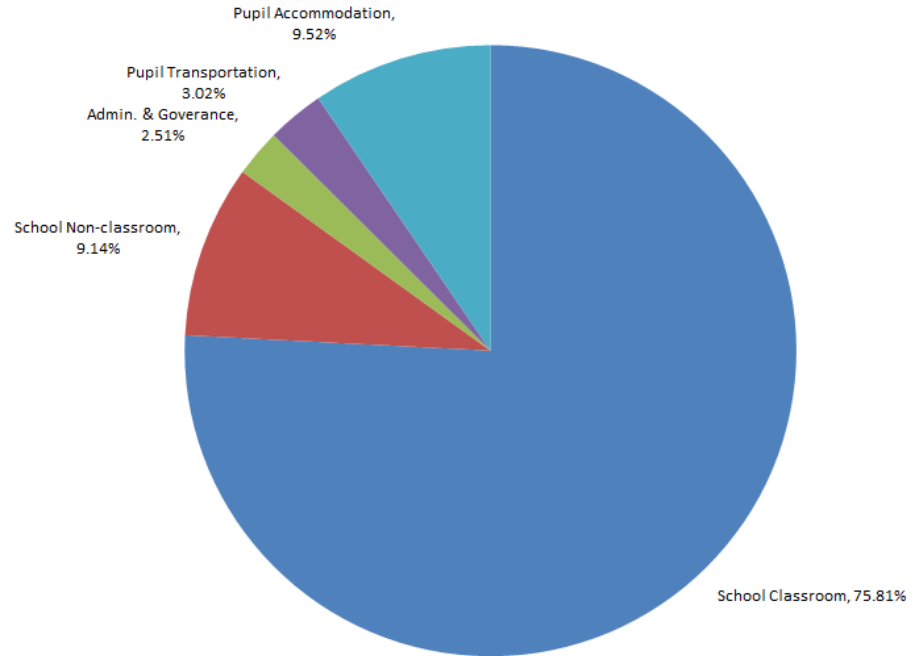
# 2016-17 Operating Expenditures by Object & by Function

**Operating Expenditures by Object**



<b>Salaries and Wages</b>	450,195,898	77.04%
<b>Staff Development</b>	605,280	0.10%
<b>Employee Benefits</b>	71,170,669	12.18%
<b>Supplies and Services</b>	29,838,545	5.11%
<b>Capital</b>	3,597,782	0.62%
<b>Fees and Contracts.</b>	28,452,608	4.87%
<b>Other</b>	512,218	0.09%
	<u>584,373,000</u>	<u>100.00%</u>

**Operating Expenditures by Function**



<b>School Classroom</b>	443,010,981	75.81%
<b>School Non-classroom</b>	53,424,061	9.14%
<b>Admin. &amp; Governance</b>	14,640,496	2.51%
<b>Pupil Transportation</b>	17,638,357	3.02%
<b>Pupil Accommodation</b>	55,659,105	9.52%
<b>Total</b>	<u>584,373,000</u>	<u>100.00%</u>



# Review of Significant Changes

## Revised Estimates Changes Review:

- ❑ Enrolment ↑ 23.14 from Estimates & ↓ 197.97 from 2015-16
- ❑ Significant Net Position Increases ↑ :
  - Visa Tuition Fees: \$1.3 million
  - OSBIE Revenue rebate (\$0.6 million) plus Premium Cost decrease from projected (\$0.9 million) totalling \$1.5 million
- ❑ Significant Net Position Decreases ↓ :
  - Enrolment Decline for Pupils of the Board: (\$0.9 million)
  - Supply/LTO budgets: (\$4.8 million)
- ❑ Committed Sinking Interest Earned Provision



## Ministry Directive Re: In-Year Deficit

Boards must seek Ministry approval if:

- actual or projected in-year deficit exceeds the lesser of:
  - Accumulated Surplus from the preceding year, or
  - 1% of the Boards operating allocation
    - For YCDSB: \$5.6 million



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<b>Committed Sinking Fund</b>	683,480	142,939	(540,541)	-79.1%
<b>Ministry Compliance Surplus (Deficit)</b>	<b>\$ (5,584,120)</b>	<b>\$ (7,574,521)</b>	<b>\$ (1,990,401)</b>	<b>35.6%</b>

**Revised Estimates: Net Change of \$1,990,401 resulted in  
Non-Compliant In-Year Deficit of \$7,574,521**



# Revised Estimate Compliance

## Ministry Compliance Test:

*1% Ministry compliance threshold approximates \$5,603,192 for 2016-17 Revised Estimates*

## Net Financial Position determination:

*2016-17 Revised Estimates In-year Deficit:  
\$7,574,521 > 1% Threshold*

## See Ministry Approval for Non-Compliant Budget & Delayed Submission:

*2016-17 Revised Estimates In-year Deficit of \$7,574,521 is Non-Compliant*





## Issues, concerns ...

- ❑ **Continual Grant Reduction & Cost Pressures:**
  - Increased targeted grant reductions (E.g. Special Education)
  - Excess Capacity funding eliminated
  - Cost increases not funded
- ❑ **Central Labour Framework:**
  - Increased/uncontrollable cost pressures in Salaries and Benefits (ELHT)
  - Lost of ability to adjust Salary & Benefit (Central Bargaining)



## Issues, concerns (Cont'd.) ...

- ❑ Past Years Dependence on one Time Funds:
  - One time funds offset Operating Deficits
- ❑ End of sustained enrolment growth
  - Unable to rely on enrolment growth to fund initiatives )
  - Net Declining enrolment
- ❑ Assumption risks and no contingencies



## Capital Flexibility Requirements:

- ☑ School Renewal Allocation limits for operating expenditures
- ☑ School Condition Improvement Allocation limits & restrictions
- ☑ Capital funding to be used for approval projects
- ☑ Temporary Accommodation Allocation restricted uses
- ☑ No operating funding for school consolidations



# Next Steps

- 1. File 2016-17 Revised Estimates:**
  - Work with Ministry for Ministry Approval of Revised Estimates In-Year Deficit
- 2. Implement action plans to achieve cost reductions identified**
  - Work collaboratively to implement cost reductions
- 3. Develop necessary reporting to track and monitor costs & communicate:**
  - Monitor actuals against Budget
  - On-going monitoring of costs & staffing positions
  - Report to Board, Senior Team and Stakeholders



## 4. **Develop Multi-year Deficit Recovery Plan**

- **Work with Ministry and Deloitte on the Multi-Year Recovery Plan (MYRP)**
- **Deloitte will commence MYRP work in January 2017**
- **Data collection will commence as soon as possible**

## 5. **Commence work on 2017-18 Estimates**

# The Challenge

**MULTI-YEAR RECOVERY PLAN**

STUDENT  
ACHIEVEMENT



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RESPONSIBILI  
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**KEEPING THE BALANCE**