

Golden Hills School Division No.75



# 1st Quarterly Report – draft V1.2

September 2017 – November 2017

Prepared by the Finance Department for the January 23, 2018  
Board Meeting

## Purpose of Quarterly Report

1. Monitor Activity
2. Review Variances
3. Highlight Key Points

## I CONTEXT

The first quarterly financial report lists revenues and expenditures recorded to **November 30, 2017**, which represent the first **three** months of the fiscal year. The number of months expended in the 1<sup>st</sup> quarter are three (3); therefore the normal benchmark for comparison is 25% (3/12 months) or 30% (3/10) months for some categories.

The updated 2017-18 Budget was submitted to Alberta Education November 28, 2017 and budget points of reference are from this November 30, 2017 fall budget submitted.

## II. ACTUALS AND COMPARISON TO BUDGET

### A.

Golden Hills School Division No.75							
Statement of Revenue and Expenses							
Budget vs. Actual Variance							
Period - September 1, 2017 - November 30, 2017							
	Initial 2017/18 Annual Budget submitted June 20, 2018	Revised 2017/18 Annual Budget submitted Nov 30, 2017	Prorated Budget for Q1	YTD Actuals 2017/2018 -Q1	YTD Budget Variance-Q1	% Budget Rec'd/Used	Management Benchmark %
<b>Revenues</b>							
Alberta Education	69,507,360	70,428,981	17,607,245	17,258,078	(349,168)	25%	25%
Federal Government and/or First Nations	1,404,765	1,537,565	384,391	404,345	19,954	26%	25%
Alberta Municipalities	70,000	40,000	10,000	17,200	7,200	43%	50%
Fees	6,723,772	6,166,504	1,541,626	2,082,727	541,101	34%	30%
Other Revenues	1,321,500	3,372,761	843,190	1,275,702	432,512	38%	25%
Amortization	3,513,950	3,650,000	912,500	871,532	(40,968)	24%	25%
<b>Total Revenues</b>	<b>82,541,347</b>	<b>85,195,811</b>	<b>21,298,953</b>	<b>21,909,584</b>	<b>610,631</b>	<b>26%</b>	<b>26%</b>
<b>EXPENSES</b>							
Certificated Salaries and Benefits	46,046,673	47,164,507	11,791,127	11,195,500	595,626	24%	24%
Non-Certificated Salaries and Benefits	14,356,609	15,375,526	3,843,882	4,067,617	(223,735)	26%	26%
<b>Sub-Total</b>	<b>60,403,282</b>	<b>62,540,033</b>	<b>15,635,008</b>	<b>15,263,117</b>	<b>371,891</b>	<b>24%</b>	<b>24%</b>
Supplies and Services	18,075,016	18,339,388	4,584,847	5,867,870	(1,283,023)	32%	30%
Amortization	5,124,269	5,298,333	1,324,583	1,230,039	94,544	23%	25%
Interest Charges	70,000	70,000	17,500	3,853	13,647	6%	25%
<b>Total Expenses</b>	<b>83,672,567</b>	<b>86,247,754</b>	<b>21,561,939</b>	<b>22,364,879</b>	<b>(802,940)</b>	<b>26%</b>	<b>26%</b>
<b>Surplus/(Deficit)</b>	<b>(1,131,220)</b>	<b>(1,051,943)</b>	<b>(262,986)</b>	<b>(455,295)</b>			
<b>POSITIVE/(NEGATIVE) BUDGET VARIANCE</b>					<b>(192,309)</b>		

*Notes: Overall, a Deficit of -\$455K for the first quarter is within the expected range for the projected deficit budget planned for the 2017-18 fiscal year.*

**B. NOTES ON COMPARISON TO BUDGET – REVENUES**

The overall **\$455 K** year-to-date excess of expenses over revenues along with the negative budget variance of approximately **-\$192 K** are, in part, the result of the following:

- Timing of revenue from Alberta Education is normally disbursed on a monthly basis. Exceptions to this are those payments which are received either annually, bi-annually or as a one-time-payment:

Alberta Education non-monthly Grant Revenues Received in Q1		
Name of Grant	Amount Received	% of Grant Received
Building Collaboration/Capacity in Education	\$ 53,265	100%
Regional Collaborative Service Delivery	\$ 629,951	58%
Infrastructure Maintenance & Repairs	\$ -	0%
Supernet grant	\$ 145,592	59%
Family School Resource Counseling	\$ 57,941	25%
Total	<u>\$ 886,749</u>	

- Revenues from Alberta Education have contributed to the overall revenue variance by \$ 484K (887K less a 3-month calculated equivalent of 403K), primarily due to certain grants being received in lump amounts covering more than 3 months of revenues.
- Included in the first quarters' operations are the following:

SGF Revenues	\$1,228,115
SGF Expenses	<u>-\$1,395,321</u>
Over expended	-\$ 167,206

Note – the overall unexpended SGF funds are not recorded as deferred revenues but instead, an operating reserve is established.

**C Notes on Comparison to Budget - Expenses****Certificated Salaries and Benefits**

Total Certificated Salaries and Benefits for the 1<sup>st</sup> quarter were **\$11,195,500** (24% of a \$46.1M budget) which is less than what the budget would permit by the 1<sup>st</sup> quarter primarily because benefit costs are lower in the 1<sup>st</sup> quarter and higher in January then drop off as maximums on premiums are reached. As well, hiring of staff can occur throughout the 1<sup>st</sup> quarter so labour costs are typically lower than budget at the start of the fiscal year.

*Notes: Overall, certificated salary and benefit costs are well within budget.*

**Non-Certificated Salaries and Benefits**

Total Non-Certificated Salaries and Benefits for the 1<sup>st</sup> quarter were **\$4,067,617** (26% of a \$15.4M budget) which is slightly above the budget; however, a significant portion of non-certificated staff is paid over 10 months and not 12 months; therefore the expenditure is higher for first 10 months but decreases in the last TWO months.

*The variance of -\$224K will be monitored over the next quarter; however, because of the decreased payroll costs over the summer months, we anticipate this cost to balance itself at year-end.*

**Supplies and Services**

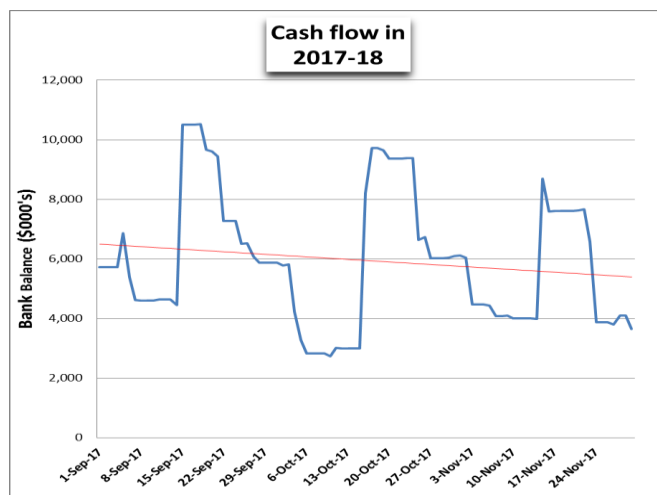
Supplies and services year-to-date are **\$5,867,870** (32% of \$18.3M budget). Because many of these costs occur over a 10-month school year and not the 12-month fiscal year, this results in higher costs in the first 3 quarters and lower costs in the 4<sup>th</sup> quarter. Department managers will continue to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

- Overall, supply costs year-to-date at November 30<sup>th</sup> is slightly less compared to the same time period last year by \$105K. However, because the supply & services budget was reduced compared to last year, these expenses will need to be carefully monitored and brought to a level which each budget will support.*

**III AVERAGE SOURCE AND USE OF CASH**

A. Approximate average monthly cash flow values as at November 30, 2017:

Statement of Cash Flow	
Grants/Fees	6,500,000.00
Account Receivable	525,000.00
<b>Total Cash In</b>	<b>7,025,000.00</b>
Accounts Payable	3,500,000.00
Payroll	3,900,000.00
<b>Total Cash Out</b>	<b>7,400,000.00</b>



Included in the Grants as well as the Accounts Payable are monthly operating grants and monthly grant amounts for capital projects.

**B. Golden Hills is currently in a positive cash position.**

Cash is critical for short-term operations as it pays the salaries and vendors, which comprises the largest part of the budget. Note: as of November 30, 2017, **\$5.5M** of the cash balance has been invested into 6-12 month GIC's to obtain more favourable investment returns, of which \$4M are cashable after 90 days of purchase.

We continue to utilize the services of two Institutional Cash Management Financial Advisory Teams – Raymond James Ltd. as well as RBC Dominion Securities. As at November 30<sup>th</sup>, we had **\$5.5M** invested in GIC's with Raymond James and **\$0** with RBC Dominion, with maturing dates ranging from February 26' 2018 to September 19' 2018, earning yields ranging from 1.50%-1.80%.

**C. Other Notes:**

Depreciation is a method of recovering the cost of a *tangible asset* over its useful life for example a building. Amortization is the same process as depreciation, only for *intangible* assets - items that have value, but that you can't touch. For example, a patent or a trademark has value, as does goodwill. In addition, amortization also has a meaning in paying off a debt, like a mortgage, but in the current context it has to do with business assets. Overall, amortization is a more general term which may apply to both tangible and intangible assets and/or liabilities, whereas, depreciation is a term restricted to tangible assets only.

## IV. REVENUE AND EXPENSES BY ENVELOPE SEPTEMBER 1, 2017 – NOVEMBER 30, 2017

### A.

GOLDEN HILLS SCHOOL DIVISION #75									
Revenue and Expenses by Envelope									
From September 1, 2017 - November 30, 2017									
REVENUE FROM	SGF	ECS -Grade 12	Operations and Maintenance	Transportation	Board and System Admin	External Services	Total	% Budget Rec'd / Used	Management Benchmark %
ALBERTA EDUCATION		14,224,962.70	1,303,531.23	920,832.84	609,882.89	0.00	17,059,209.66	24%	25%
OTHER - GOVERNMENT OF ALBERTA		198,868.00	0.00	0.00	0.00	0.00	198,868.00	25%	25%
FEDERAL GOV'T AND/OR FIRST NATIONS		341,845.04	62,500.00	0.00	0.00	0.00	404,345.04	26%	25%
ALBERTA MUNICIPALITIES/SCHOOL AUTH.		17,200.00	0.00	0.00	0.00	0.00	17,200.00	43%	50%
INSTRUCTIONAL RESOURCE FEES		28,900.00		0.00	0.00	0.00	28,900.00	51%	75%
FEES	307,218.29	0.00				1,746,608.73	2,053,827.02	34%	25%
FUNDRAISING REVENUES -SGF	179,051.77						179,051.77	28%	30%
OTHER SALES AND SERVICES	730,234.22	8,000.00	75.00	51,037.44	59.00	56,994.63	846,400.29	68%	30%
INVESTMENT INCOME		0.00		0.00	35,007.24	0.00	35,007.24	100%	100%
GIFTS AND DONATIONS -SGF	11,611.14	81,588.80	0.00	0.00	0.00	0.00	93,199.94	22%	30%
RENTAL OF FACILITIES		(118.78)	35,625.26	0.00	0.00	4,000.00	39,506.48	37%	30%
OTHER REVENUES		76,008.60	5,482.66	486.96	557.87	0.00	82,536.09	14%	30%
AMORTIZATION OF CAPITAL ALLOCATIONS		33,971.76	837,560.46	0.00	0.00	0.00	871,532.22	24%	25%
<b>TOTAL REVENUES</b>	<b>1,228,115.42</b>	<b>15,011,226.12</b>	<b>2,244,774.61</b>	<b>972,357.24</b>	<b>645,507.00</b>	<b>1,807,603.36</b>	<b>21,909,583.75</b>	<b>26%</b>	<b>26%</b>
<b>EXPENDITURES</b>									
CERTIFICATED SALARIES		9,190,835.91	0.00	0.00	98,155.02	30,234.25	9,319,225.18	24%	25%
CERTIFICATED BENEFITS		1,833,389.69	0.00	0.00	39,428.43	3,457.12	1,876,275.24	22%	25%
NON-CERTIFICATED SALARIES & WAGES		1,919,032.42	465,553.75	480,120.22	274,652.84	120,535.55	3,259,894.78	27%	26%
NON-CERTIFICATED BENEFITS		561,195.37	114,600.69	47,814.39	59,315.91	24,795.82	807,722.18	25%	26%
SERVICE, CONTRACTS AND SUPPLIES	1,395,321.50	1,627,398.24	786,871.76	261,723.10	266,943.74	1,529,611.33	5,867,869.67	32%	30%
AMORTIZATION		71,931.12	895,562.91	207,715.50	21,030.63	33,798.81	1,230,038.97	23%	25%
INTEREST CHARGES		374.00	0.00	0.00	0.00	3,478.65	3,852.65	6%	25%
<b>TOTAL EXPENSES</b>	<b>1,395,321.50</b>	<b>15,204,156.75</b>	<b>2,262,589.11</b>	<b>997,373.21</b>	<b>759,526.57</b>	<b>1,745,911.53</b>	<b>22,364,878.67</b>	<b>26%</b>	<b>26%</b>
<b>POSITIVE/-NEGATIVE VARIANCE TO DATE</b>	<b>(167,206.08)</b>	<b>(192,930.63)</b>	<b>(17,814.50)</b>	<b>(25,015.97)</b>	<b>(114,019.57)</b>	<b>61,691.83</b>	<b>(455,294.92)</b>		
<b>ECS -Grade 12 labor cost analysis</b>									
	2016-17 Q1	2017-18 Q1	change						
CERTIFICATED SALARIES	9,271,722	9,190,836	-80,886	-0.9%					
CERTIFICATED BENEFITS	1,826,152	1,833,390	7,238	0.4%					
NON-CERTIFICATED SALARIES & WAGES	1,900,802	1,919,032	18,230	1.0%					
NON-CERTIFICATED BENEFITS	558,452	561,195	2,744	0.5%					
	13,557,127	13,504,453	-52,674	-0.4%					

### B. ANALYSIS OF REVENUE/ EXPENSES BY ENVELOPE

#### 1. Instruction

- A negative variance within the Instruction envelope occurred primarily because of the non-certified benefit cost is higher than budgeted.
- Instructional Resource Fees are collected at the schools and a process is in place for monthly submission by the schools to include in the quarterly reports.
- Analysis of collection of Instructional Resources Fees (current year/prior year) as at November 30, 2017 is as follows:

<b>Invoiced</b>	<b>Collected –prior years</b>	<b>Waived</b>
\$ 0	\$ 681	\$ 0

- Note: As per the directive from Alberta Education, Resource fees and Transportation fees for 2017-18 have officially been eliminated. (see AP505) However, a balance of \$62,743 in resource fees remains outstanding from 2016-17 and prior years.

*Internally, collections continue on outstanding non-curricular fees, enhanced course fees and alternative program fees. Collections have improved with the introduction of KEV with roughly 60% of all parents utilizing the payment-on-line option for school fees.*

## 2. Plant Operations and Maintenance (PO&M)

A negative variance of approximately \$18 K at the end of the 1<sup>st</sup> quarter is primarily the result of the slightly higher spending on Building Repairs & Maintenance, including IMR project spending.

<b>Golden Hills School Division No.75</b>					
<b>Statement of Revenue and Expenses - Comparison to Budget</b>					
<b>Plant Operations and Maintenance</b>					
<b>Period - September 2017 - November 2017</b>					
<b>Revenues</b>	<b>Total Budget</b>	<b>YTD Actuals</b>	<b>Budget</b>	<b>% Budget</b>	<b>Management</b>
	<b>Yr 2017/2018</b>	<b>Yr 2017/2018</b>	<b>Remaining</b>	<b>Used</b>	<b>Benchmark %</b>
Alberta Education	6,796,567.00	1,303,531.23	5,493,035.77	19%	25%
Other Revenues	560,917.00	103,682.92	457,234.08	18%	25%
Amortization	3,650,000.00	837,560.46	2,812,439.54	23%	25%
<b>Total Revenues</b>	<b>11,007,484.00</b>	<b>2,244,774.61</b>	<b>8,762,709.39</b>	<b>20%</b>	<b>25%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	2,293,984.00	580,154.44	1,713,829.56	25%	25%
<b>Sub-Total</b>	<b>2,293,984.00</b>	<b>580,154.44</b>	<b>1,713,829.56</b>	<b>25%</b>	<b>25%</b>
Supplies and Services	5,083,819.00	786,871.76	4,296,947.24	15%	25%
Amortization	3,898,478.00	895,562.91	3,002,915.09	23%	25%
<b>Total Expenses</b>	<b>11,276,281.00</b>	<b>2,262,589.11</b>	<b>9,013,691.89</b>	<b>20%</b>	<b>25%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>-268,797.00</b>	<b>-17,814.50</b>			
<b>YTD Actuals breakdown</b>					
	<b>YTD @ Nov. 30, 2017</b>				
NON-CERTIFICATED SALARIES & WAGES	465,553.75				
NON-CERTIFICATED BENEFITS	114,600.69				
<b>TOTAL LABOUR EXPENSE</b>	<b>580,154.44</b>				
SERVICE, CONTRACTS AND SUPPLIES	786,871.76				
INTEREST CHARGES	-				
AMORTIZATION	895,562.91				
<b>TOTAL SERVICE &amp; SUPPLIES</b>	<b>1,682,434.67</b>				
<b>TOTAL EXPENSES</b>	<b>2,262,589.11</b>				

*Overall, with careful monitoring of expenses throughout the year, we anticipate PO&M to meet its budget target at year-end.*

3. Transportation

Golden Hills School Division No.75					
Statement of Revenue and Expenses - Comparison to Budget					
Transportation					
Period - September 1, 2017 - November 30, 2017					
Revenues	Total 2017-18 Budget	YTD Actuals	Budget Remaining	% Budget Used	Management Benchmark %
Alberta Education	3,748,655	920,833	2,827,822	24.6%	25.0%
Other Revenues	70,000	51,524	18,476	73.6%	25.0%
<b>Total Revenues</b>	<b>3,818,655</b>	<b>972,357</b>	<b>2,846,298</b>	<b>25.5%</b>	<b>25.0%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	1,860,610	527,935	1,332,675	28.4%	27.0%
<b>Sub-Total</b>	<b>1,860,610</b>	<b>527,935</b>	<b>1,332,675</b>	<b>28.4%</b>	<b>27.0%</b>
Services and Supplies	1,394,203	261,723	1,132,480	18.8%	27.2%
Amortization	789,874	207,716	582,159	26.3%	25.0%
<b>Total Expenses</b>	<b>4,044,687</b>	<b>997,373</b>	<b>3,047,314</b>	<b>24.7%</b>	<b>26.0%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>(226,032)</b>	<b>(25,016)</b>			
Variations in Services and Supplies	Budget	Actual	% of Budget Used	Management Benchmark %	
Contracted Bus Services	210,000.00	48,360.37	23%	30%	
Fuel	650,000.00	68,535.11	11%	30%	
Other supplies	534,203.00	144,827.52	27%	25%	
Total	1,394,203.00	261,723.00	19%	27%	

a. For the first quarter, a negative YTD variance of **-\$25 K** is well within the expected budgeted parameters and can be attributed in part to the following:

- Transportation expends its budget over a **10 month period** vs. a 12 month period. Both salaries and supplies expenses are higher for 10 months than the projected July and August expenditures while revenues are recorded over a 12 month period.



- b. No transportation fees were charged nor can be charged in fiscal 2017-18 per the new directive from Alberta Education. GHSD had already eliminated these fees five years ago.

*Golden Hills has opted not to shift the financial shortfalls to parents.*

*It is anticipated there will be a deficit in transportation, at year-end, of approximately \$-171K which will be covered by operating reserves. Overall, with careful monitoring of expenses throughout the year, we anticipate Transportation to meet its budget target by year-end.*

#### 4. Board and System Administration

A break-even year for Board and System Administration is expected for the year end.

System administration currently has a negative variance of **\$114K** for the first quarter. It is however, anticipated that this will reach a breakeven point at year end. This is not enveloped funding, rather systems are permitted to spend to a maximum of 3.6% of their expenditures, where the total net enrolment of students is over 6,000. Amounts spent over the limit may be subject to claw back. In effect, the formula has a built in mechanism for reducing Board and System Administration when overall expenses decrease. As system expenditures decrease, the formula for Board and System Administration automatically decrease. Historically, this envelope is under 3.6%.

- a. Below is a summary of the revenues and expenses associated with the **Board of Trustees**:

<b>SUMMARY STATEMENT OF REVENUES AND EXPENSES</b>						
<b>BOARD OF TRUSTEES</b>						
<b>BUDGET vs. ACTUAL</b>						
<b>FOR THE PERIOD OF SEPTEMBER 1, 2017 TO NOVEMBER 30, 2017</b>						
		<b>ANNUAL</b>	<b>YTD</b>	<b>BUDGET</b>	<b>%</b>	
<b>Expense</b>		<b>BUDGET</b>	<b>ACTUALS</b>	<b>REMAINING</b>	<b>BUDGET USED</b>	
Budgeted Revenues		172,200.00	172,200.00	-	100%	
<b>TOTAL REVENUES</b>		<b>\$ 172,200.00</b>	<b>\$ 172,200.00</b>	<b>\$ -</b>	<b>100%</b>	
Trustee Earnings and Benefits		126,200.00	27,605.60	98,594.40	22%	
Trustee Travel & Supplies		46,000.00	20,549.55	25,450.45	45%	
<b>TOTAL EXPENSES</b>		<b>\$ 172,200.00</b>	<b>\$ 48,155.15</b>	<b>\$ 124,044.85</b>	<b>28%</b>	

- To date, Board expenses are well within the range of projected expenditure amounts.

## 5. External Services

For the first quarter, External Services has a positive variance of **+\$62K**.

External Services includes International Services, joint use agreements and external contract service agreements. Included within this period is the recognition of **\$1,746,608** of ISS tuition fee revenues of which **\$1,401,616** was originally recorded as Deferred Revenue at prior year end. ISS Revenues are received in unequal amounts throughout the year, much of it in the first few months. As a result, this revenue is pro-rated to each quarter based on an estimation of related expenses (35/30/25/10), while expenses are recognized when they occur.

*A break-even for External Services is anticipated for year-end.*

### QUARTERLY SUMMARY

*Golden Hills continues to manage expenses despite the decrease in funding in certain areas and higher costs, and continues to fund programs that are in alignment with our goals and missions.*

*Overall, GHSD appears to be on track and is aligned with meeting the Board's November 30, 2017 approved and submitted budget (\$1.05M deficit). A planned deficit budget will be covered by our operating reserves.*