

The Golden Hills School Division



3rd Quarterly-draft Report – 2021-22

September 2021 – May 31 2022

Prepared by the Finance Department for the June 21, 2022 Board Meeting

Purpose of Quarterly Report

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

I CONTEXT

The second quarterly financial report lists revenues and expenditures recorded to **May 31, 2022**, representing the first **nine** months of the fiscal year. As there are nine (9) months expended in the 3rd quarter, the normal benchmark for comparison is 75% (9/12 months); however, for some categories 90% (9/10 months) is used.

The **2021-22 Budget** was submitted to Alberta Education May 25, 2021 and budget points of reference are from this May 25, 2021 Spring budget submission.

II. ACTUALS AND COMPARISON TO BUDGET

A.

Golden Hills School Division						
Statement of Revenue and Expenses						
Budget vs. Actual Variance						
Period - September 1, 2021 - May 31, 2022						
	Annual 2021/22 Annual Budget submitted May 25, 2021	Prorated Budget (75%) for Q3	YTD Actuals 2021/2022 Q3	YTD Budget Variance-Q3	% Budget Rec'd/Used	Management Benchmark %
Revenues						
Alberta Education/Infrastructure	74,368,568	55,776,426	57,156,649	1,380,223	77%	75%
Federal Government and/or First Nations	1,526,050	1,144,538	1,424,271	279,733	93%	90%
Other Government of Alberta	149,200	111,900	15,000	-96,900	10%	75%
Fees	6,793,537	5,095,153	6,269,955	1,174,802	92%	90%
Other Revenues	3,846,978	2,885,234	3,393,882	508,649	88%	75%
Amortization	4,223,683	3,167,762	3,296,543	128,781	78%	75%
Total Revenues	90,908,016	68,181,012	71,556,300	3,375,288	79%	77%
EXPENSES						
Certificated Salaries and Benefits	48,977,311	36,732,983	35,309,698	1,423,285	72%	75%
Non-Certificated Salaries and Benefits	17,655,901	13,241,926	14,187,062	-945,136	80%	80%
Sub-Total	66,633,212	49,974,909	49,496,760	478,149	74%	76%
Supplies and Services	21,109,021	15,831,766	16,422,494	-590,728	78%	75%
Amortization	5,915,616	4,436,712	4,410,851	25,861	75%	75%
Interest Charges	32,065	24,049	29,172	-5,124	91%	75%
Total Expenses	93,689,914	70,267,436	70,359,278	-91,842	75%	76%
Surplus/(Deficit)	-2,781,898	-2,086,424	1,197,022			
POSITIVE/(NEGATIVE) BUDGET VARIANCE				3,283,446		

Notes: Overall, a surplus of \$1,197K for the third quarter is significantly better than the projected deficit budget initially planned for the 2021-22 fiscal year.

B. NOTES ON COMPARISON TO BUDGET – REVENUES

The overall **\$1,197K** year-to-date **excess of revenues over expenses**, along with the positive budget variance are due, in part, to the skewing effect of the irregular payments received.

- **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 Revenue Received in Q3			
Mar -May 2021-22			
Name of Grant	Amount Recieved		% of Grant Received
Alberta School Council Engagement Grant	\$ 8,500.00		100%
Conditional Grant Classroom Piloting	\$ 121,300.00		100%
French Language Grant	\$ 9,550.83		100%
Learning Disruption	\$ 478,842.00		100%
School Nutrition Grant	\$ 206,222.50		75%
Supernet Grant	\$ 158,378.88		75%
Federal Safe Indoor Air Grant	\$ 125,115.00		100%
Total	\$ 1,107,909.21		

- Revenues from Alberta Education, as per above, have contributed to the overall revenue variance by \$+307K (\$1,229K less a 9-month calculated equivalent of \$922K), primarily due to certain grants being received in lump amounts covering more than 9 months of revenues.
- Included in the third quarters' operations are the following:

SGF Revenues	\$3,525,218
SGF Expenses	<u>\$3,067,815</u>
Unexpended	\$ 457,403

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 3rd quarter were **\$35,309,698** (72% of a \$48.9M budget) which is less than what the budget would permit by the 3rd quarter primarily because benefit costs are lower in the 1st quarter and higher in January then drop off as maximums on premiums are reached. As well, hiring of staff occurs throughout the 1st quarter so labour costs are typically lower than budget at the start of the fiscal year but even out as the year progresses.

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

Non-Certificated Salaries and Benefits

Total Non-Certificated Salaries and Benefits for the 3rd quarter were **\$14,187,062** (72% of a \$17.6M budget) which is less than the budget. That said, a significant portion of non-certificated staff is paid over 10 months and not 12 months; therefore the expenditure is typically higher for first 10 months but decreases in the last two months.

The overall labour variance is positive (+478K) for the first 3 quarters and will likely fluctuate over the final quarter. Payroll costs typically trend lower over the summer months as a significant portion of the non-certified staff are paid over 10 months so payroll cost should be less in the summer months. However, we anticipate this cost to balance itself at year-end.

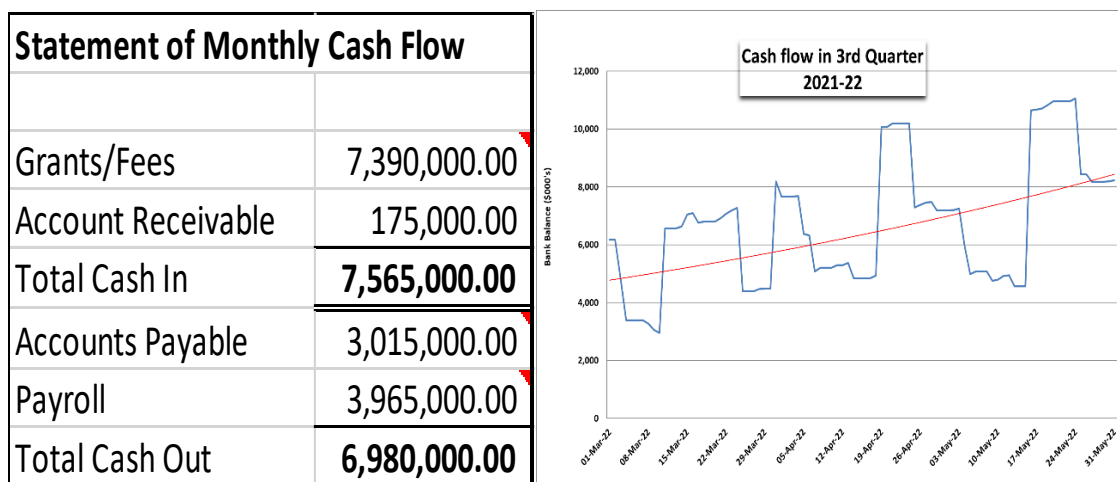
Supplies and Services

Supplies and services year-to-date are **\$16,422,494** (78% of \$21.1M budget). Typically, many of these costs occur over a 10-month school year and not the 12-month fiscal year, resulting in higher costs in the first 3 quarters and lower costs in the 4th 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 May 31st are higher compared to the same time period last year due, in part, because this year the entire annual insurance expense was posted in Q2 while in the prior year, the insurance was allocated throughout the year.*

III AVERAGE SOURCE AND USE OF CASH

A. Approximate average monthly cash flow values as at May 31, 2022:



Included in the Grants as well as the Accounts Payable are monthly operating grants and monthly grant amounts for any 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 May 31, 2022 **\$12.5M** of the cash balance has been invested into 12-18 month GIC's to obtain more favourable investment returns, of which \$4.5M are cashable within 90 days.

Currently, we are utilizing the services of an Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As at May 31st, we had **\$12.5M** invested in GIC's with maturing dates ranging from June 9th, 2022 to May 23rd, 2023, earning yields ranging from 1.10% - 3.05%. Rates for 1YR fixed are now available for 3.80% and are expected to gradually increase throughout the year.

C. **Note on Amortization:**

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, 2021 - MAY 31, 2022

A.

Revenue and Expenses by Envelope									
From September 1, 2021 - May 31, 2022									
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/ INFRASTRUCTURE		46,824,332.39	5,045,784.50	3,193,288.20	2,093,244.29	0.00	57,156,649.38	77%	75%
OTHER - GOVERNMENT OF ALBERTA		15,000.00	0.00	0.00	0.00	0.00	15,000.00	100%	100%
FEDERAL GOV'T AND/OR FIRST NATIONS		1,199,270.93	225,000.00	0.00	0.00	0.00	1,424,270.93	93%	90%
ALBERTA MUNICIPALITIES/SCHOOL AUTH.		0.00	0.00	0.00	0.00	0.00	0.00	0%	0%
INSTRUCTIONAL RESOURCE FEES		0.00		0.00	0.00	0.00	0.00	0%	0%
FEES	1,189,985.50	21,010.00				5,058,959.29	6,269,954.79	88%	90%
FUNDRAISING REVENUES -SGF	196,939.98					0.00	196,939.98	67%	75%
OTHER SALES AND SERVICES	1,985,250.45	1,190,492.22	0.00	94,542.24	0.00	-1,045,382.89	2,224,902.02	67%	75%
INVESTMENT INCOME	0.00	0.00		0.00	97,478.51	0.00	97,478.51	103%	75%
GIFTS AND DONATIONS -SGF	153,042.40	73,019.39	0.00	0.00	0.00	0.00	226,061.79	62%	75%
RENTAL OF FACILITIES		1,749.15	104,188.95	0.00	0.00	10,000.00	115,938.10	105%	90%
OTHER REVENUES		155,797.50	105,688.97	21,490.73	249,584.55	0.00	532,561.75	127%	75%
AMORTIZATION OF CAPITAL ALLOCATIONS		296,047.44	3,000,495.59	0.00	0.00	0.00	3,296,543.03	78%	75%
TOTAL REVENUES	3,525,218.33	49,776,719.02	8,481,158.01	3,309,321.17	2,440,307.35	4,023,576.40	71,556,300.28	79%	77%
EXPENDITURES									
CERTIFICATED SALARIES		28,005,043.87	0.00	0.00	454,236.01	196,059.71	28,655,339.59	72%	75%
CERTIFICATED BENEFITS		6,577,975.58	0.00	0.00	52,757.27	23,625.59	6,654,358.44	74%	75%
NON-CERTIFICATED SALARIES & WAGES		6,658,358.71	1,512,801.58	1,490,959.03	937,229.72	831,254.40	11,430,603.44	81%	80%
NON-CERTIFICATED BENEFITS		1,799,129.97	392,187.93	157,433.57	218,878.80	188,828.18	2,756,458.45	78%	80%
SERVICE, CONTRACTS AND SUPPLIES	3,067,814.87	4,549,678.05	3,671,233.19	1,513,795.41	526,744.41	3,093,228.24	16,422,494.17	82%	85%
AMORTIZATION		401,554.17	3,184,306.29	514,008.90	193,215.78	117,766.21	4,410,851.35	75%	75%
INTEREST / BANK CHARGES		649.63	0.00	0.00	9,000.00	19,522.74	29,172.37	31%	75%
TOTAL EXPENSES	3,067,814.87	47,992,389.98	8,760,528.99	3,676,196.91	2,392,061.99	4,470,285.07	70,359,277.81	78%	78%
POSITIVE/-NEGATIVE VARIANCE TO DATE	457,403.46	1,784,329.04	-279,370.98	-366,875.74	48,245.36	-446,708.67	1,197,022.47		
ECS -Grade 12 labor cost analysis									
	2020-21 Q3	2021-22 Q3	change						
CERTIFICATED SALARIES	27,883,402	28,005,044	121,642	0.4%					
CERTIFICATED BENEFITS	6,176,925	6,577,976	401,051	6.5%					
NON-CERTIFICATED SALARIES & WAGES	6,252,300	6,658,359	406,059	6.5%					
NON-CERTIFICATED BENEFITS	1,678,679	1,799,130	120,451	7.2%					
	41,991,306	43,040,508	1,049,202	2.5%					

Note: all ISS tuition fees collected last year relating to the current fiscal year (2021-22) have been recognized in full

B. ANALYSIS OF REVENUE/ EXPENSES BY ENVELOPE

1. Instruction

- Instructional Resource Fees are no longer permitted; however, fees associated with non-curricular supplies and travel as well as other fees to enhance education are allowed.

2. Plant Operations and Maintenance (PO&M)

The deficit shown below of approximately **\$-279K** at the end of the 3rd quarter, when taken with the full annual insurance expense recognized (\$936K), results in a bottom line that is fully in line with our estimated balanced budget at fiscal year end:

Golden Hills School Division					
Statement of Revenue and Expenses - Comparison to Budget					
Plant Operations and Maintenance					
Period - September 2021 - May 2022					
Revenues	Total Budget	YTD Actuals	Budget	% Budget	Management
	Yr 2021/2022	Yr 2021/2022	Remaining	Used	Benchmark %
Alberta Education	6,488,973.00	5,045,784.50	1,443,188.50	78%	75%
Other Revenues	1,099,180.00	434,877.92	664,302.08	40%	75%
Amortization	4,223,683.00	3,000,495.59	1,223,187.41	71%	75%
Total Revenues	11,811,836.00	8,481,158.01	3,330,677.99	72%	75%
EXPENSES					
Non-Certificated Salaries and Benefits	2,640,061.00	1,904,989.51	735,071.49	72%	75%
Sub-Total	2,640,061.00	1,904,989.51	735,071.49	72%	75%
Supplies and Services	4,711,097.00	3,671,233.19	1,039,863.81	78%	75%
Amortization	4,460,678.00	3,184,306.29	1,276,371.71	71%	75%
Total Expenses	11,811,836.00	8,760,528.99	3,051,307.01	74%	75%
POSITIVE/(NEGATIVE) VARIANCE	0.00	-279,370.98			
	Current Q3	Prior Year Q			
YTD Actuals breakdown	YTD @ May 31, 2022	YTD @ May 31, 2021	% increase		
NON-CERTIFICATED SALARIES & WAGES	1,512,801.58	1,501,038.26	0.8%		
NON-CERTIFICATED BENEFITS	392,187.19	375,162.45	4.5%		
TOTAL LABOUR EXPENSE	1,904,988.77	1,876,200.71	1.5%		
SERVICE, CONTRACTS AND SUPPLIES	3,671,233.19	3,640,252.70	0.9%		
INTEREST CHARGES	-	-			
AMORTIZATION	3,184,306.29	3,188,807.34	-0.1%		
TOTAL SERVICE & SUPPLIES	6,855,539.48	6,829,060.04	0.4%		
TOTAL EXPENSES	8,760,528.25	8,705,260.75	0.6%		

The deficit is due, in part, to the recording of the full year's insurance expense in Q1. Approximately, \$233K of insurance expense relates to Q4.

Overall, with continued monitoring of expenses over the next quarter, we anticipate PO&M to meet its balanced budget target at year-end.

3. Transportation

Golden Hills School Division					
Statement of Revenue and Expenses - Comparison to Budget					
Transportation					
Period - September 1, 2021 - May 31, 2022					
Revenues	Total 2021-22 Budget	YTD Actuals	Budget Remaining	% Budget Used	Management Benchmark %
Alberta Education	4,258,285	3,193,288	1,064,997	75.0%	75.0%
Other Revenues	57,548	116,033	-58,485	201.6%	75.0%
Total Revenues	4,315,833	3,309,321	1,006,512	76.7%	75.0%
EXPENSES					
Non-Certificated Salaries and Benefits	1,894,548	1,648,393	246,155	87.0%	85.0%
Sub-Total	1,894,548	1,648,393	246,155	87.0%	85.0%
Services and Supplies	1,735,989	1,513,795	222,194	87.2%	81.0%
Amortization	685,296	514,009	171,287	75.0%	75.0%
Total Expenses	4,315,833	3,676,197	639,636	85.2%	82.0%
POSITIVE/(NEGATIVE) VARIANCE	0	-366,876			
Variations in Services and Supplies					
	Budget	Actual	% of Budget Used	Management Benchmark %	
Contracted Bus Services	81,000.00	92,384.37	114%	90%	
Fuel	720,000.00	599,085.10	83%	80%	
Other supplies & services	934,989.00	822,325.53	88%	80%	
Total	1,735,989.00	1,513,795.00	87%	81%	

a. For the third quarter, a negative YTD variance of **\$-367K** 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.
- The vehicle insurance for the entire year (\$162K) has been recorded in Q1.

Overall, with careful monitoring of expenses over the next quarter, we anticipate Transportation to come close to its balanced budget target by fiscal year-end.

4. Board and System Administration

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

Overall System administration currently has a positive YTD variance of **+\$48K** for the third quarter. It is anticipated that this will near a breakeven point at year end.

Alberta Education makes a provision for a separate System Administration Targeted Grant. This grant is effectively calculated to be 3.15% of our total operating expenditures. The 3.15% is the funding tier determined by the WMA (weighted moving average) of FTE enrolment. Note: amounts spent over the limit may be subject to claw back.

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

SUMMARY STATEMENT OF REVENUES AND EXPENSES						
BOARD OF TRUSTEES						
BUDGET vs. ACTUAL						
FOR THE PERIOD OF SEPTEMBER 1, 2021 TO MAY 31, 2022						
Expense		ANNUAL BUDGET	YTD ACTUALS	BUDGET REMAINING	% BUDGET USED	
Budgeted Revenues		274,200.00	274,200.00	-	100%	
TOTAL REVENUES		\$ 274,200.00	\$ 274,200.00	\$ -	100%	
Trustee Earnings and Benefits		201,700.00	146,039.38	55,660.62	72%	
Trustee Travel & Supplies		72,500.00	35,492.86	37,007.14	49%	
TOTAL EXPENSES		\$ 274,200.00	\$ 181,532.24	\$ 92,667.76	66%	

- To date, Board expenses are inline with the range of projected expenditure amounts.

5. External Services

For the **3rd quarter**, External Services has a negative variance of **-\$447K**, which is, in part, due to the timing of the revenue recognition.

External Services includes International Services, joint-use agreements and external contract service agreements. Included within this period is the full recognition of **\$5,162,150** of **ISS tuition fees** revenue, which was originally recorded as Unearned Revenue at the 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 tuition 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 uncertainty in funding along with continuing cost escalations, and continues to fund programs that are in alignment with our goals and missions.

Overall, GHSD is keeping expenditures within the parameters of the Board's May 25, 2021 approved and submitted 2021-22 budget (\$2,782K deficit). Any planned deficit that should occur will be covered by our operating reserves.