

The Golden Hills School Division



1st Quarterly Report – 2021-22

September 2021 – November 2021

Prepared by the Finance Department for the January 25, 2022 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, 2021**, representing the first **three** months of the fiscal year. As there are three (3) months expended in the 1st quarter, the normal benchmark for comparison is 25% (3/12 months); however, for some categories 30% (3/10 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 - November 30, 2021						
	Annual 2021/22 Annual Budget submitted May 25, 2021	Prorated Budget (25%) for Q1	YTD Actuals 2021/2022 -Q1	YTD Budget Variance-Q1	% Budget Rec'd/Used	Management Benchmark %
Revenues						
Alberta Education/Infrastructure	74,368,568	18,592,142	18,507,227	-84,915	25%	25%
Federal Government and/or First Nations	1,526,050	381,513	435,206	53,694	29%	30%
Other Government of Alberta	149,200	37,300	239,733	202,433	161%	100%
Fees	6,793,537	1,698,384	2,004,909	306,525	30%	30%
Other Revenues	3,846,978	961,745	1,114,453	152,708	29%	25%
Amortization	4,223,683	1,055,921	1,088,185	32,264	26%	25%
Total Revenues	90,908,016	22,727,004	23,389,713	662,709	26%	26%
EXPENSES						
Certificated Salaries and Benefits	48,977,311	12,244,328	11,245,906	998,422	23%	24%
Non-Certificated Salaries and Benefits	17,655,901	4,413,975	4,618,400	-204,425	26%	26%
Sub-Total	66,633,212	16,658,303	15,864,306	793,997	24%	25%
Supplies and Services	21,109,021	5,277,255	6,677,225	-1,399,969	32%	30%
Amortization	5,915,616	1,478,904	1,458,595	20,309	25%	25%
Interest Charges	32,065	8,016	10,663	-2,647	33%	25%
Total Expenses	93,689,914	23,422,479	24,010,788	-588,310	26%	26%
Surplus/(Deficit)	-2,781,898	-695,475	-621,075			
POSITIVE/(NEGATIVE) BUDGET VARIANCE				74,399		

Notes: Overall, a deficit of \$-621K for the first quarter is due primarily to the recording of insurance expense for the entire year in this quarter. Approximately \$700K of insurance expense covers Q2 through to Q4.

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

The overall **-\$621K** year-to-date **excess of expenses over revenues**, along with the small 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:

2021-22	Alberta Education non-monthly Grant Revenues Received in Q1		
	Name of Grant	Amount Received	% of Grant Received
	Alberta School Council Engagement Grant	\$ 8,500	100%
	Conditional Grant Classroom Piloting	\$ 40,433	33%
	French Language Grant	\$ 9,551	100%
	School Nutrition Grant	\$ 68,723	25%
	Supernet Grant	\$ 52,779	25%
	Learning Disruption	\$ 171,010	100%
Total		\$ 350,955	

- Revenues from Alberta Education, as per above, have contributed to the overall revenue variance by \$+152K (\$351K less a 3-month calculated equivalent of \$199K), 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	\$1,302,450
SGF Expenses	<u>\$1,082,092</u>
Unexpended	\$ 220,356

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 1st quarter were **\$11,245,906** (23% of a \$48.9M budget) which is less than what the budget would permit by the 1st 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.

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

Non-Certificated Salaries and Benefits

Total Non-Certificated Salaries and Benefits for the 1st quarter were **\$4,618,400** (26% of a \$17.6M budget) which is somewhat 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 overall labour variance is positive (+794K) for the first quarter and will fluctuate over the next three quarters. Because administrators tend to wait until enrollment numbers are finalized before hiring in the fall in addition to payroll costs trending lower over the summer months, we anticipate this cost to balance itself at year-end.

Supplies and Services

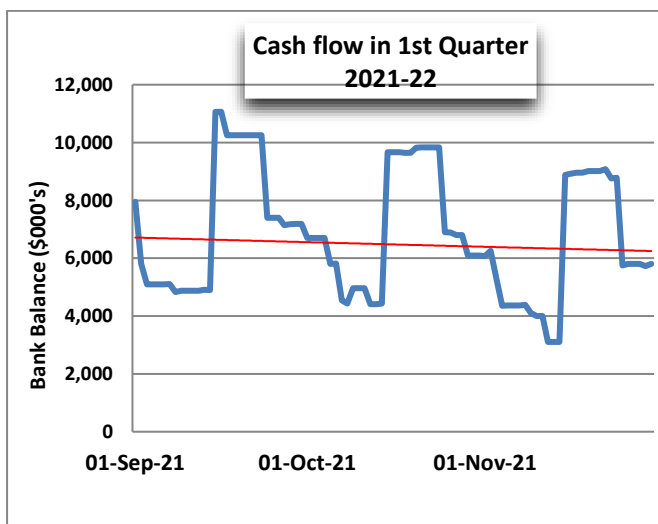
Supplies and services year-to-date are **\$6,677,225** (32% of \$21.1M budget). Typically, many of these costs occur over a 10-month school year and not the 12-month fiscal year, resulting in higher costs in the first 3 quarters and lower costs in the 4th quarter. Department managers will continue to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

- *Overall, supply costs year-to-date at November 30th are higher compared to the same time period last year due primarily because this year the entire annual insurance expense was posted in Q1 while in the prior year, the insurance was not posted until Q2.*

III AVERAGE SOURCE AND USE OF CASH

A. Approximate average monthly cash flow values as at November 30, 2021:

Statement of Monthly Cash Flow	
Grants/Fees	6,490,000.00
Account Receivable	195,000.00
Total Cash In	6,685,000.00
Accounts Payable	3,175,000.00
Payroll	3,950,000.00
Total Cash Out	7,125,000.00



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, 2021, **\$10.75M** of the cash balance has been invested into 12-18 month GIC's to obtain more favourable investment returns, of which \$3.25M are cashable within 90 days.

Currently, we are utilizing the services of an Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As at November 30th, we had **\$10.75M** invested in GIC's with maturing dates ranging from February 5th, 2022 to May 23rd, 2023, earning yields ranging from 0.80% - 1.90%.

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 – NOVEMBER 30, 2021

A.

Revenue and Expenses by Envelope									
From September 1, 2021 - November 30, 2021									
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		15,092,523.87	1,652,996.02	1,064,145.51	697,562.00	0.00	18,507,227.40	25%	25%
OTHER - GOVERNMENT OF ALBERTA		239,732.50	0.00	0.00	0.00	0.00	239,732.50	161%	100%
FEDERAL GOV'T AND/OR FIRST NATIONS		372,706.44	62,499.99	0.00	0.00	0.00	435,206.43	29%	25%
ALBERTA MUNICIPALITIES/SCHOOL AUTH.		0.00	0.00	0.00	0.00	0.00	0.00	0%	0%
INSTRUCTIONAL RESOURCE FEES		18,200.00		0.00	0.00	0.00	18,200.00	182%	25%
FEES	484,734.27	0.00				1,501,974.56	1,986,708.83	28%	25%
FUNDRAISING REVENUES -SGF	63,767.07					0.00	63,767.07	22%	25%
OTHER SALES AND SERVICES	614,136.66	-15,006.53	0.00	74,377.08	0.00	55,371.42	728,878.63	22%	25%
INVESTMENT INCOME	0.00	0.00		0.00	4,608.96	0.00	4,608.96	5%	25%
GIFTS AND DONATIONS -SGF	139,812.40	9,311.03	0.00	0.00	0.00	0.00	149,123.43	41%	25%
RENTAL OF FACILITIES		1,200.00	20,478.64	0.00	0.00	4,000.00	25,678.64	23%	25%
OTHER REVENUES		33,000.00	300.00	6,480.00	102,615.96	0.00	142,395.96	34%	30%
AMORTIZATION OF CAPITAL ALLOCATIONS		87,021.90	1,001,163.13	0.00	0.00	0.00	1,088,185.03	26%	25%
TOTAL REVENUES	1,302,450.40	15,838,689.21	2,737,437.78	1,145,002.59	804,786.92	1,561,345.98	23,389,712.88	26%	25%
EXPENDITURES									
CERTIFICATED SALARIES		9,157,489.32	0.00	0.00	151,412.01	65,645.97	9,374,547.30	23%	25%
CERTIFICATED BENEFITS		1,848,053.78	0.00	0.00	17,791.92	5,512.83	1,871,358.53	21%	25%
NON-CERTIFICATED SALARIES & WAGES		2,141,018.25	515,551.30	477,027.88	307,587.09	293,984.43	3,735,168.95	26%	26%
NON-CERTIFICATED BENEFITS		568,011.06	132,163.70	49,160.58	69,678.10	64,217.72	883,231.16	25%	26%
SERVICE, CONTRACTS AND SUPPLIES	1,082,092.23	2,167,856.01	1,475,763.59	538,152.96	247,926.56	1,165,433.20	6,677,224.55	33%	25%
AMORTIZATION		121,952.01	1,062,281.80	171,424.64	64,369.80	38,566.75	1,458,595.00	25%	25%
INTEREST / BANK CHARGES		97.93	0.00	0.00	3,750.00	6,814.82	10,662.75	11%	25%
TOTAL EXPENSES	1,082,092.23	16,004,478.36	3,185,760.39	1,235,766.06	862,515.48	1,640,175.72	24,010,788.24	27%	26%
POSITIVE/-NEGATIVE VARIANCE TO DATE	220,358.17	-165,789.15	-448,322.61	-90,763.47	-57,728.56	-78,829.74	-621,075.36		
ECS -Grade 12 labor cost analysis									
	2020-21 Q1	2021-22 Q1	change						
CERTIFICATED SALARIES	9,131,894	9,157,489	25,595	0.3%					
CERTIFICATED BENEFITS	1,857,338	1,848,054	-9,284	-0.5%					
NON-CERTIFICATED SALARIES & WAGES	1,928,342	2,141,018	212,676	11.0%					
NON-CERTIFICATED BENEFITS	557,947	568,011	10,064	1.8%					
	13,475,521	13,714,572	239,051	1.8%					

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 **-\$448K** at the end of the 1st quarter, when taken with the full annual insurance expense recognized in this quarter (\$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 - November 2021					
Revenues	Total Budget	YTD Actuals	Budget	% Budget	Management
	Yr 2021/2022	Yr 2021/2022	Remaining	Used	Benchmark %
Alberta Education	6,488,973.00	1,652,996.02	4,835,976.98	25%	25%
Other Revenues	1,099,180.00	83,278.63	1,015,901.37	8%	25%
Amortization	4,223,683.00	1,001,163.13	3,222,519.87	24%	25%
Total Revenues	11,811,836.00	2,737,437.78	9,074,398.22	23%	25%
EXPENSES					
Non-Certificated Salaries and Benefits	2,640,061.00	647,715.00	1,992,346.00	25%	25%
Sub-Total	2,640,061.00	647,715.00	1,992,346.00	25%	25%
Supplies and Services	4,711,097.00	1,475,763.59	3,235,333.41	31%	25%
Amortization	4,460,678.00	1,062,281.80	3,398,396.20	24%	25%
Total Expenses	11,811,836.00	3,185,760.39	8,626,075.61	27%	25%
POSITIVE/(NEGATIVE) VARIANCE	0.00	-448,322.61			
	Current Q1	Prior Year Q1			
YTD Actuals breakdown	YTD @ Nov. 30, 2021	YTD @ Nov. 30, 2020	% increase		
NON-CERTIFICATED SALARIES & WAGES	515,551.30	505,009.55	2.1%		
NON-CERTIFICATED BENEFITS	132,163.70	121,944.70	8.4%		
TOTAL LABOUR EXPENSE	647,715.00	626,954.25	3.3%		
SERVICE, CONTRACTS AND SUPPLIES	1,475,763.59	991,091.94	48.9%		
INTEREST CHARGES	-	-			
AMORTIZATION	1,062,281.80	1,056,009.22	0.6%		
TOTAL SERVICE & SUPPLIES	2,538,045.39	2,047,101.16	24.0%		
TOTAL EXPENSES	3,185,760.39	2,674,055.41	19.1%		

The deficit is due to the recording of the full year's insurance expense in Q1. Approximately, \$700K of insurance expense relates to Q2 through Q4.

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

3. Transportation

Golden Hills School Division					
Statement of Revenue and Expenses - Comparison to Budget					
Transportation					
Period - September 1, 2021 - November 30, 2021					
Revenues	Total 2021-22 Budget	YTD Actuals	Budget Remaining	% Budget Used	Management Benchmark %
Alberta Education	4,258,285	1,064,146	3,194,139	25.0%	25.0%
Other Revenues	57,548	80,857	-23,309	140.5%	50.0%
Total Revenues	4,315,833	1,145,003	3,170,830	26.5%	26.0%
EXPENSES					
Non-Certificated Salaries and Benefits	1,894,548	526,188	1,368,360	27.8%	28.0%
Sub-Total	1,894,548	526,188	1,368,360	27.8%	28.0%
Services and Supplies	1,735,989	538,153	1,197,836	31.0%	27.0%
Amortization	685,296	171,425	513,871	25.0%	25.0%
Total Expenses	4,315,833	1,235,766	3,080,067	28.6%	27.0%
POSITIVE/(NEGATIVE) VARIANCE	0	-90,763			
Variations in Services and Supplies	Budget	Actual	% of Budget Used	Management Benchmark %	
Contracted Bus Services	81,000.00	40,169.31	50%	30%	
Fuel	720,000.00	160,697.04	22%	30%	
Other supplies & services	934,989.00	337,286.61	36%	25%	
Total	1,735,989.00	538,152.96	31%	27%	

a. For the first quarter, a negative YTD variance of **-\$90K** 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.

It is anticipated there will be a balanced budget in transportation, at year-end. 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.

Overall System administration currently has a negative variance of **-\$57K** for the first quarter. It is anticipated that this will reach 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**:

<i>SUMMARY STATEMENT OF REVENUES AND EXPENSES</i>						
<i>BOARD OF TRUSTEES</i>						
<i>BUDGET vs. ACTUAL</i>						
<i>FOR THE PERIOD OF SEPTEMBER 1, 2021 TO NOVEMBER 30, 2021</i>						
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	45,806.40	155,893.60	23%	
Trustee Travel & Supplies		72,500.00	13,748.40	58,751.60	19%	
TOTAL EXPENSES		\$ 274,200.00	\$ 59,554.80	\$ 214,645.20	22%	

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

5. External Services

For the first quarter, External Services has a negative variance of -\$79K, 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 recognition of **\$1,558,064** of **ISS tuition fees** revenue, of which **\$1,253,571** 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 higher costs, 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.