

The Golden Hills School Division



# 2nd Quarterly Report – 2021-22

September 2021 – February 2022

Prepared by the Finance Department for the April 26, 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 **February 28, 2022**, representing the first **six** months of the fiscal year. As there are six (6) months expended in the 2<sup>nd</sup> quarter, the normal benchmark for comparison is 50% (6/12 months); however, for some categories 60% (6/10 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 - February 28, 2022						
	Annual 2021/22 Annual Budget submitted May 25, 2021	Prorated Budget (50%) for Q2	YTD Actuals 2021/2022 -Q2	YTD Budget Variance-Q2	% Budget Rec'd/Used	Management Benchmark %
<b>Revenues</b>						
Alberta Education/Infrastructure	74,368,568	37,184,284	37,558,357	374,073	51%	50%
Federal Government and/or First Nations	1,526,050	763,025	834,555	71,530	55%	55%
Other Government of Alberta	149,200	74,600	15,000	-59,600	10%	50%
Fees	6,793,537	3,396,769	4,190,452	793,683	62%	60%
Other Revenues	3,846,978	1,923,489	<b>2,266,000</b>	342,511	59%	50%
Amortization	4,223,683	2,111,842	2,195,573	83,731	52%	50%
<b>Total Revenues</b>	<b>90,908,016</b>	<b>45,454,008</b>	<b>47,059,936</b>	<b>1,605,928</b>	<b>52%</b>	<b>52%</b>
<b>EXPENSES</b>						
Certificated Salaries and Benefits	48,977,311	24,488,656	23,088,386	1,400,270	47%	50%
Non-Certificated Salaries and Benefits	17,655,901	8,827,951	9,346,465	-518,515	53%	53%
<b>Sub-Total</b>	<b>66,633,212</b>	<b>33,316,606</b>	<b>32,434,851</b>	<b>881,755</b>	<b>49%</b>	<b>52%</b>
Supplies and Services	21,109,021	10,554,511	11,246,405	-691,894	53%	50%
Amortization	5,915,616	2,957,808	2,940,916	16,892	50%	50%
Interest Charges	32,065	16,033	19,549	-3,517	61%	50%
<b>Total Expenses</b>	<b>93,689,914</b>	<b>46,844,957</b>	<b>46,641,721</b>	<b>203,236</b>	<b>50%</b>	<b>52%</b>
<b>Surplus/(Deficit)</b>	<b>-2,781,898</b>	<b>-1,390,949</b>	<b>418,215</b>			
<b>POSITIVE/(NEGATIVE) BUDGET VARIANCE</b>				<b>1,809,164</b>		

*Notes: Overall, a surplus of \$418K for the second 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 **\$418K** 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:

2021-22	Alberta Education non-monthly Grant Revenue Received in Q2		
	Name of Grant	Amount Recieved	% of Grant Received
	Alberta School Council Engagement Grant	\$ 8,500.00	100%
	Conditional Grant Classroom Piloting	\$ 80,866.00	67%
	French Language Grant	\$ 9,550.83	100%
	Learning Disruption	\$ 171,010.00	100%
	School Nutrition Grant	\$ 137,500.00	50%
	Supernet Grant	\$ 105,600.00	50%
	<b>Total</b>	<b>\$ 513,027</b>	

- Revenues from Alberta Education, as per above, have contributed to the overall revenue variance by \$+115K (\$513K less a 6-month calculated equivalent of \$398K), primarily due to certain grants being received in lump amounts covering more than 6 months of revenues.
- Included in the second quarters' operations are the following:

SGF Revenues	\$2,445,939
SGF Expenses	<u>\$2,052,814</u>
Unexpended	\$ 393,125

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 2<sup>nd</sup> quarter were **\$23,088,386** (47% of a \$48.9M budget) which is less than what the budget would permit by the 2<sup>nd</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 occurs throughout the 1<sup>st</sup> 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 2<sup>nd</sup> quarter were **\$9,346,465** (53% of a \$17.6M budget) which is 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 (+881K) for the first 2 quarters and will fluctuate over the next two 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**

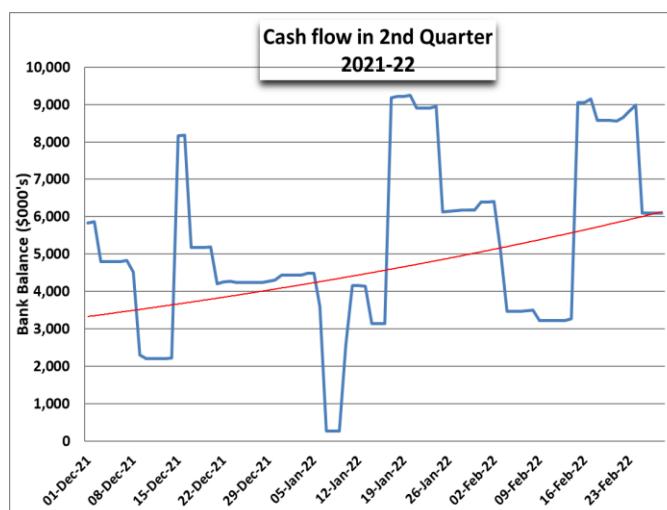
Supplies and services year-to-date are **\$11,246,405** (53% of \$21.1M budget). Typically, many of these costs occur over a 10-month school year and not the 12-month fiscal year, resulting in higher costs in the first 3 quarters and lower costs in the 4<sup>th</sup> quarter. Department managers will continue to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

- *Overall, supply costs year-to-date at February 28<sup>th</sup> 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 CA

A. Approximate average monthly cash flow values as at February 28, 2022:

Statement of Monthly Cash Flow	
Grants/Fees	6,590,000.00
Account Receivable	175,000.00
<b>Total Cash In</b>	<b>6,765,000.00</b>
Accounts Payable	2,750,000.00
Payroll	3,950,000.00
<b>Total Cash Out</b>	<b>6,700,000.00</b>



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 February 28, 2022 **\$12.0M** of the cash balance has been invested into 12-18 month GIC's to obtain more favourable investment returns, of which \$1.0M are cashable within 90 days.

Currently, we are utilizing the services of an Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As at February 28<sup>th</sup>, we had **\$12.0M** invested in GIC's with maturing dates ranging from April 19<sup>th</sup>, 2022 to May 23<sup>rd</sup>, 2023, earning yields ranging from 1.15% - 1.90%. Rates for 1YR fixed are now available for 2.45% 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 - FEBRUARY 28, 2022

### A.

Revenue and Expenses by Envelope									
From September 1, 2021 - February 28, 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		30,700,968.81	3,332,562.94	2,129,142.68	1,395,682.29	0.00	37,558,356.72	51%	50%
OTHER - GOVERNMENT OF ALBERTA		15,000.00	0.00	0.00	0.00	0.00	15,000.00	10%	50%
FEDERAL GOV'T AND/OR FIRST NATIONS		684,555.33	150,000.00	0.00	0.00	0.00	834,555.33	55%	50%
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%	50%
FEES	814,543.53	20,510.00				3,355,398.10	4,190,451.63	59%	60%
FUNDRAISING REVENUES -SGF	111,156.26					0.00	111,156.26	38%	50%
OTHER SALES AND SERVICES	1,373,547.20	534,509.97	0.00	75,907.21	0.00	-424,071.58	1,559,892.80	47%	50%
INVESTMENT INCOME	0.00	0.00		0.00	71,570.34	0.00	71,570.34	75%	50%
GIFTS AND DONATIONS -SGF	146,692.40	48,298.89	0.00	0.00	0.00	0.00	194,991.29	54%	50%
RENTAL OF FACILITIES		1,200.00	54,320.24	0.00	0.00	6,000.00	61,520.24	56%	50%
OTHER REVENUES		38,562.50	103,444.97	7,927.95	116,933.55	0.00	266,868.97	63%	50%
AMORTIZATION OF CAPITAL ALLOCATIONS		197,364.96	1,998,207.54	0.00	0.00	0.00	2,195,572.50	52%	50%
<b>TOTAL REVENUES</b>	<b>2,445,939.39</b>	<b>32,240,970.46</b>	<b>5,638,535.69</b>	<b>2,212,977.84</b>	<b>1,584,186.18</b>	<b>2,937,326.52</b>	<b>47,059,936.08</b>	<b>52%</b>	<b>52%</b>
<b>EXPENDITURES</b>									
CERTIFICATED SALARIES		18,485,310.92	0.00	0.00	302,824.02	130,413.74	18,918,548.68	47%	50%
CERTIFICATED BENEFITS		4,119,581.74	0.00	0.00	36,516.67	13,738.63	4,169,837.04	46%	50%
NON-CERTIFICATED SALARIES & WAGES		4,370,613.72	1,011,560.99	971,809.78	623,745.40	565,262.79	7,542,992.68	53%	53%
NON-CERTIFICATED BENEFITS		1,170,882.62	259,940.63	101,319.79	142,872.77	128,456.82	1,803,472.63	51%	53%
SERVICE, CONTRACTS AND SUPPLIES	2,052,814.42	3,129,309.69	2,646,067.77	1,051,497.50	430,357.99	1,936,357.39	11,246,404.76	56%	50%
AMORTIZATION		267,702.78	2,122,870.86	342,672.60	128,810.52	78,859.12	2,940,915.88	50%	50%
INTEREST / BANK CHARGES		340.31	0.00	0.00	6,000.00	13,209.00	19,549.31	21%	50%
<b>TOTAL EXPENSES</b>	<b>2,052,814.42</b>	<b>31,543,741.78</b>	<b>6,040,440.25</b>	<b>2,467,299.67</b>	<b>1,671,127.37</b>	<b>2,866,297.49</b>	<b>46,641,720.98</b>	<b>52%</b>	<b>52%</b>
<b>POSITIVE/-NEGATIVE VARIANCE TO DATE</b>	<b>393,124.97</b>	<b>697,228.68</b>	<b>-401,904.56</b>	<b>-254,321.83</b>	<b>-86,941.19</b>	<b>71,029.03</b>	<b>418,215.10</b>		
<b>ECS -Grade 12 labor cost analysis</b>									
	2020-21 Q2	2021-22 Q2	change						
CERTIFICATED SALARIES	18,460,932	18,485,311	24,379	0.1%					
CERTIFICATED BENEFITS	4,086,934	4,119,582	32,648	0.8%					
NON-CERTIFICATED SALARIES & WAGES	3,855,276	4,370,614	515,338	13.4%					
NON-CERTIFICATED BENEFITS	1,083,544	1,170,883	87,339	8.1%					
	27,486,686	28,146,389	659,703	2.4%					

### 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 **\$-402K** at the end of the 2<sup>nd</sup> 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 - February 2022					
Revenues	Total Budget	YTD Actuals	Budget	% Budget	Management
	Yr 2021/2022	Yr 2021/2022	Remaining	Used	Benchmark %
Alberta Education	6,488,973.00	3,332,562.94	3,156,410.06	51%	50%
Other Revenues	1,099,180.00	307,765.21	791,414.79	28%	50%
Amortization	4,223,683.00	1,998,207.54	2,225,475.46	47%	50%
<b>Total Revenues</b>	<b>11,811,836.00</b>	<b>5,638,535.69</b>	<b>6,173,300.31</b>	<b>48%</b>	<b>50%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	2,640,061.00	1,271,501.62	1,368,559.38	48%	50%
<b>Sub-Total</b>	<b>2,640,061.00</b>	<b>1,271,501.62</b>	<b>1,368,559.38</b>	<b>48%</b>	<b>50%</b>
Supplies and Services	4,711,097.00	2,646,067.77	2,065,029.23	56%	55%
Amortization	4,460,678.00	2,122,870.86	2,337,807.14	48%	50%
<b>Total Expenses</b>	<b>11,811,836.00</b>	<b>6,040,440.25</b>	<b>5,771,395.75</b>	<b>51%</b>	<b>51%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>0.00</b>	<b>-401,904.56</b>			
	<b>Current Q2</b>	<b>Prior Year Q2</b>			
<b>YTD Actuals breakdown</b>	<b>YTD @ Feb 28, 2022</b>	<b>YTD @ Feb. 28, 2021</b>	<b>% increase</b>		
NON-CERTIFICATED SALARIES & WAGES	1,011,560.99	1,000,937.28	1.1%		
NON-CERTIFICATED BENEFITS	259,940.63	244,037.86	6.5%		
TOTAL LABOUR EXPENSE	<b>1,271,501.62</b>	<b>1,244,975.14</b>	2.1%		
SERVICE, CONTRACTS AND SUPPLIES	2,646,067.77	2,485,534.58	6.5%		
INTEREST CHARGES	-	-			
AMORTIZATION	2,122,870.86	2,126,531.12	-0.2%		
TOTAL SERVICE & SUPPLIES	4,768,938.63	4,612,065.70	3.4%		
<b>TOTAL EXPENSES</b>	<b>6,040,440.25</b>	<b>5,857,040.84</b>	3.1%		

*The deficit is due to the recording of the full year's insurance expense in Q1. Approximately, \$467K of insurance expense relates to Q3 and Q4.*

*Overall, with continued monitoring of expenses over the next 2 quarters, 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 - February 28, 2022					
Revenues	Total 2021-22 Budget	YTD Actuals	Budget Remaining	% Budget Used	Management Benchmark %
Alberta Education	4,258,285	2,129,143	2,129,142	50.0%	50.0%
Other Revenues	57,548	83,835	-26,287	145.7%	50.0%
<b>Total Revenues</b>	<b>4,315,833</b>	<b>2,212,978</b>	<b>2,102,855</b>	<b>51.3%</b>	<b>50.0%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	1,894,548	1,073,130	821,418	56.6%	56.0%
<b>Sub-Total</b>	<b>1,894,548</b>	<b>1,073,130</b>	<b>821,418</b>	<b>56.6%</b>	<b>56.0%</b>
Services and Supplies	1,735,989	1,051,498	684,492	60.6%	58.0%
Amortization	685,296	342,673	342,623	50.0%	50.0%
<b>Total Expenses</b>	<b>4,315,833</b>	<b>2,467,300</b>	<b>1,848,533</b>	<b>57.2%</b>	<b>56.0%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>0</b>	<b>-254,322</b>			
<b>Variations in Services and Supplies</b>	<b>Budget</b>	<b>Actual</b>	<b>% of Budget Used</b>	<b>Management Benchmark %</b>	
Contracted Bus Services	81,000.00	63,009.10	78%	60%	
Fuel	720,000.00	396,794.60	55%	60%	
Other supplies & services	934,989.00	591,693.80	63%	55%	
Total	1,735,989.00	1,051,497.50	61%	57%	

a. For the second quarter, a negative YTD variance of **\$-254K** 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 2 quarters, we anticipate Transportation to meet 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 negative YTD variance of **-\$86K** for the second 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 FEBRUARY 28, 2022</i>					
Expense	ANNUAL BUDGET	YTD ACTUALS	BUDGET REMAINING	% BUDGET USED	
Budgeted Revenues	274,200.00	274,200.00	-	100%	
<b>TOTAL REVENUES</b>	<b>\$ 274,200.00</b>	<b>\$ 274,200.00</b>	<b>\$ -</b>	<b>100%</b>	
Trustee Earnings and Benefits	201,700.00	95,870.86	105,829.14	48%	
Trustee Travel & Supplies	72,500.00	21,979.08	50,520.92	30%	
<b>TOTAL EXPENSES</b>	<b>\$ 274,200.00</b>	<b>\$ 117,849.94</b>	<b>\$ 156,350.06</b>	<b>43%</b>	

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

#### 5. External Services

For the **2<sup>nd</sup> quarter**, External Services has a positive variance of **+\$71K**, 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 **\$3,355,398** of **ISS tuition fees** revenue, of which \$2,328,060 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.*