



*Powering Hope and Possibilities*



# 2nd Quarterly Report 2023

For the six months from September 2022 to February 2023

Prepared by the Finance Department for the April 27, 2023 Board Meeting

## I BUDGET BENCHMARKS

The second quarterly financial report lists revenues and expenditures recorded to **February 28, 2023**, representing the first **six** months of the fiscal year. As there are six (6) months expended in Q2, the normal benchmark for comparison is 50% (6/12 months). For some categories 60% (6/10 months) is used to reflect expenses incurred only during the instructional months. Lastly, for some fees a benchmark of 70% is used based on historical averages these amounts which are weighted more heavily to the first months of the year.

The **Fall 2022-23 Budget** was internally prepared by GHSD and all budget points referenced in this report are from this Fall 2022-23 budget.

## II ACTUALS AND COMPARISON TO BUDGET

A

**Golden Hills School Division**  
**Statement of Revenue and Expenses**  
**Budget vs. Actual Variance**  
**Period - September 1, 2022 - February 28, 2023**

Revenues	Annual Budget 2022/2023	Q2 Prorated Budget	YTD Actuals	YTD Budget Variance-Q2	% Budget	Benchmark %
Alberta Education/Infrastructure	74,962,336	37,481,168	37,732,788	251,620	50%	50%
Federal government and/or First Nations	1,526,050	915,630	883,696	-31,934	58%	60%
Fees	1,400,000	980,000	1,139,494	159,494	81%	70%
Other revenues	9,739,391	6,817,574	8,431,270	1,613,696	87%	70%
Amortization	4,223,683	2,111,842	2,219,760	107,919	53%	50%
<b>Total revenues</b>	<b>91,851,460</b>	<b>48,306,213</b>	<b>50,407,008</b>	<b>2,100,795</b>	<b>66%</b>	<b>60%</b>
<b>Expenses</b>						
Certificated salaries & benefits	49,061,029	24,530,515	24,089,183	441,332	49%	50%
Non-certificated Salaries & benefits	18,299,795	10,064,887	10,020,281	44,606	55%	55%
<b>Sub-Total</b>	<b>67,360,824</b>	<b>34,595,402</b>	<b>34,109,464</b>	<b>485,938</b>	<b>52%</b>	<b>53%</b>
Supplies and services	21,525,615	12,915,369	12,683,896	231,473	59%	60%
Amortization	5,729,065	2,864,533	2,913,936	-49,404	51%	50%
Interest charges	23,239	11,620	4,440	7,180	19%	50%
<b>Total expenses</b>	<b>94,638,743</b>	<b>50,386,923</b>	<b>49,711,736</b>	<b>675,187</b>	<b>43%</b>	<b>53%</b>
<b>Surplus/(Deficit)</b>	<b>-2,787,283</b>	<b>-2,080,710</b>	<b>695,272</b>	<b>2,775,982</b>		

*The surplus of \$695K for the second quarter is due to higher than expected other revenues, which includes SGF funds collected by schools and an increase in enrolment of students in International Student Services. Golden Hills also received additional funding from Alberta Education which were not included in original budget.*

*Supplies and services are expected to increase in tandem with SGF and ISS revenue increases, but typically lag behind revenue recognition. We anticipate these amounts to increase in Q3*

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

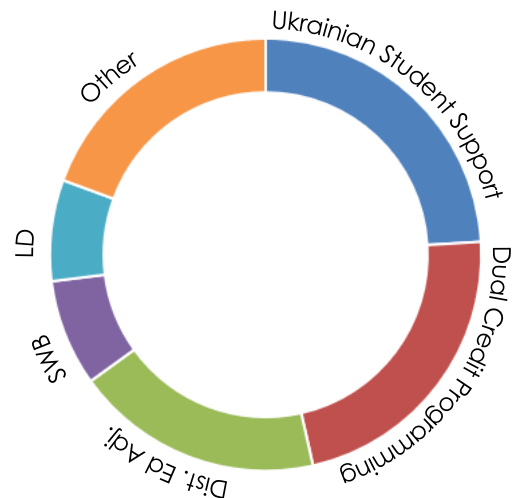
The **\$695K** year-to-date **surplus of revenues over expenses** is due, in part, to when payments are received. Revenues weighted heavily to Q1-Q2 include:

- Additional payments from Alberta Education
- SGF net revenue
- International student fees

In these categories, revenue payments are received in advance of expenses. We expect surpluses in the above categories to decrease in Q4 as the full years’ expenses are incurred. SGF fees are collected on a cost recovery basis. Surpluses do not constitute net revenue, rather excess cash represents deferred revenue when programs span over multiple periods.

- **Additional Payments from Alberta Education** are 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:

<b>Additional Payments Received Q2</b>	<b>Amount Received</b>
Ukrainian Student Support	148,500
Dual Credit Programming	138,475
Distant Ed 2021-22 Adjustment	114,750
Student Well Being Mental Health	49,250
Learning Disruption	46,708
Other Alberta Ed payments	119,790
	<u>617,473</u>



- **School Generated Funds** Included in the Q2 operations are as follows:

<b>Category</b>	<b>SGF Expenses - Q2</b>	
	<b>Current year</b>	<b>Prior year</b>
Trips	203,020	86,925
Cafeteria/Lunch Program	222,172	167,078
FT Kindergarten	56,203	93,742
Athletics	549,870	381,555
Misc Fees/Exp	2,053,056	1,529,350
<b>Total</b>	<b>3,084,321</b>	<b>2,258,649</b>

The majority of SGF expenses are incurred in the second two quarters of the school year and represent cost recovery style programs for students.

**C NOTES ON COMPARISON TO BUDGET – EXPENSES****Certificated Salaries and Benefits**

Total certificated salaries and benefits for the Q2 were **\$24.1M** (49% of a \$49M budget) which is within the range of what the budget would permit by the 2<sup>nd</sup> quarter. Management typically expects some variation due to hiring of staff which occurs throughout Q1 rather than immediately on September 1<sup>st</sup>, which means labour costs can be lower than budgeted for at the start of the fiscal year.

***Notes: Overall, certificated salary and benefit costs are within the budgeted amounts, management does not expect any significant variances in the subsequent 2023 quarters.***

**Non-Certificated Salaries and Benefits**

Total non-certificated salaries and benefits for the Q2 were **\$10M** (55% of an \$18.3M budget) which is higher than the pro-rated budget. 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 of the fiscal year.

***Enrolment fluctuations in the fall may require staffing adjustments. As a result the budgeted amounts are often higher in the first two quarters and balance out by the end of the year. Also, payroll costs trend lower over the summer months: we anticipate some fluctuation in quarterly labour costs, but that the annual totals will balance out at year-end.***

**Supplies and Services**

Supplies and services year-to-date are **\$12.7M** (59% of \$21.5M 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 28th are 1% lower compared to the Q2 benchmark.***

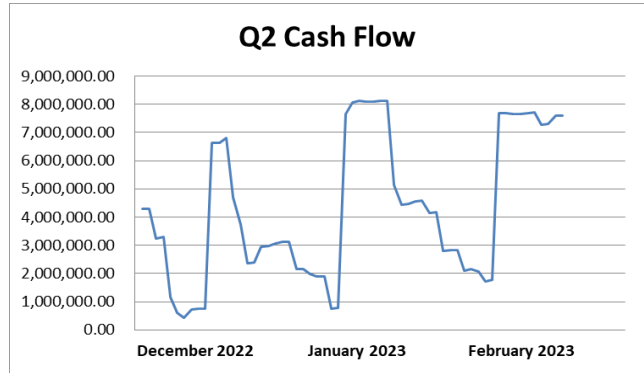
***Because supplies and services are variable expenses, this amount has increased as SGF and ISS revenues have rebounded.***

**III AVERAGE SOURCE AND USE OF CASH**

**A APPROXIMATE AVERAGE MONTHLY CASH FLOW VALUES**

**Monthly Cash Flow - February**

Grants	6,339,608
GIC maturals	500,000
<b>Total Cash In</b>	<b>6,339,608</b>
Accounts Payable	1,731,680
Payroll	5,560,298
<b>Total Cash Out</b>	<b>7,291,978</b>



Included in the grants and accounts payable totals are monthly operating grants and one-time expenses for capital projects.

**B GOLDEN HILLS IS CURRENTLY IN A POSITIVE CASH POSITION.**

As of February 28, 2023, **\$11.5M** of the cash balance has been invested into GIC's with maturing dates ranging from March 31<sup>st</sup>, 2023 to Dec 23<sup>rd</sup>, 2023, earning yields ranging from 1.6% - 5.0%. Of these investments, \$2.25M are cashable within 90 days.

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*2022 was marked by the Bank of Canada's aggressive interest rate hikes. Golden Hills School Division was able to benefit from these increases and locked in investments into 1 year and longer fixed term GICs. The School Division also timed some investments during the peak of the interest rate market, locking in funds that are yielding above 5% which we believe will look attractive in your portfolio in a year's time. We have since seen declines in longer term investment options and are slowly seeing declines in short term rates. Economists are predicting that we have reached an interest rate peak. Should Golden Hills School Division have additional funds to invest and as current investments mature, we recommend continuing to monitor your cash flow and lock in funds as long as possible before we see interest rates decline further.*

*-Erika Salvino, Canaccord Genuity Corp.*

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## IV REVENUE AND EXPENSES BY ENVELOPE

## A

**Golden Hills School Division**  
**Revenue and Expenses by Envelope**  
**From September 1, 2022 - February 28, 2023**

	SGF	ECS -Grade 12	Operations and Maintenance	Transportation	Board and System Admin	External Services	Total	% Budget	Benchmark %
<b>Revenue</b>									
Alberta Education/ Infrastructure	-	30,652,101	3,285,694	2,399,311	1,395,682	-	37,732,788	50%	50%
Federal Gov't/First Nations	-	750,293	133,403	-	-	-	883,696	58%	50%
Instructional resource fees	-	40,155	-	-	-	-	40,155	402%	50%
Fees	1,069,339	30,000	-	-	-	-	1,099,339	79%	50%
Fundraising revenues -SGF	158,384	-	-	-	-	-	158,384	79%	50%
Other sales & services	2,210,332	744,514	400	35,459	-	4,528,220	7,518,925	87%	50%
Investment Income	-	-	-	-	201,184	-	201,184	100%	50%
Gifts & donations -SGF	102,798	17,480	-	-	-	-	120,278	46%	50%
Rental of facilities	-	1,200	61,726	-	-	4,000	66,926	67%	50%
Gain on disposal of Capital assets	-	-	100	1,979	-	-	2,079	100%	50%
Other revenues	-	244,066	-	-	119,428	-	363,494	70%	60%
Amortization of capital allocations	-	221,970	1,997,790	-	-	-	2,219,760	53%	50%
<b>Total revenues</b>	<b>3,540,853</b>	<b>32,701,779</b>	<b>5,479,113</b>	<b>2,436,749</b>	<b>1,716,294</b>	<b>4,532,220</b>	<b>50,407,008</b>	<b>69%</b>	<b>51%</b>

<b>Expenditures</b>									
Certificated salaries & wages	-	19,267,627	-	-	313,236	155,527	19,736,390	50%	50%
Certificated benefits	-	4,303,047	-	-	34,773	14,973	4,352,793	47%	50%
Non-certificated salaries & wages	-	4,748,166	1,070,214	1,035,475	711,816	463,320	8,028,991	55%	50%
Non-certificated benefits	-	1,350,132	276,112	110,493	162,657	91,896	1,991,290	56%	50%
Service, contracts and supplies	3,084,321	3,463,239	2,375,175	959,996	371,526	2,429,639	12,683,896	59%	50%
Amortization	-	265,114	2,109,568	337,274	125,194	76,786	2,913,936	50%	50%
Interest/bank charges	-	254	370	-	50	3,766	4,440	19%	50%
<b>Total expenses</b>	<b>3,084,321</b>	<b>33,397,579</b>	<b>5,831,439</b>	<b>2,443,238</b>	<b>1,719,252</b>	<b>3,235,907</b>	<b>49,711,736</b>	<b>48%</b>	<b>50%</b>

<b>Positive/-Negative variance to date</b>	<b>456,532</b>	<b>(695,800)</b>	<b>(352,326)</b>	<b>(6,489)</b>	<b>(2,958)</b>	<b>1,296,313</b>	<b>695,272</b>
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ECS -Grade 12 labour cost analysis	2021-22 Q2	2022-23 Q2	\$ Change	% Change
Certificated salaries	18,485,311	19,267,627	782,316	4.2%
Certificated benefits	4,119,582	4,303,047	183,465	4.5%
Non-certificated salaries & wages	4,370,614	4,748,166	377,552	8.6%
Non-certificated benefits	1,170,883	1,350,132	179,249	15.3%
<b>Total ECS -Grade 12 labour cost</b>	<b>28,146,390</b>	<b>29,668,972</b>	<b>1,522,582</b>	<b>5.4%</b>

## B ANALYSIS OF REVENUE/EXPENSES BY ENVELOPE

## 1. INSTRUCTION

- School Generated Funds are allowable fees collected and held by individual schools and are associated with non-curricular supplies and travel as well as other fees to enhance education.

## 2. PLANT OPERATIONS AND MAINTENANCE (PO&amp;M)

Golden Hills School Division  
Statement of Revenue and Expenses - Comparison to Budget  
Plant Operations and Maintenance  
Period - September 2022 -February, 2023

	Annual Budget 2022/2023	Q2 Prorated Budget (50%)	Q2 Actuals 2022/2023	Budget \$ Remaining	Q2 % Budget	Q2 Benchmark
<b>Revenues</b>						
Alberta Education	6,658,692	3,329,346	3,285,694	3,372,998	49%	50%
Other revenues	575,000	287,500	195,629	379,371	34%	50%
Amortization	4,223,683	2,111,842	1,997,790	2,225,893	47%	50%
<b>Total revenues</b>	<b>11,457,375</b>	<b>5,728,688</b>	<b>5,479,113</b>	<b>5,978,262</b>	<b>44%</b>	<b>50%</b>
<b>Expenses</b>						
Non-certificated salaries & benefits	2,777,951	1,388,976	1,346,326	1,431,625	48%	50%
Supplies and services	4,858,391	2,429,196	2,375,545	2,482,846	49%	50%
Amortization	4,300,311	2,150,156	2,109,568	2,190,743	49%	50%
<b>Total expenses</b>	<b>11,936,653</b>	<b>5,968,327</b>	<b>5,831,439</b>	<b>6,105,214</b>	<b>49%</b>	<b>50%</b>
<b>Surplus/(deficit)</b>	<b>(479,278)</b>	<b>(239,639)</b>	<b>(352,326)</b>			

	Prior Year Q2	Current Year Q2	% Change
<b>Expenses</b>			
Non-certificated salaries & wages	1,000,937	1,070,214	6.9%
Non-certificated benefits	244,038	276,112	13.1%
<b>Total Labour expenses</b>	<b>1,244,975</b>	<b>1,346,326</b>	<b>8.1%</b>
Services, contracts & supplies	2,485,535	2,375,545	-4.4%
Amortization	2,126,531	2,109,568	-0.8%
<b>Total service &amp; supplies</b>	<b>4,612,066</b>	<b>4,485,113</b>	<b>-2.8%</b>
<b>Total expenses</b>	<b>5,857,041</b>	<b>5,831,439</b>	<b>-0.4%</b>

*The annualized bottom line agrees to the estimated budget for the year, with some small timing variations in revenue and spending. Management anticipates PO&M to meet its budget target at year-end.*

*Note: current year Q2 services, contracts, and supplies expenses have decreased compared to the prior year because of a change in how insurance expenses are recorded. Previously annual insurance premiums were recorded when paid. This year management adopted a practice of recording 25% of insurance premiums in each quarter to better reflect when those expenses were incurred.*

3. TRANSPORTATION

**Golden Hills School Division**  
**Statement of Revenue and Expenses - Comparison to Budget**  
**Transportation**  
**Period - September 2022 -February, 2023**

	Annual Budget 2022/2023	Q2 Prorated Budget (50%)	Q2 Actuals 2022/2023	Budget \$ Remaining	Q2 % Budget	Q2 Benchmark
<b>Revenues</b>						
Alberta Education	4,454,167	2,227,084	2,399,311	2,054,856	53.9%	50.0%
Other revenues	441,148	220,574	35,459	405,689	8.0%	50.0%
<b>Total revenues</b>	<b>4,895,315</b>	<b>2,447,658</b>	<b>2,434,770</b>	<b>2,460,545</b>	<b>49.7%</b>	<b>50.0%</b>
<b>Expenses</b>						
Non-certificated salaries & benefits	1,974,635	987,318	1,145,968	828,667	58.0%	50.0%
Contracted Bus Services	120,000	60,000	17,476	102,524	14.6%	50.0%
Fuel	900,000	450,000	184,783	715,217	20.5%	50.0%
Other Supplies and services	1,200,680	600,340	757,737	442,943	63.1%	50.0%
Amortization	700,000	350,000	337,274	362,726	48.2%	50.0%
<b>Total expenses</b>	<b>4,895,315</b>	<b>2,447,658</b>	<b>2,443,238</b>	<b>2,452,077</b>	<b>49.9%</b>	<b>50.0%</b>
<b>Surplus/(deficit)</b>	-	-	<b>(8,468)</b>			

	Prior Year Q2	Current Year Q2	% Change
<b>Expenses</b>			
Non-certificated salaries & benefits	971,810	1,035,475	6.6%
Non-certificated benefits	101,320	110,493	9.1%
<b>Total Labour expenses</b>	<b>1,073,130</b>	<b>1,145,968</b>	<b>6.8%</b>
Services, contracts & supplies	1,051,498	959,996	-8.7%
Amortization	342,673	337,274	-1.6%
<b>Total service &amp; supplies</b>	<b>1,394,171</b>	<b>1,297,270</b>	<b>-7.0%</b>
<b>Total expenses</b>	<b>2,467,301</b>	<b>2,443,238</b>	<b>-1.0%</b>

*Overall, with careful monitoring of expenses throughout the year, management anticipates Transportation to meet its budget target by year-end.*



**4. BOARD AND SYSTEM ADMINISTRATION**

Board and System Administration currently has a negative variance of **(\$3K)** for the two quarters. As anticipated, the expenses which were weighted more heavily in Q1 and created a deficit in that quarter are now more in line with expectations for Q2. No other unusual changes in budgeted to actual expenses have been experienced, it is anticipated that revenues and expenses will remain at a breakeven point to year end.

Note: Alberta Education makes a provision for a separate System Administration Targeted Grant. The 2.8K grant amount has remained static since 2019.

**Golden Hills School Division**  
**Statement of Revenue and Expenses - Comparison to Budget**  
**Board of Trustees**  
**Period - September 1, 2022 - February 30, 2023**

	Annual Budget	YTD Actuals	Budget Remaining	% Budget Used
<b>Revenues</b>				
Budgeted Revenues	274,200	274,200	-	100%
<b>Total revenues</b>	<b>274,200</b>	<b>274,200</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>				
Trustee Earnings and Benefits	201,700	94,450	107,250	47%
Trustee Travel & Supplies	72,500	35,611	36,889	49%
<b>Total expenses</b>	<b>274,200</b>	<b>130,061</b>	<b>144,139</b>	<b>47%</b>

*To date, Board expenses are in line with the range of projected expenditure amounts.*

## 5. EXTERNAL SERVICES

**Golden Hills School Division**  
**Statement of Revenue and Expenses - Current to Prior Year Comparison**  
**External Services**  
**Period - Q2 2023 vs Q2 2022**

	Q2 2023	Q2 2022	\$ Change	% Change
<b>Total revenues</b>	<b>4,532,220</b>	<b>2,361,879</b>	<b>2,170,341</b>	<b>92%</b>
<b>Expenditures</b>				
Certificated salaries & wages	155,527	108,532	46,995	43%
Certificated benefits	14,973	10,449	4,524	43%
Non-certificated salaries & wages	463,320	475,818	(12,498)	-3%
Non-certificated benefits	91,896	106,574	(14,678)	-14%
Service, contracts and supplies	2,429,639	1,665,292	764,347	46%
Amortization	76,786	73,426	3,360	5%
Interest/bank charges	3,766	3,501	265	8%
<b>Total expenses</b>	<b>3,235,907</b>	<b>2,443,592</b>	<b>792,315</b>	<b>32%</b>
<b>Positive/-Negative variance to date</b>	<b>1,296,313</b>	<b>(81,713)</b>	<b>1,378,026</b>	<b>-</b>

External Services has generated more revenue in 2023 due to the larger than expected number of international students taking part in the program.

External Services includes International Services, joint-use agreements and external contract service agreements. Included within this period is the recognition of **\$4.5M** of **ISS tuition fees** revenue, of which **\$3.8M** was unearned revenue as at Aug 31, 2022. ISS Revenues are received in unequal amounts throughout the year, and most international students prepay tuition several months in advance. As a result, this unearned tuition revenue related to the 2022/2023 fiscal year is pro-rated to each quarter based on an estimation of related expenses (35%/30%/25%/10%), while expenses are recognized when they occur.

GHSD charges a fixed 3.6% admin fee to the ISS and Siksika programs to recognize the administrative costs that these programs use, but which are otherwise not directly charged to the program accounts.

Expenses are expected to increase in Q3-Q4 versus revenues and management expects external services to be in a balanced position by the year-end.

**QUARTERLY SUMMARY**

*Golden Hills continues to manage expenses in line with expected funding despite higher cost inflation in some areas. At the end of Q2 Golden Hills is at the highest expected surplus position for the year. In the following Q3 and Q4 management expects expenses to begin to outpace revenues, which will bring the overall surplus into a budgeted deficit position.*

*Overall, GHSD is keeping expenditures within the parameters of the Board's May 25, 2022 approved and submitted 2022-23 budget (\$2.8M deficit). Any planned deficit that should occur will be covered by our operating reserves.*

*We continue to fund programs that are in alignment with our goals and vision of inspiring confident, connected, caring citizens of the world.*