

The Golden Hills School Division



2nd Quarterly REPORT – 2020-21

September 2020 – February 2021

Prepared by the Finance Department for the April 20, 2021 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, 2021**, representing the first **six** months of the fiscal year. As there are six (6) months expended in the 2nd quarter, the normal benchmark for comparison is 50% (6/12 months); however, for some categories 60% (6/10 months) is used.

The 2020-21 Budget was submitted to Alberta Education May 26, 2020 and budget points of reference are from this May 26, 2020 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, 2020 - February 28, 2021						
	Spring 2020/21 Annual Budget submitted May 26, 2020	Prorated Budget (50%) for Q2	YTD Actuals 2020/2021 -Q2	YTD Budget Variance-Q2	% Budget Rec'd/Used	Management Benchmark %
Revenues						
Alberta Education/Infrastructure	71,554,706	35,777,353	39,205,019	3,427,666	55%	50%
Federal Government and/or First Nations	1,633,135	816,568	990,831	174,263	61%	60%
Other Government of Alberta	139,796	69,898	137,500	67,602	98%	50%
Fees	5,943,583	2,971,792	3,255,321	283,530	55%	60%
Other Revenues	3,730,354	1,865,177	1,828,601	-36,576	49%	50%
Amortization	4,271,289	2,135,645	2,159,339	23,694	51%	50%
Total Revenues	87,272,863	43,636,432	47,576,611	3,940,180	55%	52%
EXPENSES						
Certificated Salaries and Benefits	45,906,237	22,953,119	22,950,970	2,149	50%	50%
Non-Certificated Salaries and Benefits	15,553,382	7,776,691	8,664,223	-887,532	56%	54%
Sub-Total	61,459,619	30,729,810	31,615,193	-885,383	51%	52%
Supplies and Services	21,225,172	10,612,586	9,398,168	1,214,418	44%	50%
Amortization	5,792,781	2,896,391	2,906,094	-9,704	50%	50%
Interest Charges	70,000	35,000	11,411	23,589	16%	50%
Total Expenses	88,547,572	44,273,786	43,930,865	342,921	50%	52%
Surplus/(Deficit)	-1,274,709	-637,355	3,645,746			
POSITIVE/(NEGATIVE) BUDGET VARIANCE				4,283,101		

Notes: Overall, a surplus of \$3,646K for the second quarter is significantly better than the projected deficit budget planned for the 2020-21 fiscal year. Much of the surplus is due to the Federal Covid Safe return to School grant (\$2.95M) being received in full by end of quarter with only \$1.3M being spent.

B. NOTES ON COMPARISON TO BUDGET – REVENUES

The overall **\$3,646K** 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 Revenues Received in Q2		
Name of Grant	Amount Received	% of Grant Received
Safe School Re-entry Funding	\$ 2,279,900	100%
COVID Learning Supports	\$ 674,005	100%
IMR CMR Stimulus	\$ 495,200	67%
Total	\$3,449,105	

- Revenues from Alberta Education, as per above, have contributed to the overall revenue variance by \$+1,601K (\$3,449K less a 6-month calculated equivalent of \$1,848K), primarily due to certain grants being received in lump amounts covering more than 6 months of revenues.
- Included in the first two quarters' operations are the following:

SGF Revenues	\$1,822,682
SGF Expenses	<u>-\$1,420,870</u>
Unexpended	\$ 401,812

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 2nd quarter were **\$22,950,970** (50% of a \$45.9M budget) which is right in line what the budget would permit by the 2nd quarter primarily. Typically, 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 within budget.

Non-Certificated Salaries and Benefits

Total Non-Certificated Salaries and Benefits for the 2nd quarter were **\$8,664,223** (56% of a \$15.5M 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 \$-885K for the first 2 quarters and will fluctuate over the final two quarters. Labor costs are higher due to on-line learning and the additional resources required for Safe return to school initiatives; however, these additional costs are offset by funding from the Federal government. We anticipate this cost to balance itself at year-end.

Supplies and Services

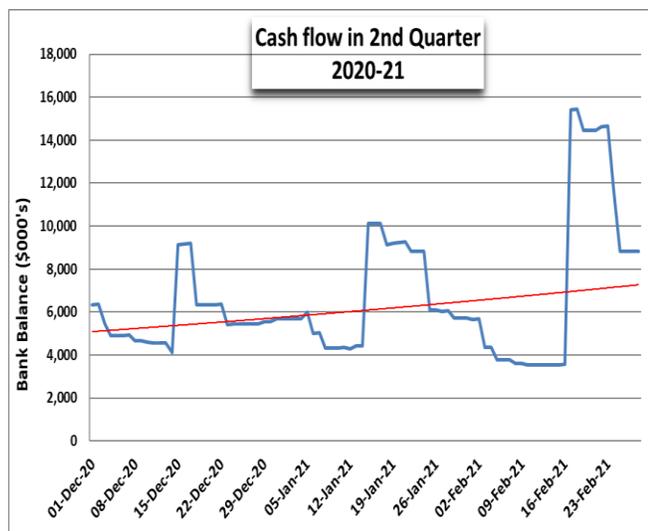
Supplies and services year-to-date are **\$9,975,070** (47% of \$21.2M budget). Typically, many of these costs occur over a 10-month school year and not the 12-month fiscal year, resulting in higher costs in the first 3 quarters and lower costs in the 4th quarter. Department managers continue to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

- *Overall, supply costs year-to-date at February 28th are significantly lower compared to the same time period last year. Supply cost are lower than expected by for the first 2 quarters by \$1.2M due, in part, to careful monitoring of expenditures during a time of uncertainty during the pandemic.*

III AVERAGE SOURCE AND USE OF CASH

A. Approximate average monthly cash flow values as at November 30, 2020:

Statement of Cash Flow	
Grants/Fees	6,519,517
Account Receivable	3,875,879
Total Cash In	10,395,396
Accounts Payable	3,925,000
Payroll	3,950,000
Total Cash Out	7,875,000



Included in Grants/Fees are operating grants for schools, targeted grants for special initiatives and fees from Students. Included in the Accounts Receivable are payments received from capital projects. Both operating and capital costs are included in Account Payable.

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, 2021, **\$6.25M** of the cash balance has been invested into 1-Year GIC's to obtain more favourable investment returns, of which \$0.5M is cashable now and another \$0.5M cashable before fiscal year end.

Currently, we are utilizing the services of only one Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As of February 28th, we had **\$6.25M** invested in GIC's with maturing dates ranging from June 10, 2021 to February 24, 2022, earning yields ranging from 0.80% - 1.40%.

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, 2020 – FEBRUARY 28, 2021

A.

Revenue and Expenses by Envelope									
From September 1, 2020 - February 28, 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		31,883,000.02	3,592,126.06	2,129,142.68	1,600,750.38	0.00	39,205,019.14	55%	50%
OTHER - GOVERNMENT OF ALBERTA		137,500.00	0.00	0.00	0.00	0.00	137,500.00	98%	50%
FEDERAL GOV'T AND/OR FIRST NATIONS		865,830.88	124,999.98	0.00	0.00	0.00	990,830.86	61%	60%
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	352,150.01	0.00				2,903,171.39	3,255,321.40	55%	60%
FUNDRAISING REVENUES -SGF	89,109.37					0.00	89,109.37	32%	50%
OTHER SALES AND SERVICES	1,359,255.24	676,390.71	5.00	3,960.00	0.00	-489,196.68	1,550,414.27	71%	60%
INVESTMENT INCOME	0.00	0.00		0.00	32,614.21	0.00	32,614.21	43%	50%
GIFTS AND DONATIONS -SGF	22,167.17	30,340.57	0.00	0.00	0.00	0.00	52,507.74	40%	50%
RENTAL OF FACILITIES		1,200.00	45,427.60	0.00	0.00	0.00	46,627.60	47%	50%
OTHER REVENUES		57,268.00	60.00	0.00	0.00	0.00	57,328.00	46%	50%
AMORTIZATION OF CAPITAL ALLOCATIONS		162,383.22	1,996,955.58	0.00	0.00	0.00	2,159,338.80	51%	50%
TOTAL REVENUES	1,822,681.79	33,813,913.40	5,759,574.22	2,133,102.68	1,633,364.59	2,413,974.71	47,576,611.39	55%	52%
EXPENDITURES									
CERTIFICATED SALARIES		18,460,932.45	0.00	0.00	282,059.94	80,705.04	18,823,697.43	50%	50%
CERTIFICATED BENEFITS		4,086,934.13	0.00	0.00	32,739.08	7,599.03	4,127,272.24	50%	50%
NON-CERTIFICATED SALARIES & WAGES		3,855,275.94	1,000,937.28	927,324.54	640,420.58	553,065.19	6,977,023.53	55%	55%
NON-CERTIFICATED BENEFITS		1,083,544.40	244,037.86	93,066.95	147,115.73	119,434.68	1,687,199.62	58%	55%
SERVICE, CONTRACTS AND SUPPLIES	1,420,869.97	3,428,311.14	2,485,534.58	675,323.19	254,097.29	1,134,031.62	9,398,167.79	44%	50%
AMORTIZATION		230,862.96	2,126,531.12	343,202.64	128,704.14	76,793.16	2,906,094.02	50%	50%
INTEREST CHARGES		1,547.32	0.00	0.00	3,000.00	6,863.24	11,410.56	16%	50%
TOTAL EXPENSES	1,420,869.97	31,147,408.34	5,857,040.84	2,038,917.32	1,488,136.76	1,978,491.96	43,930,865.19	49%	52%
POSITIVE/-NEGATIVE VARIANCE TO DATE	401,811.82	2,666,505.06	-97,466.62	94,185.36	145,227.83	435,482.75	3,645,746.20		
ECS -Grade 12 labor cost analysis									
	2019-20 Q2	2020-21 Q2	change						
CERTIFICATED SALARIES	18,209,275	18,460,932	251,657	1.4%					
CERTIFICATED BENEFITS	3,943,768	4,086,934	143,166	3.6%					
NON-CERTIFICATED SALARIES & WAGES	3,984,750	3,855,276	-129,474	-3.2%					
NON-CERTIFICATED BENEFITS	1,087,417	1,083,544	-3,872	-0.4%					
	27,225,210	27,486,687	261,477	1.0%					

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 permitted.

2. Plant Operations and Maintenance (PO&M)

A deficit of approximately \$97K at the end of the 2nd Quarter is in line with the budget target. It should be noted that the majority of insurance cost have been set up as a Prepaid and expensed based on the time period covered by the insurance. However, some insurance premiums have been expensed in full.

Golden Hills School Division					
Statement of Revenue and Expenses - Comparison to Budget					
Plant Operations and Maintenance					
Period - September 2020 - February 2021					
Revenues	Total Budget	YTD Actuals	Budget	% Budget	Management
	Yr 2020/2021	Yr 2020/2021	Remaining	Used	Benchmark %
Alberta Education	8,092,243.00	3,592,126.06	4,500,116.94	44%	50%
Other Revenues	525,000.00	170,492.58	354,507.42	32%	50%
Amortization	4,271,288.00	1,996,955.58	2,274,332.42	47%	50%
Total Revenues	12,888,531.00	5,759,574.22	7,128,956.78	45%	50%
EXPENSES					
Non-Certificated Salaries and Benefits	2,649,765.00	1,244,975.14	1,404,789.86	47%	50%
Sub-Total	2,649,765.00	1,244,975.14	1,404,789.86	47%	50%
Supplies and Services	5,720,336.00	2,485,534.58	3,234,801.42	43%	50%
Amortization	4,518,430.00	2,126,531.12	2,391,898.88	47%	50%
Total Expenses	12,888,531.00	5,857,040.84	7,031,490.16	45%	50%
POSITIVE/(NEGATIVE) VARIANCE	0.00	-97,466.62			
	Current Q2	Prior Year Q2			
YTD Actuals breakdown	YTD @ Feb. 28, 2021	YTD @ Feb. 28, 2020	% increase		
NON-CERTIFICATED SALARIES & WAGES	1,000,937.28	997,149.00	0.4%		
NON-CERTIFICATED BENEFITS	244,037.86	238,370.09	2.4%		
TOTAL LABOUR EXPENSE	1,244,975.14	1,235,519.09	0.8%		
SERVICE, CONTRACTS AND SUPPLIES	2,485,534.58	2,380,320.24	4.4%		
INTEREST CHARGES	-	-			
AMORTIZATION	2,126,531.12	2,105,155.80	1.0%		
TOTAL SERVICE & SUPPLIES	4,612,065.70	4,485,476.04	2.8%		
TOTAL EXPENSES	5,857,040.84	5,720,995.13	2.4%		

Note: Approximately \$577K of POM insurance expense has been set up as a Prepaid Expense as at Feb 28, 2021. 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					
Statement of Revenue and Expenses - Comparison to Budget					
Transportation					
Period - September 1, 2020 - February 28, 2021					
Revenues	Total 2020-21 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	0	3,960	-3,960		50.0%
Total Revenues	4,258,285	2,133,103	2,125,182	50.1%	50.0%
EXPENSES					
Non-Certificated Salaries and Benefits	1,890,849	1,020,391	870,458	54.0%	55.0%
Sub-Total	1,890,849	1,020,391	870,458	54.0%	55.0%
Services and Supplies	1,681,029	675,323	1,005,706	40.2%	50.0%
Amortization	686,407	343,203	343,204	50.0%	50.0%
Total Expenses	4,258,285	2,038,917	2,219,368	47.9%	50.0%
POSITIVE/(NEGATIVE) VARIANCE	0	94,185			
Variations in Services and Supplies					
	Budget	Actual	% of Budget Used	Management Benchmark %	
Contracted Bus Services	81,000.00	35,619.18	44%	50%	
Fuel	680,000.00	221,598.37	33%	50%	
Other supplies & services	920,029.00	418,105.64	45%	50%	
Total	1,681,029.00	675,323.19	40%	50%	

- a. For the Second quarter, a positive YTD variance of **\$94K** 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 are planned for fiscal 2012-21 even though autonomy with Transportation Fees lies with the Boards. Note: GHSD had eliminated transportation fees seven years ago.

Note: Golden Hills has opted not to shift any financial shortfalls, if any, to parents.

Overall, with continued, careful monitoring of expenses, the Transportation dept. is well positioned to meet its budget target of a balanced budget 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 variance of **\$145K** for the second quarter. It is anticipated that this will reach a breakeven point at year end.

New to this fiscal year is the provision of 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, 2020 TO FEBRUARY 28, 2021						
Expense		ANNUAL BUDGET	YTD ACTUALS	BUDGET REMAINING	% BUDGET USED	
Budgeted Revenues		228,700.00	228,700.00	-	100%	
TOTAL REVENUES		\$ 228,700.00	\$ 228,700.00	\$ -	100%	
Trustee Earnings and Benefits		147,200.00	87,985.96	59,214.04	60%	
Trustee Travel & Supplies		81,500.00	11,827.94	69,672.06	15%	
TOTAL EXPENSES		\$ 228,700.00	\$ 99,813.90	\$ 128,886.10	44%	

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

5. External Services

For the second quarter, External Services has a positive variance of **\$435K**, which is mostly 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 **\$3,073,390** of **ISS tuition fees** revenue, of which **\$1,079,279** 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 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 for the current fiscal year along with higher costs and continues to fund programs that are in alignment with our goals and missions.

Overall, GHSD is on track and is aligned with meeting the Board's May 26, 2020 approved and submitted 2020-21 budget (\$1,275K deficit). Any planned deficit that should occur will be covered by our operating reserves.