

The Golden Hills School Division



# 1st Quarterly Report – 2020-21

**September 2020 – November 2020**

Prepared by the Finance Department for the January 26, 2021 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, 2020**, representing the first **three** months of the fiscal year. As there are three (3) months expended in the 1<sup>st</sup> quarter, the normal benchmark for comparison is 25% (3/12 months); however, for some categories 30% (3/10 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 - November 30, 2020						
	Spring 2020/21 Annual Budget submitted May 26, 2020	Prorated Budget (25%) for Q1	YTD Actuals 2020/2021 -Q1	YTD Budget Variance-Q1	% Budget Rec'd/Used	Management Benchmark %
<b>Revenues</b>						
Alberta Education/Infrastructure	71,554,706	17,888,677	18,605,460	716,783	26%	25%
Federal Government and/or First Nations	1,633,135	408,284	544,022	135,739	33%	30%
Other Government of Alberta	139,796	34,949	68,723	33,774	49%	50%
Fees	5,943,583	1,485,896	1,733,423	247,528	29%	30%
Other Revenues	3,730,354	932,589	<b>916,072</b>	<b>-16,517</b>	25%	25%
Amortization	4,271,289	1,067,822	1,063,416	<b>-4,406</b>	25%	25%
<b>Total Revenues</b>	<b>87,272,863</b>	<b>21,818,216</b>	<b>22,931,116</b>	<b>1,112,900</b>	<b>26%</b>	<b>26%</b>
<b>EXPENSES</b>						
Certificated Salaries and Benefits	45,906,237	11,476,559	11,188,689	287,870	24%	24%
Non-Certificated Salaries and Benefits	15,553,382	3,888,346	4,338,718	<b>-450,373</b>	28%	26%
<b>Sub-Total</b>	<b>61,459,619</b>	<b>15,364,905</b>	<b>15,527,407</b>	<b>-162,502</b>	<b>25%</b>	<b>25%</b>
Supplies and Services	21,225,172	5,306,293	4,882,963	423,330	23%	30%
Amortization	5,792,781	1,448,195	1,443,622	4,574	25%	25%
Interest Charges	70,000	17,500	384	17,117	1%	25%
<b>Total Expenses</b>	<b>88,547,572</b>	<b>22,136,893</b>	<b>21,854,376</b>	<b>282,518</b>	<b>25%</b>	<b>26%</b>
<b>Surplus/(Deficit)</b>	<b>-1,274,709</b>	<b>-318,677</b>	<b>1,076,740</b>			
<b>POSITIVE/(NEGATIVE) BUDGET VARIANCE</b>				<b>1,395,418</b>		

*Notes: Overall, a surplus of \$1,077K for the first quarter is significantly better than the projected deficit budget planned for the 2020-21 fiscal year.*

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

The overall **\$1,077K** 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 Q1		
Name of Grant	Amount Received	% of Grant Received
Safe School Re-entry Funding	\$ 1,139,950	50%
Official Languages in Education Program	\$ 8,449	100%
School Nutrition Program	\$ 68,723	25%
Supernet grant	\$ 52,779	25%
Total	\$1,269,901	

- Revenues from Alberta Education, as per above, have contributed to the overall revenue variance by \$+576K (\$1,270K less a 3-month calculated equivalent of \$694K), 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	\$955,897
SGF Expenses	<u>-\$785,173</u>
Unexpended	\$170,724

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 1<sup>st</sup> quarter were **\$11,188,689** (24% of a \$45.6M budget) which is less than what the budget would permit by the 1<sup>st</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.

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

**Non-Certificated Salaries and Benefits**

Total Non-Certificated Salaries and Benefits for the 1<sup>st</sup> quarter were **\$4,338,718** (28% 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 minor (-162K) 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**

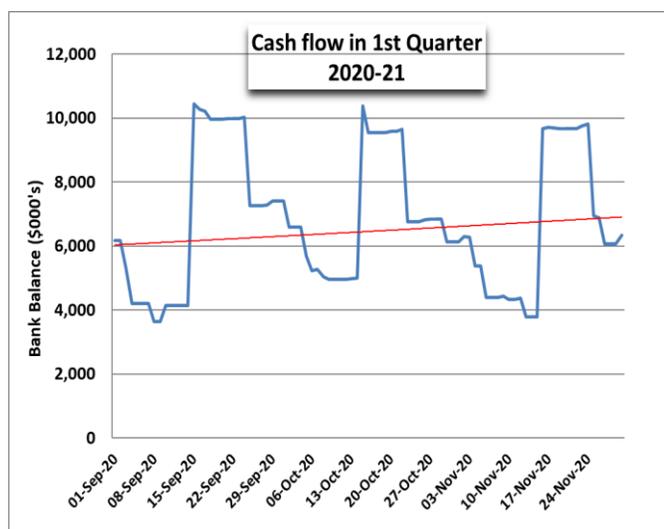
Supplies and services year-to-date are **\$4,882,923** (23% of \$21.2M budget). Typically many of these costs occur over a 10-month school year and not the 12-month fiscal year, resulting in higher costs in the first 3 quarters and lower costs in the 4<sup>th</sup> quarter. Department managers will continue to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

- *Overall, supply costs year-to-date at November 30<sup>th</sup> are significantly lower compared to the same time period last year. Supply cost are also lower than expected by for the first quarter by \$423K due, in part, to insurance cost not being posted until the second quarter.*

### 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	7,025,000
Account Receivable	175,000
<b>Total Cash In</b>	<b>7,200,000</b>
Accounts Payable	3,175,000
Payroll	3,975,000
<b>Total Cash Out</b>	<b>7,150,000</b>



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, 2020, **\$2.25M** of the cash balance has been invested into 1-Year GIC's to obtain more favourable investment returns, of which \$750K to \$1.25M are cashable after 90 - 270 days from purchase date.

Currently, we are utilizing the services of only one Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As at November 30<sup>th</sup>, we had **\$2.25M** invested in GIC's with maturing dates ranging from February 4, 2021 to November 23<sup>rd</sup>, 2021, earning yields ranging from 0.90% - 2.40%.

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 – NOVEMBER 30, 2020

### A.

Revenue and Expenses by Envelope									
From September 1, 2020 - November 30, 2020									
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		15,274,206.21	1,569,546.26	1,064,145.51	697,562.00	0.00	18,605,459.98	26%	25%
OTHER - GOVERNMENT OF ALBERTA		68,722.50	0.00	0.00	0.00	0.00	68,722.50	49%	30%
FEDERAL GOV'T AND/OR FIRST NATIONS		481,522.41	62,499.99	0.00	0.00	0.00	544,022.40	33%	25%
ALBERTA MUNICIPALITIES/SCHOOL AUTH.		0.00	0.00	0.00	0.00	0.00	0.00	0%	0%
INSTRUCTIONAL RESOURCE FEES		3,250.00		0.00	0.00	0.00	3,250.00	33%	25%
FEES	219,745.31	0.00				1,510,428.16	1,730,173.47	29%	25%
FUNDRAISING REVENUES -SGF	50,085.25					0.00	50,085.25	18%	25%
OTHER SALES AND SERVICES	672,039.41	69,640.00	0.00	2,443.75	0.00	30,177.54	774,300.70	36%	25%
INVESTMENT INCOME	0.00	0.00		0.00	7,097.85	0.00	7,097.85	9%	25%
GIFTS AND DONATIONS -SGF	14,027.17	4,170.00	0.00	0.00	0.00	0.00	18,197.17	14%	25%
RENTAL OF FACILITIES		1,200.00	25,122.64	0.00	0.00	0.00	26,322.64	26%	30%
OTHER REVENUES		40,068.00	0.00	0.00	0.00	0.00	40,068.00	32%	30%
AMORTIZATION OF CAPITAL ALLOCATIONS		76,189.07	987,226.93	0.00	0.00	0.00	1,063,416.00	25%	25%
<b>TOTAL REVENUES</b>	<b>955,897.14</b>	<b>16,018,968.19</b>	<b>2,644,395.82</b>	<b>1,066,589.26</b>	<b>704,659.85</b>	<b>1,540,605.70</b>	<b>22,931,115.96</b>	<b>26%</b>	<b>25%</b>
<b>EXPENDITURES</b>									
CERTIFICATED SALARIES		9,131,894.11	0.00	0.00	141,029.97	40,352.52	9,313,276.60	25%	25%
CERTIFICATED BENEFITS		1,857,337.68	0.00	0.00	15,253.80	2,820.70	1,875,412.18	23%	25%
NON-CERTIFICATED SALARIES & WAGES		1,928,342.38	505,009.55	463,820.84	321,125.15	265,579.55	3,483,877.47	28%	26%
NON-CERTIFICATED BENEFITS		557,947.35	121,944.70	45,301.49	72,237.48	57,409.91	854,840.93	29%	26%
SERVICE, CONTRACTS AND SUPPLIES	785,173.18	2,124,193.24	991,091.94	260,841.74	69,995.79	651,667.30	4,882,963.19	23%	25%
AMORTIZATION		115,470.80	1,056,009.22	175,453.22	56,526.21	40,162.18	1,443,621.63	25%	25%
INTEREST CHARGES		308.30	0.00	0.00	0.00	75.20	383.50	1%	25%
<b>TOTAL EXPENSES</b>	<b>785,173.18</b>	<b>15,715,493.86</b>	<b>2,674,055.41</b>	<b>945,417.29</b>	<b>676,168.40</b>	<b>1,058,067.36</b>	<b>21,854,375.50</b>	<b>24%</b>	<b>25%</b>
<b>POSITIVE/-NEGATIVE VARIANCE TO DATE</b>	<b>170,723.96</b>	<b>303,474.33</b>	<b>-29,659.59</b>	<b>121,171.97</b>	<b>28,491.45</b>	<b>482,538.34</b>	<b>1,076,740.46</b>		
<b>ECS -Grade 12 labor cost analysis</b>									
	2019-20 Q1	2020-21 Q1	change						
CERTIFICATED SALARIES	9,020,491	9,131,894	111,403	1.2%					
CERTIFICATED BENEFITS	1,809,064	1,857,338	48,274	2.7%					
NON-CERTIFICATED SALARIES & WAGES	1,987,854	1,928,342	-59,512	-3.0%					
NON-CERTIFICATED BENEFITS	546,657	557,947	11,290	2.1%					
	13,364,066	13,475,522	111,455	0.8%					

### 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)

A deficit of approximately **-\$30K** at the end of the 1<sup>st</sup> quarter is 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 2020 - November 2020					
Revenues	Total Budget	YTD Actuals	Budget	% Budget	Management
	Yr 2020/2021	Yr 2020/2021	Remaining	Used	Benchmark %
Alberta Education	8,092,243.00	1,569,546.26	6,522,696.74	19%	25%
Other Revenues	525,000.00	87,622.63	437,377.37	17%	25%
Amortization	4,271,288.00	987,226.93	3,284,061.07	23%	25%
<b>Total Revenues</b>	<b>12,888,531.00</b>	<b>2,644,395.82</b>	<b>10,244,135.18</b>	<b>21%</b>	<b>25%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	2,649,765.00	626,954.25	2,022,810.75	24%	25%
<b>Sub-Total</b>	<b>2,649,765.00</b>	<b>626,954.25</b>	<b>2,022,810.75</b>	<b>24%</b>	<b>25%</b>
Supplies and Services	5,720,336.00	991,091.94	4,729,244.06	17%	25%
Amortization	4,518,430.00	1,056,009.22	3,462,420.78	23%	25%
<b>Total Expenses</b>	<b>12,888,531.00</b>	<b>2,674,055.41</b>	<b>10,214,475.59</b>	<b>21%</b>	<b>25%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>0.00</b>	<b>-29,659.59</b>			
	Current Q1	Prior Year Q1			
<b>YTD Actuals breakdown</b>	<b>YTD @ Nov. 30, 2020</b>	<b>YTD @ Nov. 30, 2019</b>	<b>% increase</b>		
NON-CERTIFICATED SALARIES & WAGES	505,009.55	495,866.60	1.8%		
NON-CERTIFICATED BENEFITS	121,944.70	117,161.74	4.1%		
TOTAL LABOUR EXPENSE	<b>626,954.25</b>	<b>613,028.34</b>	2.3%		
SERVICE, CONTRACTS AND SUPPLIES	991,091.94	1,156,998.30	-14.3%		
INTEREST CHARGES	-	-			
AMORTIZATION	1,056,009.22	1,036,321.67	1.9%		
TOTAL SERVICE & SUPPLIES	2,047,101.16	2,193,319.97	-6.7%		
<b>TOTAL EXPENSES</b>	<b>2,674,055.41</b>	<b>2,806,348.31</b>	<b>-4.7%</b>		

*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 - November 30, 2020					
	Total 2020-21 Budget	YTD Actuals	Budget Remaining	% Budget Used	Management Benchmark %
<b>Revenues</b>					
Alberta Education	4,258,285	1,064,146	3,194,139	25.0%	25.0%
Other Revenues	0	2,444	-2,444		25.0%
<b>Total Revenues</b>	<b>4,258,285</b>	<b>1,066,589</b>	<b>3,191,696</b>	<b>25.0%</b>	<b>25.0%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	1,890,849	509,122	1,381,727	26.9%	25.0%
<b>Sub-Total</b>	<b>1,890,849</b>	<b>509,122</b>	<b>1,381,727</b>	<b>26.9%</b>	<b>25.0%</b>
Services and Supplies	1,681,029	260,842	1,420,187	15.5%	25.0%
Amortization	686,407	175,453	510,954	25.6%	25.0%
<b>Total Expenses</b>	<b>4,258,285</b>	<b>945,417</b>	<b>3,312,868</b>	<b>22.2%</b>	<b>25.0%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>0</b>	<b>121,172</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	20,961.76	26%	25%	
Fuel	680,000.00	102,779.80	15%	25%	
Other supplies & services	920,029.00	137,100.18	15%	25%	
Total	1,681,029.00	260,841.74	16%	25%	

- a. For the first quarter, a positive YTD variance of **\$121K** 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.**

*Golden Hills has opting not to shift any financial shortfalls to parents.*

*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 positive variance of **\$28K** for the first 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**:

<b>SUMMARY STATEMENT OF REVENUES AND EXPENSES</b>						
<b>BOARD OF TRUSTEES</b>						
<b>BUDGET vs. ACTUAL</b>						
<b>FOR THE PERIOD OF SEPTEMBER 1, 2020 TO NOVEMBER 30, 2020</b>						
<b>Expense</b>		<b>ANNUAL BUDGET</b>	<b>YTD ACTUALS</b>	<b>BUDGET REMAINING</b>	<b>% BUDGET USED</b>	
Budgeted Revenues		228,700.00	228,700.00	-	100%	
<b>TOTAL REVENUES</b>		<b>\$ 228,700.00</b>	<b>\$ 228,700.00</b>	<b>\$ -</b>	<b>100%</b>	
Trustee Earnings and Benefits		147,200.00	40,183.74	107,016.26	27%	
Trustee Travel & Supplies		81,500.00	4,903.91	76,596.09	6%	
<b>TOTAL EXPENSES</b>		<b>\$ 228,700.00</b>	<b>\$ 45,087.65</b>	<b>\$ 183,612.35</b>	<b>20%</b>	

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

## 5. External Services

For the first quarter, External Services has a positive variance of \$482K, 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 **\$1,510,428** of **ISS tuition fees** revenue, of which **\$1,259,158** 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.*