

The Golden Hills School Division



# 3rd Quarterly Report – 2020-21 V1.2

September 2020 – May 2021

Prepared by the Finance Department for the June 22, 2021 Board Meeting

## Purpose of Quarterly Report

1. Monitor Activity
2. Review Variances
3. Highlight Key Points

## I. Context

The third quarterly financial report lists revenues and expenditures recorded to **May 31, 2021**, representing the first **nine** months of the fiscal year. As there are nine (9) months expended in the 3<sup>rd</sup> quarter, the normal benchmark for comparison is 75% (9/12 months); however, for some categories 90% (9/10 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.

The Golden Hills School Division						
Statement of Revenue and Expenses						
Budget vs. Actual Variance						
Period - September 1, 2020 - May 31, 2021						
	Spring 2020/21 Annual Budget submitted May 26, 2020	Prorated Budget (75%) for Q3	YTD Actuals 2020/2021 - Q3	YTD Budget Variance-Q3	% Budget Rec'd/Used	Management Benchmark %
<b>Revenues</b>						
Alberta Education/Infrastructure	71,554,706	53,666,030	56,817,886	3,151,857	79%	75%
Federal Government and/or First Nations	1,633,135	1,224,851	1,546,088	321,236	95%	75%
Other Government of Alberta	139,796	104,847	206,223	101,376	148%	100%
Fees	5,943,583	4,457,687	4,965,435	507,747	84%	75%
Other Revenues	3,730,354	2,797,766	<b>2,911,437</b>	113,672	78%	75%
Amortization	4,271,289	3,203,467	3,316,118	112,652	78%	75%
<b>Total Revenues</b>	<b>87,272,863</b>	<b>65,454,647</b>	<b>69,763,186</b>	<b>4,308,539</b>	<b>80%</b>	<b>76%</b>
<b>EXPENSES</b>						
Certificated Salaries and Benefits	45,906,237	34,429,678	34,683,701	-254,023	76%	75%
Non-Certificated Salaries and Benefits	15,553,382	11,665,037	13,613,729	-1,948,692	88%	80%
<b>Sub-Total</b>	<b>61,459,619</b>	<b>46,094,714</b>	<b>48,297,430</b>	<b>-2,202,716</b>	<b>79%</b>	<b>75%</b>
Supplies and Services	21,225,172	15,918,879	14,922,230	996,649	70%	70%
Amortization	5,792,781	4,344,586	4,358,152	-13,566	75%	75%
Interest Charges	70,000	52,500	24,025	28,475	34%	75%
<b>Total Expenses</b>	<b>88,547,572</b>	<b>66,410,679</b>	<b>67,601,836</b>	<b>-1,191,157</b>	<b>76%</b>	<b>76%</b>
<b>Surplus/(Deficit)</b>	<b>-1,274,709</b>	<b>-956,032</b>	<b>2,161,350</b>			
<b>POSITIVE/(NEGATIVE) BUDGET VARIANCE</b>				<b>3,117,382</b>		

*Notes: Overall, a surplus of \$2,161K for the third quarter is significantly better than the projected deficit budget planned for the 2020-21 fiscal year. A part of the surplus is due to the Federal & Provincial Safe Return to School grants (\$2.95M, \$736K) being received in full by the end of Q3 but with only \$1.6M being spent to date.*

## B. Notes on Comparison to Budget – Revenues

The overall **\$2,161K** 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 Q3		
Name of Grant	Amount Received	% of Grant Received
Safe School Re-entry Funding	\$ 2,279,900	100%
COVID Learning Supports	\$ 674,005	100%
Safe School Re-entry Funding - Province	\$ 736,400	100%
Total	\$ 3,690,305	

- Revenues from Alberta Education, as per above, have contributed to the overall revenue variance by \$+923K (\$3,690K less a 9-month calculated equivalent of \$2,767K), primarily due to certain grants being received in lump amounts covering more than 9 months of revenues.
- Included in the third quarters' operations are the following:

SGF Revenues	\$2,906,690
SGF Expenses	-\$2,446,782
Unexpended SGF	\$ 459,908

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 3<sup>rd</sup> quarter were **\$34,683,701** (76% of a \$45.9M budget) which is right in line with what the budget would permit by the 3<sup>rd</sup> quarter primarily because benefit costs are lower in the 1<sup>st</sup> quarter, 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 3<sup>rd</sup> quarter were **\$13,613,729** (88% of a \$15.5M budget) which is higher than the budget because this original Spring budget did not include additional funding/spending associated with Covid. In addition, 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 of -\$2,202K after the 3rd quarter appears to be negative at first glance, but it is offset by additional revenues received both from the Federal and Provincial governments to assist with the Safe return to classrooms. We anticipate this cost to balance itself at year-end.*

**Supplies and Services**

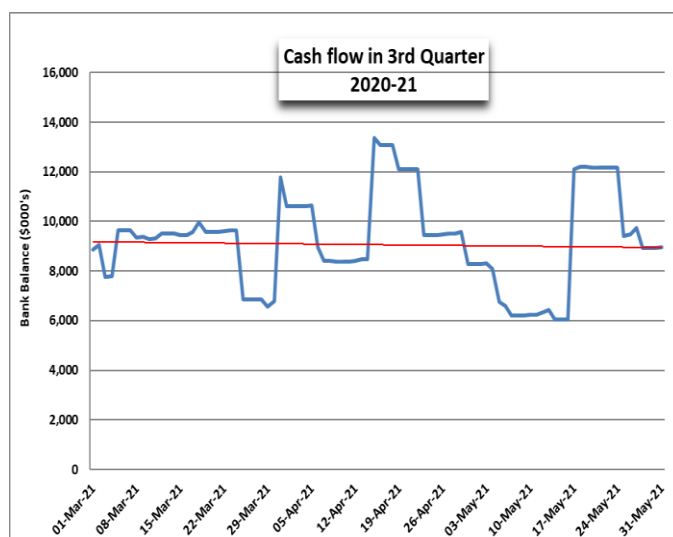
Supplies and services year-to-date are **\$14,922,230** (70% of \$21.2M budget). Typically many of these costs occur over a 10-month school year and not the 12-month fiscal year, resulting in higher costs in the first 3 quarters and lower costs in the 4<sup>th</sup> quarter. That said, school administrators and department managers have continued to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

- Overall, supply costs year-to-date at May 31<sup>st</sup> are virtually the same as the same period last year. Supply cost are also lower than expected for the third quarter by approx.\$997K. This is due, in part, to the timing of IMR projects, which typically occur in Q4, in addition to careful monitoring of expenses during a time of uncertainty during the pandemic.*

**III Average Source and Use of Cash**

A. Approximate average monthly cash flow values as at May 31, 2021:

<b>Statement of Cash Flow</b>	
Grants/Fees	6,519,517
Account Receivable	255,000
<b>Total Cash In</b>	<b>6,774,517</b>
Accounts Payable	2,950,000
Payroll	3,950,000
<b>Total Cash Out</b>	<b>6,900,000</b>



Included in the Grants as well as the Accounts Payable are monthly operating grants and any monthly grant amounts related to 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 May 31, 2021, **\$7.25M** of the cash balance has been invested into 1-Year GIC's to obtain more favourable investment returns, of which \$1.0M are cashable prior to fiscal year end of August 31, 2021.

Currently, we are utilizing the services of one Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As at May 31<sup>st</sup>, we had **\$7.25M** invested in GIC's with maturing dates ranging from June 10, 2021 to April 19<sup>th</sup>, 2021, earning yields ranging from 0.80% - 1.15%.

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 – May 31, 2021

### A.

Revenue and Expenses by Envelope									
From September 1, 2020 - May 31, 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		45,849,531.30	5,463,145.31	3,193,288.19	2,311,921.23	0.00	56,817,886.03	79%	75%
OTHER - GOVERNMENT OF ALBERTA		206,222.50	0.00	0.00	0.00	0.00	206,222.50	148%	100%
FEDERAL GOV'T AND/OR FIRST NATIONS		1,358,587.62	187,499.97	0.00	0.00	0.00	1,546,087.59	95%	75%
ALBERTA MUNICIPALITIES/SCHOOL AUTH.		0.00	0.00	0.00	0.00	0.00	0.00	0%	0%
INSTRUCTIONAL RESOURCE FEES		53,590.46		0.00	0.00	0.00	53,590.46	107%	100%
FEES	527,426.93	0.00				4,384,417.19	4,911,844.12	83%	75%
FUNDRAISING REVENUES -SGF	140,156.83					0.00	140,156.83	51%	75%
OTHER SALES AND SERVICES	2,198,502.90	1,255,477.80	5.00	9,903.75	0.00	-1,033,170.83	2,430,718.62	112%	75%
INVESTMENT INCOME	0.00	0.00		0.00	47,283.89	0.00	47,283.89	63%	75%
GIFTS AND DONATIONS -SGF	40,603.72	48,353.57	0.00	0.00	0.00	0.00	88,957.29	67%	75%
RENTAL OF FACILITIES		1,200.00	72,182.56	0.00	0.00	0.00	73,382.56	73%	75%
OTHER REVENUES		130,878.00	60.00	0.00	0.00	0.00	130,938.00	106%	75%
AMORTIZATION OF CAPITAL ALLOCATIONS		243,574.83	3,072,533.38	0.00	10.09	0.00	3,316,118.30	78%	75%
<b>TOTAL REVENUES</b>	<b>2,906,690.38</b>	<b>49,147,416.08</b>	<b>8,795,426.22</b>	<b>3,203,191.94</b>	<b>2,359,215.21</b>	<b>3,351,246.36</b>	<b>69,763,186.19</b>	<b>80%</b>	<b>76%</b>
<b>EXPENDITURES</b>									
CERTIFICATED SALARIES		27,883,402.00	0.00	0.00	437,897.01	121,057.56	28,442,356.57	76%	75%
CERTIFICATED BENEFITS		6,176,924.93	0.00	0.00	51,063.78	13,355.96	6,241,344.67	75%	75%
NON-CERTIFICATED SALARIES & WAGES		6,252,300.01	1,501,038.26	1,398,612.85	972,807.06	880,323.79	11,005,081.97	87%	80%
NON-CERTIFICATED BENEFITS		1,678,678.90	375,162.45	142,319.91	226,439.43	186,046.02	2,608,646.71	89%	80%
SERVICE, CONTRACTS AND SUPPLIES	2,446,782.88	5,373,101.38	3,640,252.70	1,092,380.24	376,460.73	1,993,251.88	14,922,229.81	70%	70%
AMORTIZATION		346,294.44	3,188,807.34	514,803.96	193,056.21	115,189.74	4,358,151.69	75%	75%
INTEREST CHARGES		2,994.82	0.00	0.00	6,750.00	14,280.12	24,024.94	34%	75%
<b>TOTAL EXPENSES</b>	<b>2,446,782.88</b>	<b>47,713,696.48</b>	<b>8,705,260.75</b>	<b>3,148,116.96</b>	<b>2,264,474.22</b>	<b>3,323,505.07</b>	<b>67,601,836.36</b>	<b>75%</b>	<b>76%</b>
<b>POSITIVE/-NEGATIVE VARIANCE TO DATE</b>	<b>459,907.50</b>	<b>1,433,719.60</b>	<b>90,165.47</b>	<b>55,074.98</b>	<b>94,740.99</b>	<b>27,741.29</b>	<b>2,161,349.83</b>		
<b>ECS -Grade 12 labor cost analysis</b>									
	<b>2019-20 Q3</b>	<b>2020-21 Q3</b>	<b>change</b>						
CERTIFICATED SALARIES	27,075,755	27,883,402	807,647	3.0%					
CERTIFICATED BENEFITS	6,209,614	6,176,925	-32,689	-0.5%					
NON-CERTIFICATED SALARIES & WAGES	5,717,920	6,252,300	534,380	9.3%					
NON-CERTIFICATED BENEFITS	1,596,403	1,678,679	82,276	5.2%					
	40,599,692	41,991,306	1,391,614	3.4%					

### 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.
- An estimated cost of \$425K for the purchase of chrome books has been accrued within the third quarter.

## 2. Plant Operations and Maintenance (PO&M)

At the completion of the third quarter, PO&M shows a surplus of \$90K.

The Golden Hills School Division					
Statement of Revenue and Expenses - Comparison to Budget					
Plant Operations and Maintenance					
Period - September 2020 - May 2021					
Revenues	Total Budget	YTD Actuals	Budget	% Budget	Management
	Yr 2020/2021	Yr 2020/2021	Remaining	Used	Benchmark %
Alberta Education	8,092,243.00	5,463,145.31	2,629,097.69	68%	75%
Other Revenues	525,000.00	259,747.53	265,252.47	49%	75%
Amortization	4,271,288.00	3,072,533.38	1,198,754.62	72%	75%
<b>Total Revenues</b>	<b>12,888,531.00</b>	<b>8,795,426.22</b>	<b>4,093,104.78</b>	<b>68%</b>	<b>75%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	2,649,765.00	1,876,200.71	773,564.29	71%	75%
<b>Sub-Total</b>	<b>2,649,765.00</b>	<b>1,876,200.71</b>	<b>773,564.29</b>	<b>71%</b>	<b>75%</b>
Supplies and Services	5,720,336.00	3,640,252.70	2,080,083.30	64%	75%
Amortization	4,518,430.00	3,188,807.34	1,329,622.66	71%	75%
<b>Total Expenses</b>	<b>12,888,531.00</b>	<b>8,705,260.75</b>	<b>4,183,270.25</b>	<b>68%</b>	<b>75%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>0.00</b>	<b>90,165.47</b>			
	<b>Current Q3</b>	<b>Prior Year Q3</b>			
<b>YTD Actuals breakdown</b>	<b>YTD @ May 31, 2021</b>	<b>YTD @ May 31, 2020</b>	<b>% increase</b>		
NON-CERTIFICATED SALARIES & WAGES	1,501,038.26	1,485,733.33	1.0%		
NON-CERTIFICATED BENEFITS	375,162.45	362,764.46	3.4%		
<b>TOTAL LABOUR EXPENSE</b>	<b>1,876,200.71</b>	<b>1,848,497.79</b>	<b>1.5%</b>		
SERVICE, CONTRACTS AND SUPPLIES	3,640,252.70	3,710,497.15	-1.9%		
INTEREST CHARGES	-	-			
AMORTIZATION	3,188,807.34	3,157,733.70	1.0%		
TOTAL SERVICE & SUPPLIES	6,829,060.04	6,868,230.85	-0.6%		
<b>TOTAL EXPENSES</b>	<b>8,705,260.75</b>	<b>8,716,728.64</b>	<b>-0.1%</b>		

*Overall, with careful monitoring of expenses for the balance of the year, we anticipate PO&M to meet its budget target at year-end.*

## 3. Transportation

The Golden Hills School Division					
Statement of Revenue and Expenses - Comparison to Budget					
Transportation					
Period - September 1, 2020 - May 31, 2021					
	Total 2020-21 Budget	YTD Actuals	Budget Remaining	% Budget Used	Management Benchmark %
<b>Revenues</b>					
Alberta Education	4,258,285	3,193,288	1,064,997	75.0%	75.0%
Other Revenues	0	9,904	-9,904		75.0%
<b>Total Revenues</b>	<b>4,258,285</b>	<b>3,203,192</b>	<b>1,055,093</b>	<b>75.2%</b>	<b>75.0%</b>
<b>EXPENSES</b>					
Non-Certificated Salaries and Benefits	1,890,849	1,540,933	349,916	81.5%	75.0%
<b>Sub-Total</b>	<b>1,890,849</b>	<b>1,540,933</b>	<b>349,916</b>	<b>81.5%</b>	<b>75.0%</b>
Services and Supplies	1,681,029	1,092,380	588,649	65.0%	75.0%
Amortization	686,407	514,804	171,603	75.0%	75.0%
<b>Total Expenses</b>	<b>4,258,285</b>	<b>3,148,117</b>	<b>1,110,168</b>	<b>73.9%</b>	<b>75.0%</b>
<b>POSITIVE/(NEGATIVE) VARIANCE</b>	<b>0</b>	<b>55,075</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	56,745.31	70%	75%	
Fuel	680,000.00	385,787.24	57%	75%	
Other supplies & services	920,029.00	649,847.69	71%	75%	
Total	1,681,029.00	1,092,380.24	65%	75%	

a. A positive YTD variance of **\$55K** 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 2020-21 even though autonomy with Transportation Fees lies with the Boards. Note: **GHSD had eliminated transportation fees seven years ago.**

*Golden Hills has opted not to shift any financial shortfalls related to transportation to parents.*



*It is anticipated there will be a balanced budget in transportation, at year-end. Overall, with continual 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 **\$95K** for the third quarter. It is anticipated that this will be at a breakeven point or a surplus 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**:

<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, 2020 TO MAY 31, 2021</i>						
<i>Expense</i>		<i>ANNUAL BUDGET</i>	<i>YTD ACTUALS</i>	<i>BUDGET REMAINING</i>	<i>% BUDGET USED</i>	
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	144,991.75	2,208.25	98%	
Trustee Travel & Supplies		81,500.00	19,598.44	61,901.56	24%	
<b>TOTAL EXPENSES</b>		<b>\$ 228,700.00</b>	<b>\$ 164,590.19</b>	<b>\$ 64,109.81</b>	<b>72%</b>	

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

#### 5. External Services

For the third quarter, External Services has a positive variance of **+28K**, 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 **\$4,377,290** of **ISS tuition fees** revenue, of which **\$3,237,836** 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 achieving or coming under budget as per the Board's May 26, 2020 approved and submitted 2020-21 budget (\$1,275K deficit). It would appear that we are on track to achieving a surplus which will go towards our accumulated operating surplus. Any deficit that should occur will be covered by our operating reserves.*