



Powering Hope and Possibility

1st Quarterly Report 2023

For the three months September to November 2022

Prepared by the Finance Department for the January 24, 2023 Board Meeting

I CONTEXT

The first quarterly financial report lists revenues and expenditures recorded to **November 30, 2022**, representing the first **three** months of the fiscal year. As there are three (3) months expended in the 1st quarter, the normal benchmark for comparison is 25% (3/12 months); however, for some categories 30% (3/10 months) is used.

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 - November 30, 2022

	Annual Budget 2022/2023	Q1 Prorated Budget (25-30%)	YTD Actuals	YTD Budget Variance-Q1	% Budget	Benchmark %
Revenues						
Alberta Education/Infrastructure	74,962,336	18,740,584	18,876,674	136,090	25%	25%
Federal government and/or First Nations	1,526,050	457,815	444,423	(13,392)	29%	30%
Other Government of Alberta	55,000	13,750	391,701	377,951	712%	100%
Fees	1,400,000	420,000	783,501	363,501	56%	30%
Other revenues	9,684,391	2,421,098	4,438,570	2,017,472	46%	25%
Amortization	4,223,683	1,055,921	1,109,043	53,122	26%	25%
Total revenues	91,851,460	23,109,168	26,043,911	2,934,743	28%	26%
Expenses						
Certificated Salaries & benefits	49,061,029	11,774,647	11,856,092	(81,446)	24%	24%
Non-certificated Salaries & benefits	18,299,795	4,757,947	4,971,950	(214,003)	27%	26%
Sub-Total	67,360,824	16,532,594	16,828,042	(295,449)	25%	25%
Supplies and services	21,525,615	6,457,685	6,899,754	(442,069)	32%	30%
Amortization	5,729,065	1,432,266	1,471,722	(39,456)	26%	25%
Interest charges	23,239	5,810	2,696	3,114	12%	25%
Total expenses	94,638,743	24,428,354	25,202,215	(773,860)	27%	26%
Surplus/(Deficit)	(2,787,283)	(1,319,187)	841,696	2,160,883		

Overall, a surplus of \$842K for the first quarter is due to \$311K higher COVID 19 funding received than what was expected, increased donations, as well as higher than expected SGF revenue and ISS fees collected.

Supplies and services are variable expenses and these have increased in tandem with increases in SGF and International student fee revenue as expected.

A variance in Other revenues is largely due to increased revenue from international students.

B. NOTES ON COMPARISON TO BUDGET – REVENUES

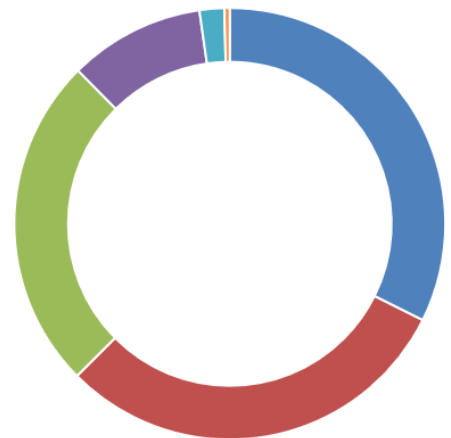
The overall **\$842K** year-to-date **excess of revenues over expenses**, are due, in part, to the skewing effect of the irregular payments received.

- COVID 19 funding
- Increased SGF net revenue
- Increased International student fees

A significant portion of fees are received and recorded in the first quarter of the school year when first semester student programming commences.

- **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:

Irregular Q1 Payments Received	Amount Received
■ Ukrainian Student Support	148,500
■ Dual Credit Programming	138,475
■ Distant Ed 2021-22 Adjustment	114,750
■ Learning Disruption	46,708
■ School Council Engagement Grant	8,500
■ French Language Programming	1,860
	458,793



- The above revenues are all received from Alberta Education. These have contributed to the overall positive Q1 revenue, especially as certain grants are received in lump amounts in the fall, while associated expenditures will continue to be incurred in the following quarters.
- School Generated Funds Included in the Q1 operations are as follows:

SGF Revenues	\$2,151,251
SGF Expenses	<u>\$1,822,880</u>
Unexpended	\$ 328,371

The majority of these fees are received and recorded in the first quarter of the school year and represent current programs for students.

Unexpended SGF funds are not recorded as deferred revenues but instead are added to an established operating reserve. Additional expenses are expected to be recorded in subsequent quarters that will reduce this Q1 SGF surplus continuing into the 2022/2023 fiscal year.

C Notes on Comparison to Budget - Expenses

Certificated Salaries and Benefits

Total certificated salaries and benefits for the 1st quarter were **\$11,856,092** (24% of a \$49M budget) which is less than what the budget would permit by the 1st quarter. This is primarily due to benefit being lower in the 1st quarter (end of the calendar year) and higher in January. The benefits paid drop off later in the calendar year as maximums on premiums are reached. Hiring of staff also occurs throughout Q1 rather than immediately on September 1st, which means labour costs are typically lower than budgeted for at the start of the fiscal year.

Notes: Overall, certificated salary and benefit costs are within budgeted amount and management's expectation of variance.

Non-Certificated Salaries and Benefits

Total non-certificated salaries and benefits for the 1st quarter were **\$4,971,950** (27% 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.

The overall labour variance (certified & non-certified combined) is very close to what was budgeted, a (12K) variance, for the first quarter and will fluctuate over the next three quarters. Administrators typically wait until enrolment numbers are finalized before hiring in the fall, and because 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 **\$6.89M** (32% 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 4th quarter. Department managers will continue to carefully monitor their budgets throughout the year to ensure they stay within their spending limits.

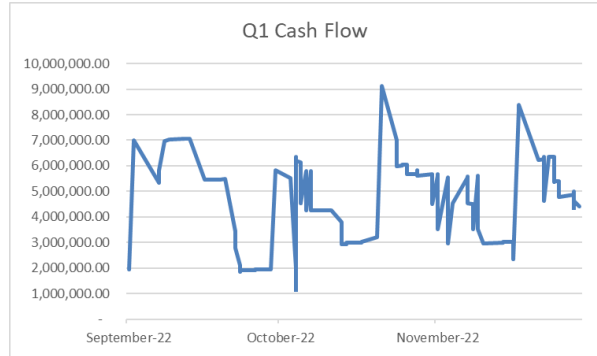
Overall, supply costs year-to-date at November 30th are 2% higher compared to the Q1 benchmark.

Because supplies and services are variable expenses, this amount has increased as SGF and ISS revenues have rebounded with the elimination of COVID 19 social distancing measures.

III AVERAGE SOURCE AND USE OF CASH

A. Approximate average monthly cash flow values for November 2022:

Monthly Cash Flow November	
Grants	6,186,567.07
SGF Fees	2,042,942.00
Total Cash In	8,229,509.07
Accounts Payable	3,400,804.00
Payroll	4,198,887.00
SGF amounts	1,947,767.00
Total Cash Out	9,547,458.00



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.**

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, 2022, **\$16.5M** of the cash balance has been invested into 12-18 month GIC's to obtain more favourable investment returns, of which \$5M are cashable within 90 days.

Currently, we are utilizing the services of an Institutional Cash Management Financial Advisory Team – **Canaccord Genuity Corp.** As at November 30th, we held **\$16.5M** invested in GIC's with maturing dates ranging from December 27th, 2022 to Nov 23rd, 2023, earning yields ranging from 1.5% - 5.0%.

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, 2022 – NOVEMBER 30, 2022

A.

Golden Hills School Division
Revenue and Expenses by Envelope
From September 1, 2022 - November 30, 2022

	SGF	ECS -Grade 12	Operations and Maintenance	Transportation	Board and System Admin	External Services	Total	% Budget	Benchmark %
Revenue									
Alberta Education/ Infrastructure	-	15,440,339	1,559,064	1,179,709	697,562	-	18,876,674	25%	25%
Other - Government of Alberta	-	391,701	-	-	-	-	391,701	263%	100%
Federal Gov't/First Nations	-	386,020	58,403	-	-	-	444,423	29%	25%
Alberta Municipalities/School Auth.	-	-	-	-	-	-	-	0%	0%
Instructional resource fees	-	31,911	-	-	-	-	31,911	319%	25%
Fees	751,590	-	-	-	-	-	751,590	11%	25%
Fundraising revenues -SGF	102,846	-	-	-	-	-	102,846	35%	25%
Other sales & services	1,229,715	744,513	-	23,809	-	1,899,157	3,897,195	117%	25%
Investment Income	-	-	-	-	61,907	-	61,907	65%	25%
Gifts & donations -SGF	67,100	1,800	-	-	-	-	68,900	19%	25%
Rental of facilities	-	1,200	38,299	-	-	-	39,499	36%	25%
Gain on disposal of Capital assets	-	-	-	-	-	-	-	0%	0%
Other revenues	-	152,307	100	-	115,817	-	268,224	64%	30%
Amortization of capital allocations	-	110,305	998,737	-	-	-	1,109,043	26%	25%
Total revenues	2,151,251	17,260,095	2,654,603	1,203,518	875,286	1,899,157	26,043,911	28%	25%
Expenditures									
Certificated salaries & wages	-	9,611,962	-	-	158,810	79,370	9,850,142	25%	25%
Certificated benefits	-	1,985,355	-	-	14,996	5,600	2,005,950	22%	25%
Non-certificated salaries & wages	-	2,324,774	527,651	516,986	365,629	238,760	3,973,800	28%	26%
Non-certificated benefits	-	677,538	136,165	54,689	81,391	48,367	998,150	28%	26%
Service, contracts and supplies	1,822,880	2,082,429	882,458	412,312	218,638	1,481,038	6,899,754	35%	25%
Amortization	-	132,908	1,055,432	182,391	62,597	38,394	1,471,722	25%	25%
Interest/bank charges	-	137	-	-	50	2,509	2,696	3%	25%
Total expenses	1,822,880	16,815,103	2,601,706	1,166,378	902,110	1,894,037	25,202,215	28%	26%
Positive/-Negative variance to date	328,371	444,992	52,897	37,141	(26,825)	5,120	841,696		

ECS -Grade 12 labour cost analysis	2021-22 Q1	2022-23 Q1	\$ Change	% Change
Certificated salaries	9,131,894	9,611,962	480,068	5.3%
Certificated benefits	1,857,338	1,985,355	128,017	6.9%
Non-certificated salaries & wages	1,928,342	2,324,774	396,432	20.6%
Non-certificated benefits	557,947	677,538	119,591	21.4%
Total ECS -Grade 12 labour cost	13,475,521	14,599,629	1,124,108	8.3%

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&M)

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

	Annual Budget 2022/2023	Q1 Prorated Budget (25%)	Q1 Actuals 2022/2023	Budget \$ Remaining	Q1 % Budget	Q1 Benchmark
Revenues						
Alberta Education	6,658,692	1,664,673	1,559,064	5,099,628	23%	25%
Other revenues	575,000	143,750	96,802	478,198	17%	25%
Amortization	4,223,683	1,055,921	998,737	3,224,946	24%	25%
Total revenues	11,457,375	2,864,344	2,654,603	8,802,772	23%	25%
Expenses						
Non-certificated salaries & benefits	2,777,951	694,488	663,816	2,114,135	24%	25%
Supplies and services	4,858,391	1,214,598	882,458	3,975,934	18%	25%
Amortization	4,300,311	1,075,078	1,055,432	3,244,879	25%	25%
Total expenses	11,936,653	2,984,163	2,601,706	9,334,947	22%	25%
Q1 surplus/(deficit)	(479,278)	(119,820)	52,897			
	Prior Year Q1	Current Year Q1	% Change			
Q1 Actual expenses						
Non-certificated salaries & benefits	515,551	527,651	2.3%			
Non-certificated benefits	132,164	136,166	3.0%			
Total Labour expenses	647,715	663,817	2.5%			
Services, contracts & supplies	1,475,764	882,458	-40.2%			
Amortization	1,062,282	1,055,432	-0.6%			
Total service & supplies	2,538,045	1,937,890	-23.6%			
Total expenses	3,185,760	2,601,707	-18.3%			

The annualized bottom line agrees to the estimated budget for the year, and management anticipates PO&M to meet its budget target at year-end.

Note: current year Q1 Expenses have decreased compared to the prior years Q1 in large part 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 1, 2022 - November 30, 2022

	Annual Budget 2022/2023	Q1 Prorated Budget (25%)	Q1 Actuals 2022/2023	Budget \$ Remaining	Q1 % Budget	Q1 Benchmark
Revenues						
Alberta Education	4,454,167	1,113,542	1,179,709	3,274,458	26.5%	25.0%
Other revenues	441,148	110,287	23,809	417,339	5.4%	25.0%
Total revenues	4,895,315	1,223,829	1,203,518	3,691,797	24.6%	25.0%
Expenses						
Non-certificated salaries & benefits	1,974,635	493,659	571,675	1,402,960	29.0%	25.0%
Contracted Bus Services	120,000	30,000	17,476	102,524	14.6%	25.0%
Fuel	900,000	225,000	184,783	715,217	20.5%	25.0%
Other Supplies and services	1,200,680	300,170	210,053	990,627	17.5%	25.0%
Amortization	700,000	175,000	182,391	517,609	26.1%	25.0%
Total expenses	4,895,315	1,223,829	1,166,378	3,728,937	23.8%	25.0%
Q1 surplus/(deficit)	-	-	37,141			

	Prior Year Q1	Current Year Q1	% Change
Q1 Actual expenses			
Non-certificated salaries & benefits	477,029	516,986	8.4%
Non-certificated benefits	49,161	54,689	11.2%
Total Labour expenses	526,190	571,675	8.6%
Services, contracts & supplies	538,153	412,312	-23.4%
Amortization	171,425	182,391	6.4%
Total service & supplies	709,578	594,703	-16.2%
Total expenses	1,235,768	1,166,378	-5.6%

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 **(\$27K)** for the first quarter. Since some expenses are more heavily weighted in Q1, and less in subsequent quarters, and because no other unusual changes in budgeted to actual expenses have been experienced, it is anticipated that revenues and expenses will reach a breakeven point at 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.

- **Board of Trustees** associated revenues and expenses is as follows:

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

	Annual Budget	YTD Actuals	Budget Remaining	% Budget Used
Revenues				
Budgeted Revenues	274,200	274,200	-	100%
Total revenues	274,200	274,200	-	100%
Expenses				
Trustee Earnings and Benefits	201,700	44,293	157,407	22%
Trustee Travel & Supplies	72,500	7,191	65,309	10%
Total expenses	274,200	51,484	222,716	19%

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

5. External Services

For the first quarter, External Services has a small surplus of **5K**, which is due to the larger than expected number of international students taking part in the program.

With the elimination of all COVID 19 social distancing measures ISS is experiencing a near 100% capacity at dormitories and boosted numbers of students from pent up demand.

External Services includes International Services, joint-use agreements and external contract service agreements. Included within this period is the recognition of **\$2,677,641** of **ISS tuition fees** revenue, of which **\$2,068,6791** was originally recorded as unearned revenue as at Aug 31, 2022. ISS Revenues are received in unequal amounts throughout the year, and the majority of international students prepay tuition several months in advanced. 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.

A break-even for External Services is anticipated for year-end.

QUARTERLY SUMMARY

Golden Hills continues to manage expenses in line with expected funding despite higher cost inflation in some areas. We continue to fund programs that are in alignment with our goals and vision of inspiring confident, connected, caring citizens of the world

Overall, GHSD is keeping expenditures within the parameters of the Board's May 25, 2021 approved and submitted 2022-23 budget (\$2,782K deficit). Any planned deficit that should occur will be covered by our operating reserves.