



Powering Hope and Possibilities



3rd Quarterly Report 2023

For the nine months from September 2022 to May 2023

Prepared by the Finance Department for the June 20, 2023 Board Meeting

I BUDGET BENCHMARKS

The third quarterly financial report lists revenues and expenditures recorded to **May 31, 2023**, representing the first **nine** months of the fiscal year. As there are nine (9) months expended in Q3, the normal benchmark for comparison is 75% (9/12 months). For some categories 90% (9/10 months) is used to reflect expenses incurred only during the instructional months.

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 - May 31, 2023**

	Annual Budget 2022/2023	Q3 Prorated Budget	YTD Actuals	YTD Budget Variance-Q3	% Budget	Benchmark %
Revenues						
Alberta Education/Infrastructure	74,962,336	56,221,752	57,852,153	1,630,401	77%	75%
Federal government and/or First Nations	1,526,050	1,373,445	1,286,842	(86,603)	84%	90%
Fees	1,400,000	1,050,000	1,477,716	427,716	106%	75%
Other revenues	9,739,391	8,765,452	11,046,112	2,280,660	113%	90%
Amortization	4,223,683	3,167,762	3,330,477	162,715	79%	75%
Total revenues	91,851,460	70,578,411	74,993,300	4,414,889	92%	81%
Expenses						
Certificated salaries & benefits	49,061,029	36,795,772	36,646,341	149,431	75%	75%
Non-certificated Salaries & benefits	18,299,795	15,188,830	15,146,326	42,504	83%	83%
Sub-Total	67,360,824	51,984,602	51,792,667	191,935	79%	79%
Supplies and services	21,525,615	16,144,211	17,091,062	(946,851)	79%	75%
Amortization	5,811,676	4,358,757	4,364,191	(5,434)	75%	75%
Interest charges	23,239	17,429	6,250	11,179	27%	75%
Total expenses	94,721,354	72,504,999	73,254,170	(749,171)	65%	75%
Surplus/(Deficit)	(2,869,894)	(1,926,588)	1,739,130	3,665,718		

The surplus of \$1.74M for the third 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 expense amounts to increase relative to revenues in Q4

B NOTES ON COMPARISON TO BUDGET –REVENUES

The **\$1.74M** year-to-date **surplus of revenues over expenses** is due, in part, to when payments are received.



Additional payments from Alberta Education



School Generated Funds

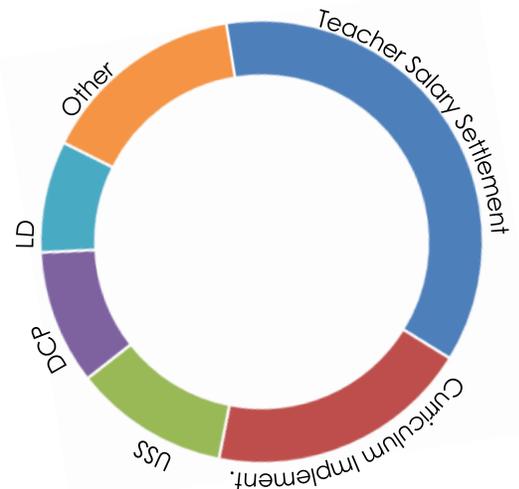


International student fees

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:

Additional Payments Received Q3	Amount Received
■ Teacher Salary Settlement	512,992
■ Curriculum Implementation	271,760
■ Ukrainian Student Support (USS)	159,500
■ Dual Credit Program (DCP)	138,475
■ Learning Disruption (LD)	114,988
■ Other Alberta Ed payments	212,172
	<u>1,409,887</u>



- **School Generated Funds** Included in the Q3 operations are as follows

Category	SGF Expenses - Q3	
	Current year	Prior year
Trips	405,118	348,938
Cafeteria/Lunch Programs	350,553	270,505
FT Kindergarten	106,428	126,805
Athletics	755,851	526,982
Misc Fees/Exp	2,320,504	2,124,218
Total	3,938,454	3,397,449

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 Q3 were **\$36.6M** (75% of a \$49M budget) which is within the range of what the budget would permit by the 3rd quarter.



Overall, certificated salary and benefit costs are within the budgeted amounts, management does not expect any significant variances in the subsequent Q4.

Non-Certificated Salaries and Benefits

Total non-certificated salaries and benefits for the Q3 were **\$15.1M** (83% 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 until June 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 **\$17.1M** (79% 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 to ensure they stay within their spending limits.

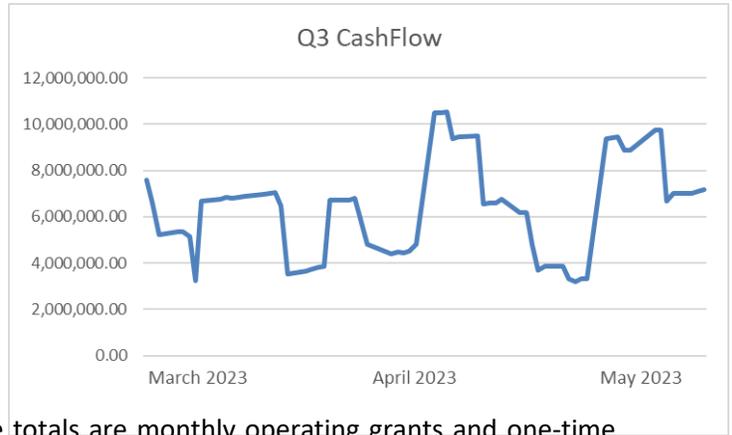


Overall, supply costs year-to-date at February 28th are 4% higher compared to the Q3 benchmark. Because supplies and services are variable expenses, this amount has increased as SGF and ISS revenues have rebounded.

III AVERAGE SOURCE AND USE OF CASH

A APPROXIMATE AVERAGE MONTHLY CASH FLOW VALUES

Monthly Cash Flow - May	
Grants	6,190,372
GIC maturals	750,000
Total Cash In	6,940,372
Accounts Payable	896,104
Payroll	5,871,770
Total Cash Out	6,767,874



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 May 31, 2023, **\$10.5M** of the cash balance has been invested into GIC's with maturing dates ranging from June 9th, 2023 to April 24th, 2024, earning yields ranging from 3.8% - 5.4%. Of these investments, \$7M are cashable within 90 days.

*The Bank of Canada raised its benchmark interest rate to **4.75** per cent on June 7th [sic], restarting its rate-hike campaign in the face of surprisingly strong economic growth and inflation data.*

The next scheduled date for announcing the overnight rate target is July 12, 2023. The Bank will publish its next full outlook for the economy and inflation, including risks to the projection, in the Monetary Policy Report at the same time

-Bank of Canada, Media Relations

Canada's Overnight Rate History 2018 to 2023

A look at how Canada's overnight rates have changed over time.

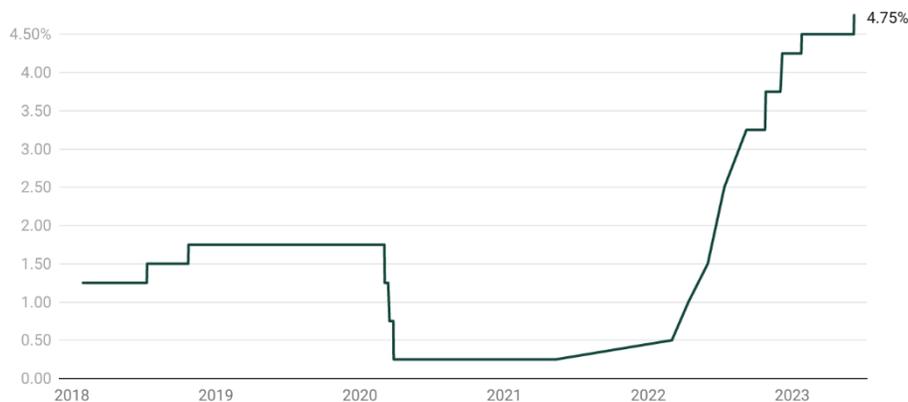


Chart: Alex Leduc • Source: myperch.io • Created with Datawrapper

IV REVENUE AND EXPENSES BY ENVELOPE

A

**Golden Hills School Division
Revenue and Expenses by Envelope
From September 1, 2022 - May 31, 2023**

	SGF	ECS -Grade 12	Operations and Maintenance	Transportation	Board and System Admin	External Services	Total	Budget %	Benchmark %
Revenue									
Alberta Education/ Infrastructure	-	47,256,960	4,939,410	3,562,539	2,093,244	-	57,852,153	77%	75%
Federal Gov't/First Nations	-	1,128,439	158,403	-	-	-	1,286,842	84%	90%
Instructional resource fees	-	53,191	-	-	-	-	53,191	532%	75%
Fees	1,337,393	30,000	-	57,132	-	-	1,424,525	102%	90%
Fundraising revenues -SGF	256,845	-	-	-	-	-	256,845	128%	75%
Other sales & services	2,768,226	1,288,896	400	-	-	5,616,059	9,673,581	112%	75%
Investment Income	-	-	-	-	303,563	-	303,563	100%	75%
Gifts & donations -SGF	134,003	31,980	-	-	-	-	165,983	64%	75%
Rental of facilities	-	5,201	88,944	-	-	8,000	102,145	102%	90%
Gain on disposal of Capital assets	-	-	9,100	1,979	-	-	11,079	100%	75%
Other revenues	-	412,112	-	-	120,804	-	532,916	102%	75%
Amortization of capital allocations	-	333,634	2,996,843	-	-	-	3,330,477	79%	75%
Total revenues	4,496,467	50,540,413	8,193,100	3,621,650	2,517,611	5,624,059	74,993,300	95%	79%
Expenditures									
Certificated salaries & wages	-	29,040,057	-	-	467,661	187,256	29,694,974	75%	75%
Certificated benefits	-	6,871,749	-	-	53,363	26,255	6,951,367	75%	75%
Non-certificated salaries & wages	-	7,212,871	1,606,655	1,546,119	1,045,118	730,925	12,141,688	83%	80%
Non-certificated benefits	-	2,037,674	419,482	165,980	241,420	140,082	3,004,638	84%	80%
Service, contracts and supplies	3,938,454	4,477,290	3,522,431	1,413,142	555,982	3,183,763	17,091,062	79%	85%
Amortization	-	397,322	3,170,341	493,557	187,790	115,181	4,364,191	75%	75%
Interest/bank charges	-	363	-	-	50	5,837	6,250	27%	75%
Total expenses	3,938,454	50,037,326	8,718,909	3,618,798	2,551,384	4,389,299	73,254,170	71%	78%
Positive/-Negative variance to date	558,013	503,087	(525,809)	2,852	(33,773)	1,234,760	1,739,130		

ECS -Grade 12 labour cost analysis	2022 Q3	2023 Q3	\$ Change	% Change
Certificated salaries	28,005,044	29,040,057	1,035,013	3.7%
Certificated benefits	6,577,976	6,871,749	293,773	4.5%
Non-certificated salaries & wages	6,658,359	7,212,871	554,512	8.3%
Non-certificated benefits	1,799,130	2,037,674	238,544	13.3%
Total ECS -Grade 12 labour cost	43,040,509	45,162,351	2,121,842	4.9%

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 - May, 2023**

	Annual Budget 2022/2023	Q3 Prorated Budget (75%)	Q3 Actuals 2022/2023	Budget \$ Remaining	Q3 % Budget	Q3 Benchmark
Revenues						
Alberta Education	6,658,692	4,994,019	4,939,410	1,719,282	74%	75%
Other revenues	575,000	431,250	256,847	318,153	45%	75%
Amortization	4,223,683	3,167,762	2,996,843	1,226,840	71%	75%
Total revenues	11,457,375	8,593,031	8,193,100	3,264,275	63%	75%
Expenses						
Non-certificated salaries & benefits	2,777,951	2,083,463	2,026,137	751,814	73%	75%
Supplies and services	4,858,391	3,643,793	3,522,431	1,335,960	73%	75%
Amortization	4,300,311	3,225,233	3,170,341	1,129,970	74%	75%
Total expenses	11,936,653	8,952,490	8,718,909	3,217,744	73%	75%
Surplus/(deficit)	(479,278)	(359,459)	(525,809)			

	Prior Year Q3	Current Year Q3	% Change
Expenses			
Non-certificated salaries & wages	1,512,802	1,606,655	6.2%
Non-certificated benefits	392,187	419,482	7.0%
Total Labour expenses	1,904,989	2,026,137	6.4%
Services, contracts & supplies	3,671,233	3,522,431	-4.1%
Amortization	3,184,306	3,170,341	-0.4%
Total service & supplies	6,855,539	6,692,772	-2.4%
Total expenses	8,760,528	8,718,909	-0.5%

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 Q3 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 - May, 2023**

	Annual Budget 2022/2023	Q3 Prorated Budget (50%)	Q3 Actuals 2022/2023	Budget \$ Remaining	Q3 % Budget	Q3 Benchmark
Revenues						
Alberta Education	4,454,167	3,340,625	3,562,539	891,628	80.0%	75.0%
Other revenues	441,148	330,861	0	441,148	0.0%	75.0%
Total revenues	4,895,315	3,671,486	3,562,539	1,332,776	72.8%	75.0%
Expenses						
Non-certificated salaries & benefits	1,974,635	1,480,976	1,712,099	262,536	86.7%	75.0%
Contracted Bus Services	120,000	90,000	17,476	102,524	14.6%	75.0%
Fuel	900,000	675,000	184,783	715,217	20.5%	75.0%
Other Supplies and services	1,200,680	900,510	1,210,883	(10,203)	100.8%	75.0%
Amortization	700,000	525,000	493,557	206,443	70.5%	75.0%
Total expenses	4,895,315	3,671,486	3,618,798	1,276,517	73.9%	75.0%
Surplus/(deficit)	-	-	(56,259)			

	Prior Year Q3	Current Year Q3	% Change
Expenses			
Non-certificated salaries & wages	1,315,128	1,546,119	17.6%
Non-certificated benefits	138,477	165,980	19.9%
Total Labour expenses	1,453,605	1,712,099	17.8%
Services, contracts & supplies	1,408,955	1,413,142	0.3%
Amortization	456,897	493,557	8.0%
Total service & supplies	1,865,852	1,906,699	2.2%
Total expenses	3,319,457	3,618,798	9.0%

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 - May 30, 2023**

	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	150,993	50,707	75%
Trustee Travel & Supplies	72,500	52,166	20,334	72%
Total expenses	274,200	203,159	71,041	74%

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 - Q3 2023 vs Q3 2022**

	Q3 2023	Q3 2022	\$ Change	% Change
Total revenues	5,624,059	4,023,576	1,600,483	40%
Expenditures				
Certificated salaries & wages	187,256	196,060	(8,804)	-4%
Certificated benefits	26,255	23,626	2,629	11%
Non-certificated salaries & wages	730,925	831,254	(100,329)	-12%
Non-certificated benefits	140,082	188,828	(48,746)	-26%
Service, contracts and supplies	3,183,763	3,093,228	90,535	3%
Amortization	115,181	117,766	(2,585)	-2%
Interest/bank charges	5,837	19,523	(13,686)	-70%
Total expenses	4,389,299	4,470,285	(80,986)	-2%
Positive/-Negative variance to date	1,234,760	(446,709)	1,681,469	-

External Services has generated more revenue in 2023 due to the larger than expected number of international students taking part in the program, including a significant increase in elementary age students arriving with parents.

Q3 ISS REVENUE

\$5.64M

Up 40% from prior year

ENROLMENT

298

Up 22% from prior year

STUDENTS



Students represent 21 countries and territories around the world

DORM OCCUPANCY

99%

Up from prior year 97%

External Services includes International Services, joint-use agreements and external contract service agreements. Included within this period is the recognition of **\$5.6M** of **ISS tuition fees** revenue, of which **\$5.3M** 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 Q4 versus revenues and management expects external services to remain in a surplus position by the year-end. These dollars will allow us to invest in our dorm facilities.



QUARTERLY SUMMARY

Golden Hills continues to manage expenses in line with expected funding despite higher cost inflation in some areas. At the end of Q3 Golden Hills remains in a surplus position for the year. In the following Q4 management expects expenses to begin to outpace revenues.

Overall, GHSD is keeping expenditures within the parameters of the Board’s May 25, 2022 approved and submitted 2022-23 budget and our accumulated surplus from operations will be reduced by planned unsupported capital additions in Q4.

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