

BUDGET REPORT

FOR THE YEAR ENDING AUGUST 31, 2012

[School Act, Sections 147(2)(b) and 276]

EDMONTON SCHOOL DISTRICT NO. 7

Legal Name of School Jurisdiction

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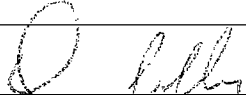
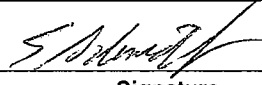

D. COLBURN Name	BOARD CHAIR	 Signature
E. SCHMIDT Name	SUPERINTENDENT	 Signature
B. SMITH Name	SECRETARY TREASURER	 Signature
Certified An accurate summary of the year's budget approved by the Board of Trustees at its meeting held June 14, 2011 . Date		

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Color coded cells:

blue cells: require the input of data/descriptors wherever applicable.
 salmon cells: contain referenced juris. information - protected

Grey cells: data not applicable - protected
 white cells: within text boxes REQUIRE the input of points and data.

HIGHLIGHTS, PLANS, ASSUMPTIONS AND RISKS SUMMARY- 2011/2012 BUDGET REPORT

The following were presented to the Board and approved as underlying the budget. These key points and assumptions used in development of the budget take into consideration the economic environment of the jurisdiction, focus on anticipated changes from current year, and are realistic and consistent with the three year Education Plan. At a minimum, they disclose key budget assumptions, financial & business risks, and specific strategies explaining how this budget will support the jurisdiction's plans.

Budget Highlights & Assumptions

- The Edmonton Public School 2011/12 budget has been prepared with the mission, vision and priorities of the Trustees as the key focus.
- Focus on English language learners, special needs students and literacy intervention funding.
- Funding for FNMI students, multiple programs and small schools has been maintained at 2010/11 levels.
- New reporting for 2011/12 includes the current and past service costs of the Alberta Teacher Retirement Fund (ATRF) of \$ 35.5 million has been added to both revenues and teacher benefit expenses.
- Total revenue of \$867.6 million is an increase of 5.5% or \$45 million from 2010/11 (including TRF of \$35.5 million)
- Excluding TRF, total Instructional funding has decreased by \$2.2 million (0.3%). Increases in the basic allocation of 4.54% have been offset by provincial reduction to class size funding (\$4.6 million); ESL Funding (\$2.2 million); AISI Funding (\$5.4 million); Enrolment Growth and decline (\$4.3 million); relative cost of purchasing funding (\$3.3 million); and the ending of provincial support for career and technology studies and classroom technology (\$4.3 million and \$2.7 million respectively)
- The Approved Budget for 2011/12 shows planned expenses of \$886.5 million (Including TRF of \$35.5 million) and includes planned use of surplus funds of \$18.9 million to mitigate staffing cutbacks and support other education expenses.
- Proposed staffing reductions as a result of funding reductions are projected at an overall decrease of 130.5 FTE. This includes an expected decrease of 186.1FTE teachers.
- Total school allocation funding is to be reduced by \$7.4 million (1.2%)
- Fixed jurisdiction costs including debt servicing, utilities and insurance are up 9.5% to \$62.8 million.
- District committed costs are reduced by 3.3%.
- Central services costs have been reduced by \$3.2 million (6.2%)
- Board and system administration costs are 2.9% which is significantly under the 4% spending limit.
- School Generated Funds has been split into various revenue categories including Fees, Fundraising and gifts and donations for 2011/12.

Significant Business and Financial Risks:

- Projected use of surplus funds to support the 2011/12 budget will see reserves completely depleted by the end of August, 2012, leaving no flexibility to support spending deficits in future budgets. Planned use of reserves to mitigate staffing cutbacks is not a sustainable practice, and will result in further cutbacks in future budgets.
- Plant Operations and Maintenance funding on a per student formula does not recognize the operating and maintenance expenses for the actual school building space which results in significant funding shortfalls.
- Increased deferred maintenance costs for aging school building infrastructure is a continuing challenge and will result in higher costs in the future due to lack of adequate funding for facility capital lifecycle programs
- Provincial planned 2012/13 funding reductions in targeted areas such as RCPA of \$3.3 million will increase budget pressures and result in additional budget cutbacks.
- Removal of growth funding will restrict ability to fund start-up costs for two new ASAP schools and one replacement school in 2012/13.
- Continued reliance on external revenue sources such as fundraising to provide enhanced educational programming for students.

BUDGETED STATEMENT OF REVENUES AND EXPENSES
for the Year Ending August 31

	Approved Budget 2011/2012	Final Approved Budget 2010/2011	Actual 2009/2010
REVENUES			
Government of Alberta	\$791,691,129	\$756,025,906	\$735,998,349
Federal Government and/or First Nations	\$2,340,591	\$2,670,591	\$2,841,935
Other Alberta school authorities	\$1,840,050	\$4,362,852	\$4,045,468
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Fees	\$27,873,216	\$24,961,541	\$30,100,867
Other sales and services	\$16,536,692	\$17,034,200	\$21,220,493
Investment income	\$500,000	\$500,000	\$600,197
Gifts and donations	\$2,801,459	\$1,746,140	\$6,528,630
Fundraising	\$2,839,644	\$0	\$0
Rentals of facilities	\$2,012,964	\$3,377,601	\$4,113,879
Gains on disposal of capital assets	\$0	\$0	\$0
Amortization of capital allocations	\$19,179,336	\$11,907,000	\$11,314,821
Other revenue	\$0	\$0	\$0
TOTAL REVENUES	\$867,615,081	\$822,585,831	\$816,764,639
EXPENSES			
Certificated salaries	\$401,486,692	\$386,065,568	\$400,019,420
Certificated benefits	\$84,476,406	\$45,941,803	\$42,579,721
Non-certificated salaries and wages	\$150,650,373	\$148,298,420	\$170,626,419
Non-certificated benefits	\$37,564,531	\$33,615,163	\$38,003,264
Services, contracts and supplies	\$176,033,583	\$187,400,758	\$148,223,992
Capital and debt services			
Amortization of capital assets			
supported	\$19,179,336	\$11,907,000	\$11,314,821
unsupported	\$16,264,382	\$16,777,000	\$16,456,450
Interest on capital debt			
supported	\$421,134	\$570,000	\$898,108
unsupported	\$31,775	\$36,000	\$50,384
Other interest charges	\$429,713	\$500,000	\$97,062
Losses on disposal of capital assets	\$0	\$0	\$9,559
Other expense	\$0	\$0	\$0
TOTAL EXPENSES	\$886,537,925	\$831,111,712	\$828,279,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$18,922,844)	(\$8,525,881)	(\$11,514,561)

BUDGETED ALLOCATION OF REVENUES AND EXPENSES (BY PROGRAM)
for the Year Ending August 31

	Approved Budget 2011/2012	Final Approved Budget 2010/2011	Actual 2009/2010
REVENUES			
ECS - Grade 12 Instruction	\$689,056,352	\$647,710,194	\$634,587,397
Operations & Maintenance of Schools and Maintenance Shops	\$101,510,260	\$92,872,248	\$98,730,379
Transportation	\$30,700,976	\$30,037,710	\$29,623,592
Board & System Administration	\$26,135,804	\$31,187,714	\$30,548,881
External Services	\$20,211,689	\$20,777,965	\$23,274,390
TOTAL REVENUES	\$867,615,081	\$822,585,831	\$816,764,639
EXPENSES			
ECS - Grade 12 Instruction	\$706,317,695	\$627,324,848	\$622,032,883
Operations & Maintenance of Schools and Maintenance Shops	\$101,847,855	\$115,851,897	\$124,762,455
Transportation	\$31,509,649	\$33,006,116	\$31,890,975
Board & System Administration	\$26,135,804	\$34,150,886	\$26,318,497
External Services	\$20,726,922	\$20,777,965	\$23,274,390
TOTAL EXPENSES	\$886,537,925	\$831,111,712	\$828,279,200

**PROJECTED STATEMENT OF CHANGES IN NET ASSETS (SUMMARY)
FOR THE YEAR ENDING AUGUST 31**

	(1)	(2)	(3)	(4)	(5)	(6)
	TOTAL NET ASSETS (2+3+6)	INVESTMENT IN CAPITAL ASSETS	ACCUMULATED OPERATING SURPLUS (4+5)	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS	
					OPERATING RESERVES	CAPITAL RESERVES
Actual balances per AFS at August 31, 2010	\$165,665,706	\$124,728,681	\$34,097,868	\$0	\$34,097,868	\$6,839,157
2010/2011 Estimated impact to net assets for:						
Estimated surplus(deficit)	(\$21,538,244)			(\$21,538,244)		
Estimated Board funded capital asset additions		\$17,072,000		(\$17,072,000)	\$0	\$0
Estimated Amortization of capital assets (expense)		(\$28,684,000)		\$28,684,000		
Estimated Amortization of capital allocations (revenue)		\$11,907,000		(\$11,907,000)		
Estimated Unsupported debt principal repayment		(\$295,000)		\$295,000		
Estimated reserve transfers (net)				\$21,538,244	(\$21,538,244)	\$0
Estimated Assumptions/Transfers of Operations	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Balances for August 31, 2011	\$144,127,462	\$124,728,681	\$12,559,624	\$0	\$12,559,624	\$6,839,157
2011/2012 Budget Projections for:						
Budgeted surplus(deficit)	(\$18,922,844)			(\$18,922,844)		
Projected Board funded capital asset additions		\$16,537,456		(\$16,537,456)	\$0	\$0
Budgeted Amortization of capital assets (expense)		(\$35,443,718)		\$35,443,718		
Budgeted Amortization of capital allocations (revenue)		\$19,179,336		(\$19,179,336)		
Budgeted Unsupported debt principal repayment		(\$273,074)		\$273,074		
Projected reserve transfers (net)				\$12,559,624	(\$12,559,624)	\$0
Projected Assumptions/Transfers of Operations	\$0	\$0	\$0	\$0	\$0	\$0
Projected Balances for August 31, 2012	\$125,204,618	\$124,728,681	(\$6,363,220)	(\$6,363,220)	\$0	\$6,839,157

ANTICIPATED CHANGES IN NET ASSETS SUMMARY- 2011/2012 BUDGET REPORT

The following explains the anticipated changes to Unrestricted Net Assets, Investment in Capital Assets, Operating Reserves and Capital Reserves for 2010/2011 and 2011/2012 and breaks down the planned additions to unsupported capital.

Unrestricted Net Assets are in a negative balance of \$6.4 M by August 31, 2012, due to insufficient operating reserve balances. The Opening reserve balance of \$34.1M at August 31, 2010 is expected to be drawn down by \$21.5M in 2010/11 and a further \$12.6M during 2011/12, resulting in the elimination of entire operating reserve balance. Reserves are being drawn down due to spending to offset cutbacks in staffing. Expected reserve use exceeds the August 31, 2012 balance by \$6.4 M and is reflected in the negative Unrestricted Net Asset Balance.

Board funded Capital asset additions of \$17.0M (2010) and \$16.5M (2011) include IMR project spending as well as various unsupported capital purchases at schools and decision units that are greater than \$5,000.

**PROJECTED STUDENT STATISTICS
FULL TIME EQUIVALENT (FTE) ENROLLED STUDENTS**

	Budgeted 2011/2012 (Note 2)	Actual 2010/2011	Actual 2009/2010	Notes
GRADES 1 TO 12				
Eligible Funded Students:				
Grades 1 to 9	50,616	50,998	50,657	Head count
Grades 10 to 12	22,508	22,619	22,425	Note 3
Total	73,124	73,617	73,082	Grades 1-12 students eligible for base instruction funding from Alberta Education.
Other Students:				
Total	775	832	775	Note 4
Total Net Enrolled Students	73,899	74,449	73,857	
Home Ed and Blended Program Students	618	742	613	Note 5
Total Enrolled Students, Grades 1-12	74,517	75,191	74,470	
Of the Eligible Funded Students:				
Severely Disabled Students served	2,113	2,252	2,273	Total eligible funded severely disabled student FTEs; including Code 40s (excluding Code 47s).
EARLY CHILDHOOD SERVICES (ECS)				
Eligible Funded Children	6,234	6,306	6,296	ECS children eligible for ECS base instruction funding from Alberta Education.
Other children	1	1	1	ECS children not eligible for ECS base instruction funding from Alberta Education.
Total Enrolled Children - ECS	6,235	6,307	6,297	
Program Hours	475	475	475	Minimum: 475 Hours
FTE Ratio	0.500	0.500	0.500	Actual hours divided by 950
FTE's Enrolled, ECS	3,118	3,154	3,149	
Of the Eligible Funded Children:				
Severely Disabled Children served	1,171	1,171	1,049	Total eligible funded severely disabled children FTEs, including Code 40 children in program units.
NOTES:				
1) Enrolment is to be completed WHEREVER APPLICABLE and are 'as at September 30th' for each year.				
2) Budgeted enrolment is to be based on best information available at time of the 2011/2012 budget report preparation.				
3) The # of FTE grade 10-12 students is determined by taking the total # of students' credits / 35; where 35 CEU's = 1 FTE.				
4) Other Grade 1-12 students that are not eligible for base instruction funding from Alberta Education include First Nations students living on reserves for which tuition fee payments are made from Band or INAC (Code 330), students younger than 5 1/2 or older than 19, and out-of-province and foreign students.				
5) Because they are funded separately, Home Education students are not included with total net enrolled students. In the blended program, funding per student is pro-rated on the percentage of the student's program which is taken at school and at home; home education students are assigned a weighting of 0.25 FTE for base funding.				

**PROJECTED STAFFING STATISTICS
FULL TIME EQUIVALENT (FTE) PERSONNEL**

	Budgeted 2011/2012	Actual 2010/2011	Actual 2009/2010	Notes
<u>CERTIFICATED STAFF</u>				
School Based	4,073.9	4,251.3	4,287.1	Teacher certification required for performing functions at the school level.
Non-School Based	150.6	159.3	148.4	Teacher certification required for performing functions at the system/central office level.
Total Certificated Staff FTE	4,224.5	4,410.6	4,435.5	FTE for personnel possessing a valid Alberta teaching certificate or equivalency.
Certificated Staffing Change due to:				
Enrolment Change	(9.9)	(1.0)	87.7	If negative change impact, the small class size initiative is to include any/all teachers retained.
Other Factors	(176.2)	(23.9)	(42.4)	Descriptor (required): Decrease due to AWEI, use of surplus and the cost of increments;increased class size
Total Change	(186.1)	(24.9)	45.3	Year-over-year change in Certificated FTE
Breakdown, where total change is Negative:				
Continuous contracts terminated	-	-	-	FTEs
Non-permanent contracts not being renewed	(83.4)	-	-	FTEs
Other (retirement, attrition, etc.)	(102.7)	(24.9)	-	Descriptor (required): Retirements and resignations
Total Negative Change in Certificated FTEs	(186.1)	(24.9)	-	Breakdown required where year-over-year total change in Certificated FTE is 'negative' only.
<u>NON-CERTIFICATED STAFF</u>				
Instructional	1,617.4	1,579.8	1,585.6	Personnel providing instruction support for schools under 'Instruction' program areas.
Non-Instructional	1,357.7	1,339.5	1,291.3	Personnel in Transportation, Board & System Admin., O&M and External service areas.
Total Non-Certificated Staff FTE	2,975.1	2,919.3	2,876.9	FTE for personnel not possessing a valid Alberta teaching certificate or equivalency.
Non-Certificated Staffing Change due to:				
Enrolment Change	-	-	-	FTEs
Other Factors	55.6	(104.8)	133.0	Descriptor (required): District reorganization and change in service delivery model
Total Change	55.6	(104.8)	133.0	Year-over-year change in Non-Certificated FTE