

report to Board of Trustees

2013-2014 Operating Budget

Date	May 7, 2013
Meeting Type	Regular Meeting, Public Agenda
To	Board of Trustees
From	Naomi E. Johnson, Chief Superintendent of Schools
Purpose	Information
Originator	Deborah L. Meyers, Superintendent, Chief Financial Officer, Corporate Treasurer
Governance Policy Reference	Operational Expectations OE-5: Financial Planning OE-8: Communication With and Support for the Board
Resource Person	Brad Grundy, Director, Corporate Finance Donna Rogers, Manager, Corporate Planning and Reporting Shay Khan, Acting Manager, Corporate Planning and Reporting Superintendents Corporate Planning and Reporting Staff

1 | Recommendation

It is recommended:

THAT the attached 2013-2014 Operating Budget report, dated May 28, 2013, be received for information.

2 | Issue

The Chief Superintendent intends to present the attached 2013-2014 Operating Budget report on May 28, 2013 for Board consideration and approval. It is provided at this meeting, three weeks in advance, for information only.



3 | Conclusion

#The 2013-2014 Operating Budget will be presented to the Board of Trustees for consideration and approval on May 28, 2013.

NAOMI E. JOHNSON
CHIEF SUPERINTENDENT OF SCHOOLS

ATTACHMENTS

Attachment I: May 28, 2013 - 2013-2014 Operating Budget

GLOSSARY – Developed by the Board of Trustees

Board: Board of Trustees

Governance Culture: The Board defined its own work and how it will be carried out. These policies clearly state the expectations the Board has for individual and collective behaviour.

Board/Chief Superintendent Relationship: The Board defined in policy how authority is delegated to its only point of connection – the Chief Superintendent – and how the Chief Superintendent's performance will be evaluated.

Operational Expectations: These policies define both the nonnegotiable expectations and the clear boundaries within which the Chief Superintendent and staff must operate. They articulate the actions and decisions the Board would find either absolutely necessary or totally unacceptable.

Results: These are our statements of outcomes for each student in our district. The Results policies become the Chief Superintendent's and the organization's performance targets and form the basis for judging organization and Chief Superintendent performance.

**report to
Board of Trustees****2013-2014 Operating Budget**

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1 | Recommendations

It is recommended:

1. THAT 2013-14 budgetary information regarding planned certificated salaries and benefits expenditures in the amount of \$684.2 million be approved.
2. THAT 2013-14 budgetary information for planned expenditures of \$492.7 million, which includes all planned expenditures except for certificated salaries and benefits set out in recommendation 1 and planned total revenues of \$1,161.6 million, be approved.
3. THAT use of the Continuing Education Fee Stabilization Reserve Fund to support planned 2013-14 spending be approved.

4. THAT application of operating reserves and use of amortization totaling \$15.3 million to support the planned difference between total revenue of \$1,161.6 million and total expenditures of \$1,176.9 million, be approved.
5. THAT the 2013-14 Operating Budget as presented in Attachment I, of this report, reflecting total planned spending of \$1,176.9 million be approved and submitted to Alberta Education by May 31, 2013.

2 | Issue

Section 147(2) of the *School Act* requires that the Calgary Board of Education submit to Alberta Education, by May 31 of each year, a budget approved by the Board of Trustees for the fiscal year beginning on the following September 1.

In accordance with the Board of Trustees' Operational Expectation OE 6: Financial Condition, the chief superintendent is required to seek the Board of Trustees' prior approval for any use of reserves or transfers between reserves.

3 | Background

In accordance with the *School Act* and the intent of Operational Expectation OE 5: Financial Planning, the chief superintendent of schools is required to prepare and submit to the Board of Trustees, for review and approval, an operating budget which is balanced, so that the proposed expenses do not exceed the projected revenues to be received by the Calgary Board of Education or from other identified funding sources such as reserves or unrestricted net assets.

In order to develop the 2013-14 Operating Budget, superintendents were tasked to formulate and lead all operating budget work including:

- providing full executive oversight of the operating budget process;
- considering service delivery model changes;
- providing succinct and direct stakeholder engagement; and
- making final recommendations to the Board of Trustees concerning all aspects of the 2013-14 operating budget.

The 2013-14 Operating Budget is based upon assumptions provided to the Board of Trustees for information on April 16, 2013.

The Calgary Board of Education Results Policies and Operational Expectations, the CBE Three-Year Education Plan 2012-2015, and *Inspiring Education* were the foundational documents used by superintendents' in formulating strategies in support of the personalization of student learning.

This year our strategies aimed to achieve one overriding imperative: Dedicate the maximum possible resources to optimize learning for students in classrooms. A summary of the specific strategies is contained in Attachment I.

The key highlights of the 2013-14 Financial Plan reflected in Attachment I are:

1. The RAM-rate increase across the system is an average of two per cent for 2013-14. The RAM-rate increase, which equates to \$14.0 million, is weighted to ensure that the current average kindergarten to Grade 3 class size is maintained. In spite of the RAM increase, schools will have an average of 2.1 per cent less funding than they require.
2. As requested by Alberta Education, the administration block is reduced by \$4.6 million from the approved 2012-13 budget. This means that the portion of the entire operating budget spent on administrative expenses is effectively reduced from 3.4 per cent in 2012-13 – well under the limit set by the province.
3. Together with the cuts in administration, a review of block allocations across the organization results in the percentage of the operating budget spent on administration being 2.8 per cent¹. While all of our budget supports students and schools, spending 97.2 per cent of our budget on other blocks means the administration block is extremely lean – perhaps overly so.
4. The use of one-time funding sources and depletion of all available reserves totals \$15.3 million. The consequence of using all available reserves will be a continued structural deficit for 2014-15.
5. As required by law, the operating budget for 2013-14 is balanced.

4 | Analysis

The 2013-14 Operating Budget makes recommendations for program and related support service expense. Highlights include:

- advance the objectives of Inspiring Education;
- maintain kindergarten to Grade 3 current average class-size;
- support English Language Learners;
- generally maintain student fees at 2012-13 rates;
- maintain full day kindergarten programs; and
- continued support of facilities maintenance.

¹ Without the reallocation, the administration block for 2013-14 would be three per cent, as targeted in the budget assumptions report.

Other considerations:

(a) A summary of the organization's financial plan for 2013-14 is as follows:

	Budget	
	2013-14 (\$ millions)	2012-13 (\$ millions)
Planned revenues	\$1,161.6	\$1,152.9
Planned expenses	(1,176.9)	(1,169.0)
Use of operating reserves & UNA ²	11.8	12.2
School purchased assets ³	(2.5)	(2.5)
Use of amortization	6.0	6.4 ⁴
Net Balanced Position	\$ -	\$ -

(b) Use of Operating Reserves and Amortization:

The recommended use of \$15.3 million of available year-end projected operating reserves and amortization to mitigate the operating shortfall is consistent with the approved terms of reference in the following amounts:

	<u>\$ million</u>
Operating Reserves	
Utility Expense Stabilization	1.6
General Instruction	1.0
Fiscal Stability	1.7
Administrative Systems Renewal	2.2
System Transformation	0.5
Continuing Education Fee Stabilization	1.6
Operating Lease Reserve	1.0
Transportation Fee Reserve	2.2
Total use of Operating Reserves	<u>11.8</u>
Contribution from Capital Amortization	6.0
School Purchased Assets ⁵	(2.5)
Total	<u>15.3</u>

(c) Targeted Services:

Where funding has been targeted to specific program initiatives (Student Health; High-Speed Networking; and Infrastructure Maintenance Renewal, etc.) expenditures have been matched to available funding.

² Unrestricted Net Assets

³ Schools contribute funds from their decentralized budget to fund their capital purchases.

⁴ The use of amortization to balance the 2012/13 Operating Budget was reduced to \$2.9 million in the Fall Budget Update.

⁵ Schools contribute funds from their decentralized budget to fund their capital purchases.

(d) Service Planning Assumptions:

Within the framework of the high-level budget strategies, programs and services supported in the 2013-14 Operating Budget have been reviewed in the context of school development plans, area Renewal plans and the strategies articulated in the Three-Year Education Plan 2012-2015. Where appropriate, resource reallocations consistent with these plans for 2013-14 have been made, which include regular programs, alternative programs, and unique schools and programs. This is consistent with prior years.

(e) Governance Relationship:

The Operating Budget has been informed by and is consistent with Administration's reasonable interpretations and indicators as articulated in the Board of Trustees' Results, related Operational Expectations, and Alberta Education outcomes.

5 | Financial Impact

Overall Balanced Position

The CBE will achieve a balanced position for this operating budget for 2013-14 after taking into account:

- projected revenues identified above for 2013-14;
- approved planned use of available operating reserves; and
- use of amortization against the planned expenses for 2013-14.

6 | Implementation Consequences

The approval of the 2013-14 Operating Budget will meet the requirement to balance the budget. The impact of reduced provincial funding, coupled with non-discretionary cost increases will be felt across the system. Increased average class sizes in grades 4 through 12 and reductions in the timeliness and quality of services provided centrally are unavoidable. This risks non-compliance with some Operational Expectations, and delays in progress towards our Results.

7 | Conclusion

The 2013-14 Operating Budget is presented to the Board of Trustees for consideration and approval on May 28, 2013. The budget is balanced and complies with the Board of Trustees' policies, as well as the provisions of the Alberta Education Funding Framework, and the *School Act*.

NAOMI E. JOHNSON
CHIEF SUPERINTENDENT OF SCHOOLS

ATTACHMENTS

Attachment I: Operating Budget for 2013-14 and beyond

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cbe.ab.ca

operating budget for 2013-14 and beyond



learning | as unique | as every student



**Calgary Board
of Education**

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Budgeting in a challenging environment¹

The Calgary Board of Education is one of the best public education systems in the world. Outstanding education depends on making wise decisions about how to invest public resources on behalf of more than 110,000 students. It's an important responsibility. The money we spend educating our youth is one of the most important investments communities can make in their future.

The provincial budget provided funding that is essentially flat from one year to the next. In a world where prices go up, having the same dollars a year later means buying power is reduced. There are two significant factors that affect the CBE's buying power for 2013-14: enrolment growth and cost increases. The CBE expects about 3,000 more students (about three per cent). At the same time, inflation, grid movement, negotiated increases for unionized employees and other cost increases combine to increase costs for the system.

The operating budget report for 2013-14 directs as much funding as possible to students in classrooms. To accomplish this, central reorganization and severe cuts to administration were required.

Unfortunately, in the fourth consecutive year of funding reductions, it is impossible to continue to make cuts without negative impacts on students, parents, classrooms, staff, programs and services. The proposed budget may even jeopardize our ability to deliver core service and support functions.

Values guide our approach

Experience has taught us that budgets are less about numbers than values. The choices we make with the funding we are provided communicates what we hold most dear as a public education system.

Administration's approach to the operating budget is guided by the following values.

- Minimizing the impact on students and parents remains a top priority.
- We will focus our resources on achieving the vision as articulated in the Results Statements, the Three-Year Education Plan, and *Inspiring Education*.
- We will continue to build on innovation already in progress.
- We will continue to advance the learning agenda. We are committed to the best possible learning for our students today while continuing to move our practice forward.

While we keep these values foremost in our minds, the process of building the 2013-14 operating budget revealed that it is impossible to maintain the level of service in many areas of the organization. We have kept students first by making cuts everywhere else first.

As shown in the budget, this approach has a huge impact on services and programs delivered by and within the CBE.

¹ Throughout this document, the 2012-13 budget figures presented are from the 2012-13 Operating Budget, which was approved by the Board of Trustees on May 29, 2012. Some numbers have been reclassified for comparative purposes.

Operating Budget Highlights

In consideration of our values and the provincial revenue reductions, administration's overall expected outcomes for the budget are:

- The RAM-rate increase across the system is an average of two per cent for 2013-14.² The RAM-rate increase, which equates to \$14 million, is weighted to ensure that current average kindergarten to Grade 3 class size is maintained. In spite of the RAM increase, schools will have an average of 2.1 per cent less funding than they require.
- As requested by Alberta Education, our administration block is reduced by \$4.6 million from our 2012-13 budget. This means that the portion of the entire operating budget spent on administration is effectively reduced from 3.4 per cent in 2012-13—well under the limit set by the province. Details regarding blocks are provided on page 5.
- Together with the cuts in administration, a review of block allocations across the organization results in the percentage of the operating budget spent on administration being 2.8 per cent.³ While the entire budget supports students and schools, spending 97.2 per cent of our budget on other blocks means the administration block is extremely lean – perhaps overly so.
- The use of one-time funding sources and depletion of all available reserves totals \$15.3 million. The consequence of using all available reserves will be a continued structural deficit for 2014-15.
- As required by law, the operating budget for 2013-14 is balanced.

School Fees

For 2013-14, school fees have been established and are posted on the website www.cbe.ab.ca/Parents/Fees.asp

Overall, fees have generally been maintained at 2012-13 levels.

The phase-in of the full rate for noon supervision charged to students who take the bus continues as planned. For 2013-14 their rate increases to two thirds of the full rate from one third.

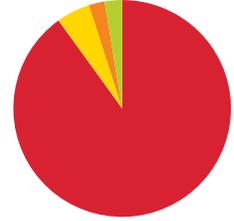
² RAM refers to the Resource Allocation Method. This is the name of school-based budgets distributed to principals to make decisions for their schools in consultations with employees, parents, school councils and others. The average RAM-rate change for 2013-14 will be two per cent across the system; some schools receive more while others receive less.

³ Without the reallocations, the administration block percentage for 2013-14 would be three per cent, as targeted in the budget assumptions report.

2013-14 Budget-at-a-Glance

Revenue

	Budget	
	all figures in \$ thousands	%
Government grants	1,045,939	90.0
Fees, sales and services	58,333	5.0
Other	27,214	2.4
Capital allocations	30,062	2.6
	<u>\$ 1,161,548</u>	<u>100.0</u>



Government grants include provincial and federal operation funding based on enrolment projections for the 2013-14 school year.

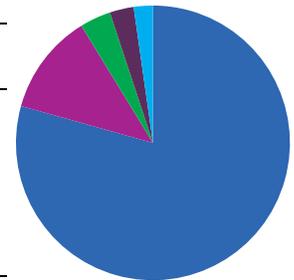
Fees, sales and services includes transportation fees, noon supervision fees, instructional supplies and material fees and fees charged at the school level for field trips, athletics, and arts, revenues for Chinook adult education programs, international student fees and general sales at the school level.

Other includes gifts and donations, fundraising, leasing revenue, and investment income.

Capital allocations represent provincial funding for school building amortization.

Expenses

	Budget	
	all figures in \$ thousands	%
Instruction: ECS - Grade 12	933,602	79.3
Operations & Maintenance	140,271	11.9
Transportation	43,099	3.7
Board & System Administration	33,348	2.8
External services	26,545	2.3
	<u>1,176,865</u>	<u>100.0</u>



Instruction includes teacher and support staff salaries and benefits.

Board and System Administration includes administrative functions and central services support for the jurisdiction at the district or system level.

External services consists of costs related to education services outside of regular program areas; e.g., international student services and adult learning.

Reserves

Available reserves totalling \$15.3 million balance the difference between revenue and expenses.

Advance the objectives of *Inspiring Education*

Maintain kindergarten to Grade 3 current average class-size.

Support English language learners

Generally maintain fees at 2012-13 rates

Maintain full-day kindergarten programs

Continued support of facilities maintenance

Budget Background

Budget 2013-14 was crafted within a challenging fiscal environment. The following information helps in understanding the decisions and strategies applied to develop a balanced budget.

Implications of the recent provincial budget

Funding from Alberta Education is essentially flat. Although a modest two per cent increase was provided for enrolment, class size and inclusive education, the increase was effectively consumed by other funding reductions and eliminations.

For budget 2013-14 the CBE absorbed a range of funding reductions and eliminations, including:

- No grant rate increase for base instruction;
- Alberta Initiative for School Improvement (AISI) funding eliminated (effective April 1, 2013);
- Fuel price contingency funding discontinued (effective April 1, 2013);
- Learning Resources Credit discontinued;
- Maximum years of funded support for English Language Learners reduced;
- Elimination of CBE eligibility for the Small Schools by Necessity funding;
- Reductions to the Plant Operations and Maintenance funding;
- Reduced funding for Work Experience and Special Projects courses;
- Reduced funding for Alberta Distance Learning Centre courses;
- Reduced Equity of Opportunity funding;
- Significant reductions to Infrastructure Maintenance Renewal Funding; and
- Reduced cap on the System Administration and School Board Governance Block, resulting in a \$4.6 million reduction to funding, entirely applied to that block.

Uncontrollable Factors Affecting the Budget

Even though funding is essentially unchanged, there are costs that will increase and that cannot be controlled by the CBE. These include, but are not limited to:

- projected enrolment growth;
- negotiated salary increases for unionized employees;
- grid movement for unionized employees; and
- inflation.

In addition to increasing costs, a significant portion of CBE expenses are non-discretionary. This refers to costs over which CBE has little or no control in the short term. This creates a challenge and limits the options available for cost reductions.

Finally, administration must deliver a balanced budget and is unable to fund a deficit with debt without ministerial approval.

Understanding Administrative Expenses

In addition to reporting operating budget expenditures by type of expenditure, the CBE reports on expenditures by “block”. The blocks are: instruction; operations & maintenance; transportation; board and system administration; and external services.

In 2012-13, board and system administration costs represent only 3.4 per cent of the CBE’s total operating cost against an allowable cap of four per cent. This means that the equivalent of 0.6 per cent of total operating costs (about \$7 million) has been directed to classrooms in the current year.

For 2013-14 the provincial budget made a significant change to the amount of the operating costs that can be spent on administrative expenses. The maximum, which was four per cent, has been reduced to 3.6 per cent. This represents a 10 per cent reduction. In addition to reducing the allowable percentage, Alberta Education removed an equivalent amount from the CBE’s funding. That claw-back totals \$4.6 million for 2013-14. This change and claw-back have several significant consequences for the CBE.

Finding an additional \$4.6 million in savings within what are already very lean operations is daunting. Challenges include the fact that administrative expenses, as a block, include a higher proportion of non-discretionary costs (like fixed costs) and a higher proportion of increasing costs, than other blocks.

Finally, the \$4.6 million in cuts had to be found from a base that is already well below the cap. These matters were discussed in detail in the Operating Budget Assumptions Report presented to the Board of Trustees on April 16, 2013.

Allocation of Costs

The CBE allocates its expenditures to the various blocks based upon guidelines provided by Alberta Education. These allocations are reviewed periodically to ensure that the current circumstances accurately reflect the guidelines.

A review was performed this year and changes are reflected in the 2013-14 budget.

We have reclassified the 2012-13 budget, presented in this report, for comparative purposes. The variances, therefore, reflect actual, year-over-year budget increases or decreases, exclusive of these reallocations.

Balancing the Budget

Budget Assumptions and Strategies

On April 16, 2013, the Administration provided the Board of Trustees with the CBE Operating and Capital Budget Assumptions for 2013-14 to 2015-16 (i.e., budget assumptions report). The assumptions report detailed the assumptions and strategies to be incorporated into the 2013-14 operating budget.

Although CBE presents a three-year financial plan, detailed mitigation strategies to balance the budget in 2014-15 and 2015-16 are not provided due to the level of uncertainty of provincial funding.

Below are the key assumptions related to uncertainties and strategies introduced in the assumptions report.

Operating Budget Assumptions Related to Uncertainties

By definition, uncertainties cannot be fully controlled – by anyone. At best, uncertainties can be address by assumptions.

Compensation Changes	All anticipated changes in employee compensation have been included based on current information. Anticipated changes include: general wage increases, grid movement, performance increases and benefits. At the time of printing, the compensation changes include the financial terms of the proposed agreement between the provincial government and the Alberta Teachers' Association.
Enrolment	Enrolment projections have been based on the Sept. 30, 2012 actual enrolment of 107,104 and reflect the City of Calgary population changes, market share, and student retention rates (cohort-survival model). Forecasted enrolment figures are: <ul style="list-style-type: none">▪ 2013-14 110,376▪ 2014-15 113,612▪ 2015-16 116,650
Inflation Rate	The inflation rates used in 2014-15 and 2015-16 budget projections are estimated based on the five-year trend, which averages 1.4 per cent per year in Calgary.
Contractual Obligations	All known changes in contractual obligations have been included based on current information.

Investment Income Investment income is expected to remain constant for 2013-14 based on the following:

- cash flow levels are projected to remain the same;
- short-term interest rates are expected to remain at current levels, according to the Bank of Canada; and
- long-term investment returns are expected to remain constant.

Legislative and Regulatory Framework The *Education Act* was passed in December 2012. This new legislation may affect the budget in 2014 and beyond in areas such increased age of funded students and residency requirements. Understanding the full financial impact depends on the regulations that will support the new *Act*. Until the regulations are developed, the financial impact of the legislation cannot be determined fully.

Operating Budget Assumptions Related to Strategies

Strategies are deliberate approaches and decisions proposed by the CBE Administration to achieve one overriding imperative: Dedicate the maximum possible resources to optimize learning for students.

Anticipated savings
2013-14
(all figures in \$ millions)

Redesign and restructure of service delivery and support

Service units are examining ways to improve the delivery and support of student learning, including a network approach; integrating functions to increase the impact and efficiency with a focus on system-wide priorities; leveraging technology; and consolidation of like services. Our aim is to support the transformation required to meet the vision articulated in *Inspiring Education*, as well as support our strategies to reduce the administrative burden on teachers and principals.

2.5

Service Units –Operational Excellence Initiative

Service units have identified initiatives to achieve efficiencies while maintaining services and quality. For example:

- finding ways to improve productivity without making additional demands on existing resources – this means working smarter;
- accepting the challenge of determining work we can stop because it does not add sufficient value at this time;
- improving processes that maximize revenue;
- integrating functions to increase the impact and efficiency with a focus on system-wide priorities; and,
- saving money for the system by better leveraging strategic procurement and sourcing.

12.5

A number of these initiatives require several years to fully reap the anticipated savings, especially where benefits are achieved by introducing systems to replace manual processes.

<p>Executive Team Salary Freeze There will be no increases to executive salaries in 2013-14. There is no cost savings to this strategy as exempt salary increases are performance based and not automatic.</p>	0.0
<p>Delaying capital investments To balance the budget, we have freed up funds by temporarily delaying the spending on non-urgent board-funded capital, such as equipment and technology—which are funded through the application of amortization expense.</p> <p>By definition, board-funded capital excludes school facilities.</p>	6.0
<p>Elimination of AISI funding Alberta Education eliminated the \$7.3 million in funding for this initiative.</p>	7.3
<p>Reduction in IMR funding Our lowest priority IMR projects planned for 2013-14 will be delayed.</p>	3.4
<p>Use of reserves We anticipate that our use of unrestricted reserves in the current fiscal year will be lower than budget, as a result of gapping tied to unfilled positions and as a result of cost savings identified to assist with the 2013-14 mitigation of provincial funding reductions. These reserves will be available to help balance the 2013-14 budget.</p> <p>We plan to deplete all available operating reserves to assist with balancing the budget. This includes requesting that the Board of Trustees allow for the use of the Continuing Education Stabilization Fund, previously designated for the sole use of Chinook Learning Services.</p>	12.0
<p>RAM Allocation We applied the RAM allocation in a manner that reflects new and emerging delivery strategies that reinforce flexibility and enquiry and project based environments.</p>	13.0
<p>Elimination of memberships We will examine the memberships to ensure they add value. Examples include Alberta School Boards Association (ASBA) and Calgary Educational Partnership Foundation (CEPF).</p>	0.3
<p>Board of Trustees Budget The Board of Trustees reduced their budget by 13.5 per cent.</p>	0.2
<p>Education Matters This strategy entails eliminating the CBE contribution to Education Matters.</p>	0.8
<p>Reduction in Service In order to find the \$4.6 million clawed back by Alberta Education from within the administration block, it was necessary to cut very deeply into administrative service delivery. There will likely be service-delivery reductions accompanied by organizational restructuring. It is impossible to provide additional detail at this time, including the impact on positions.</p>	4.0
	62.0

Three-Year Financial Plan

Operational Expectation 5: Financial Planning requires the development of a three-year financial plan. This year, detailed mitigation strategies to balance the budget in 2014-15 and 2015-16 (“the projection years”) are not provided due to the level of uncertainty of provincial funding. Consequently these years show a deficit. This represents the magnitude of mitigation strategies that will be required in each year. In other words, the deficit represents the additional revenue and/or cost reductions needed to balance the budget in the projection years.

The Three-Year Financial Plan chart shows the financial plan for the Calgary Board of Education for the next three years. The 2011-12 financial results and the 2012-13 budget are provided for comparative purposes.

The financial plan can be presented in two ways and both are shown. The first breakdown shows expenses by “block.” The second breakdown shows expenses by commonly used accounting categories called “objects.” Whether viewed by block or by object, the expense total is the same.

The table shows that total revenue for 2013-14 is \$15.3 million less than expenses for the same year. The difference represents the CBE’s plan to use \$15.3 million of reserves in 2013-14. This use of reserves eliminates the gap between projected revenue and forecast expenses. More detail is provided on page 17.



Three-Year Financial Plan*

for the periods 2013-14 to 2015-16 (with comparatives for 2011-12 and 2012-13)
(all figures in \$ thousands)

	Actuals	Budget		Projection	
	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUES					
Alberta Education	1,026,874	1,039,861	1,042,431	1,075,677	1,113,076
Other - Government of Alberta	2,103	670	614	614	614
Federal Government and First Nations	2,242	2,191	2,381	2,381	2,381
Other Alberta school authorities	731	510	513	513	513
Fees	37,440	30,856	37,795	38,223	38,758
Other sales and services	21,010	20,295	20,538	20,825	21,117
Investment income	5,632	3,198	3,002	3,044	3,087
Gifts and donations	6,151	10,036	5,166	5,238	5,312
Rental of facilities	8,397	7,236	7,954	8,065	8,178
Fundraising	11,035	8,411	11,092	11,247	11,405
Gain on disposal of capital assets	41,337	-	-	-	-
Amortization of capital contributions	24,401	29,606	30,062	30,185	29,158
Other revenue	231	-	-	-	-
Total Revenues	\$ 1,187,584	\$ 1,152,870	\$ 1,161,548	\$ 1,196,012	\$ 1,233,599
EXPENSES BY BLOCK					
Instruction: ECS - grade 12	897,525	922,616	933,602	968,871	1,012,452
Plant operations and maintenance	137,442	141,308	140,271	144,624	146,672
Transportation	37,760	39,012	43,099	43,845	44,507
Board and System Administration	41,652	37,941	33,348	34,520	35,541
External services	23,396	28,073	26,545	26,361	27,068
Total Expenses	\$ 1,137,775	\$ 1,168,950	\$ 1,176,865	\$ 1,218,221	\$ 1,266,240
EXPENSES BY OBJECT					
Certificated salaries and benefits	668,065	681,504	684,171	709,724	747,528
Support staff salaries and benefits	218,576	235,032	239,722	252,184	260,381
Services, contracts and supplies	205,428	197,820	200,678	203,487	206,336
Amortization expenses	42,463	52,101	50,705	51,827	51,385
Interest on capital debt expenses	1,464	1,116	820	560	356
Other interest charges	1,779	1,377	769	439	254
Total Expenses	\$ 1,137,775	\$ 1,168,950	\$ 1,176,865	\$ 1,218,221	\$ 1,266,240
<i>Surplus / (Deficit)</i>	<i>\$ 49,809</i>	<i>\$ (16,080)</i>	<i>\$ (15,317)</i>	<i>\$ (22,209)</i>	<i>\$ (32,641)</i>

*In accordance with Operational Expectation OE-5: Financial Planning

Understanding Revenue

Alberta Education Grant Funding

On March 7, 2013, the provincial government announced its budget for its fiscal year starting April 1, 2013.

The announced rate increases are:

Fiscal year	Base instruction	Inclusive Education and class size grants
2013-14	0%	2%
2014-15	0%	2%
2015-15	0%	2%

The province did not provide any information with respect to funding changes for the projection years. For 2013-14, the province reduced or eliminated:

- Alberta Initiative for School Improvement (AISI) funding is eliminated effective April 1, 2013
- Fuel price contingency funding is discontinued effective April 1, 2013.
- Learning Resources Credit allocation is discontinued effective Sept. 1, 2013.

Other changes for 2013-14:

- The maximum expenditure for system administration and school board governance is reduced by 10 per cent (from four per cent to 3.6 per cent of total operating expenses) resulting in a \$4.6 million claw-back in funding.
- The maximum years funded for eligible students in English as a Second Language programs decreases to five years from seven years.
- Inclusive education transition funding, implemented in Budget 2012 with the new Inclusive Education grant, will be renamed Program Equity and will be in place over the period of the 2013-2016 Business Plan.
- Metro school jurisdictions are no longer eligible for Small Schools by Necessity (SSBN) funding.
- Full Time Equivalent (FTE) Funded enrolment replaces FTE weighted enrolment in the Plant Operations and Maintenance (POM) formula. Metro school jurisdictions are no longer eligible for the SSBN component of this funding.
- A tier four has been added to the Credit Enrolment Unit (CEU) funding tiers table for Work Experience and Special Projects courses, effectively reducing funding for these courses.
- Funding for school authorities with students taking Alberta Distance Learning Centre (ADLC) courses, will be reduced to 44 per cent of the CEU Tier rate.
- The rate for the per student component of the Equity of Opportunity funding decreases to \$101 from \$156 per student.
- Infrastructure Maintenance Renewal Funding decreases by 20 per cent.

The province did not provide any information with respect to funding changes for 2014-15 and 2015-16 beyond the rate changes noted. Therefore, the increases reflected below are likely overstated and subject to change.

Government of Alberta Grant Funding Changes

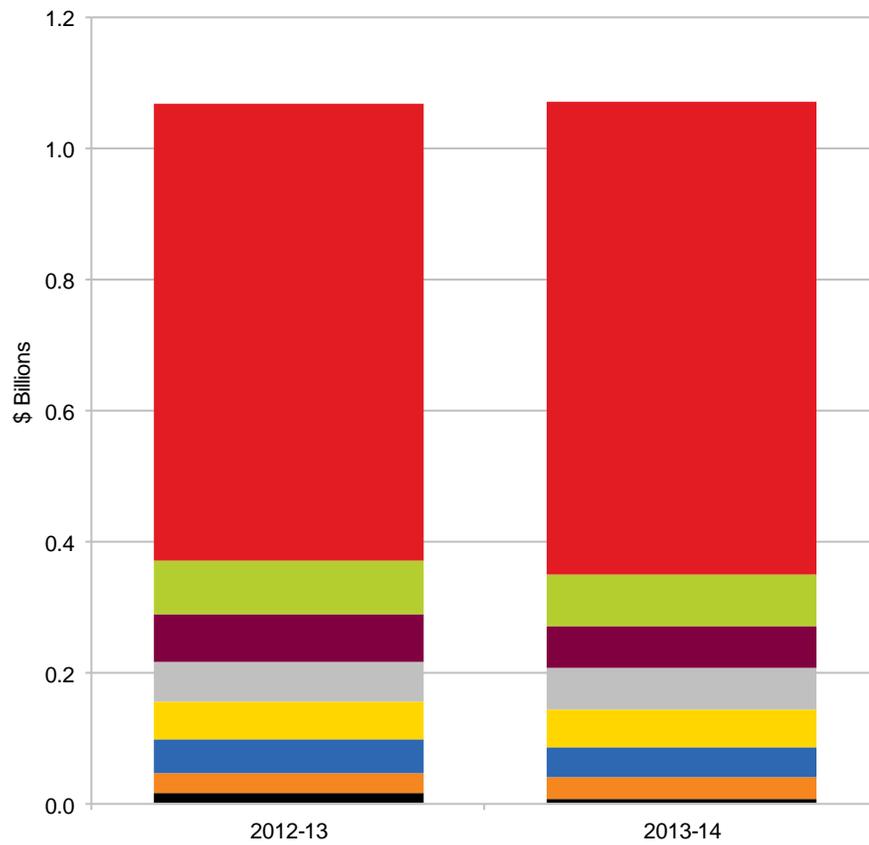
(all figures in \$ millions)

Description	Actual	Projected Changes	
	Changes	2014-15	2015-16
Changes due to:			
Enrolments/Grant Increases ⁴	31.8	33.7	36.4
	<u>31.8</u>	<u>33.7</u>	<u>36.4</u>
Changes in grant programs:			
1. Class-size funding	0.9		
2. Inclusive education continued transition funding and two per cent increase	7.7		
3. Adjustment for tier 4 CEUs and ADLC	(1.5)		
4. Provincial claw back for Administration costs	(4.6)		
5. Elimination of small school by necessity (SSBN)	(2.0)		
6. ESL funding reduced to five from seven years	(5.3)		
7. Plant, operations & maintenance (removes severe-coding factor)	(4.2)		
8. Fuel price contingency fund eliminated	(2.3)		
9. AISI funding eliminated	(7.3)		
10. Learning resource centre (LRC)	(1.2)		
11. Equity of opportunity grant per-student reduction	(5.6)		
	<u>(25.4)</u>	<u>0.0</u>	<u>0.0</u>
Total net grant changes	<u>6.4</u>	<u>33.7</u>	<u>36.4</u>
Capital Support			
Infrastructure, maintenance and renewal (IMR) decrease	(3.4)		
Total increase	<u>3.0</u>	<u>33.7</u>	<u>36.4</u>

⁴ The Enrolment/Grant Increases change from 2012-13 has been restated from the previously published \$32.2 million to align with Alberta Education reporting requirements.



Provincial Grant Revenues



	Budget		Variance	
	2012-13	2013-14	\$	%
Base funding	698,081	722,831	24,750	3.5
Operations & maintenance	84,020	78,782	(5,238)	(6.2)
Other differential funding	73,029	65,070	(7,959)	(10.9)
Inclusive education funding	59,803	62,426	2,623	4.4
Alberta Teacher Retirement Fund	58,560	58,560	-	-
IMR & capital support	49,050	45,827	(3,223)	(6.6)
Student transportation	32,734	32,202	(532)	(1.6)
Provincial priority targeted funding	14,190	6,795	(7,395)	(52.1)
	1,069,467	1,072,493	3,026	0.3

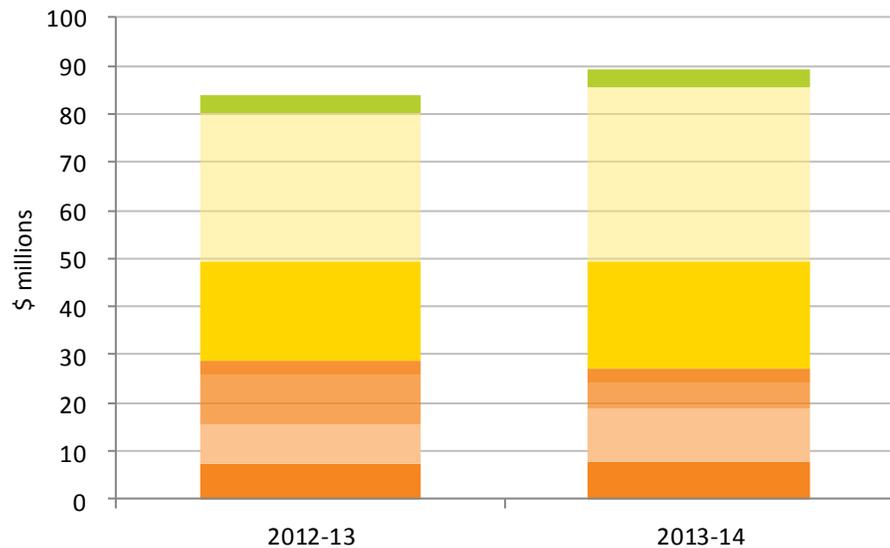
Fees increased approximately \$2.8 million due to increased enrolment and the planned phase in of the full rate for noon supervision charged to students who take the bus. \$3.5 million represents the difference between 2012-13 budget and actuals which has been reflected in the 2013-14 budget. The remaining increase of \$0.6 million relates to school specific activities such as events and field trips.

Gifts, donations and fundraising revenue is inherently variable. The decrease is due to anticipation of a more challenging fund raising environment.

Rental of facilities increased due to planned reorganization of administrative space that would then be available for lease.

Other Revenue

Other revenues include school-generated funds and elective fees, discretionary program collections, investment income and rental and leasing revenues.



	Budget		Variance	
	2012-13	2013-14	\$	%
Other government funding	3,371	3,508	137	4.1
Fees	30,856	37,795	6,939	22.5
Other sales and services	20,295	20,538	243	1.2
Investment income	3,198	3,002	(196)	(6.1)
Gifts and donations	10,036	5,166	(4,870)	(48.5)
Fundraising	8,411	11,092	2,681	31.9
Rental of facilities	7,236	7,954	718	9.9
	83,403	89,055	5,652	6.8

(all figures in \$ thousands)

Understanding Expenses

The way the Calgary Board of Education uses funding can be presented in two ways and both are shown. The first breakdown shows expenses by “block.” Blocks are categories of expenses required by Alberta Education. The second breakdown, also required by Alberta Education, shows expenses by commonly used accounting categories called “objects.” Whether viewed by block or by object, the expense total is the same.

As mentioned earlier, this year CBE performed its periodic review of the allocation of expenses among blocks. These reallocations are reflected in the Expenses by Block table. Figures for 2012-13 have been reclassified for comparative purposes. Consequently the variances do not reflect the impact of reallocations and only reflect year-over-year budgeted increases and decreases.

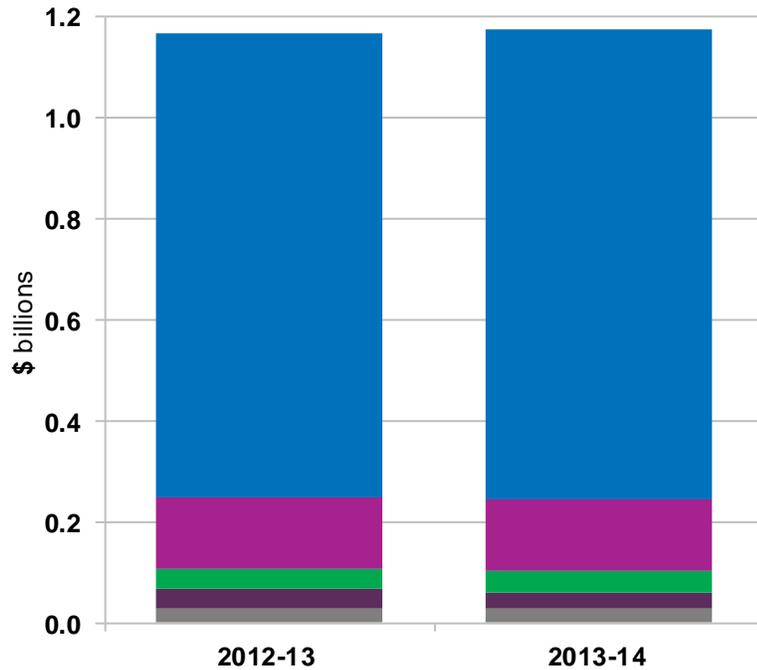
The instruction block increase of 1.2 per cent reflects the growth in enrolment, non-discretionary cost increases offset by cost mitigations.

Operations and Maintenance decreased by 0.7 per cent mainly due to planned energy savings

Transportation increased 10.5% due to forecasted increase in ridership and routes.

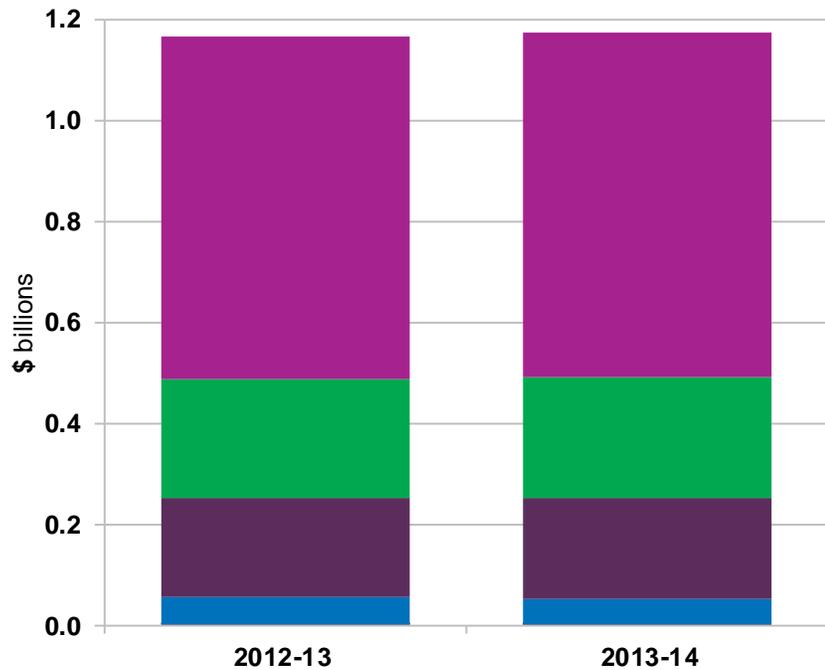
Board and System Administration decreased \$4.6 million in keeping with the expectations of Alberta Education, as a result of the mitigation strategies detailed in the Balancing the Budget section of this report

Expenses by Block



	Budget		Variance	
	2012-13	2013-14	(\$000)	%
(all figures in \$ thousands)				
Instruction: ECS - grade 12	922,616	933,602	10,986	1.2
Operation & maintenance	141,308	140,271	(1,037)	(0.7)
Transportation	39,012	43,099	4,087	10.5
Board & System Administration	37,941	33,348	(4,593)	(12.1)
External services	28,073	26,545	(1,528)	(5.4)
Total	1,168,950	1,176,865	7,915	0.7

Expenses by Object



Salaries and benefits constitute about 78.5 per cent of the CBE's operating budget. The change in salaries and benefits relates to estimates of staffing decisions in schools and service units and compensation assumptions.

Expense by Object

	Budget		Variance	
	2012-13	2013-14	(\$000)	%
Certificated salaries & benefits	681,504	684,171	2,667	0.4
Support staff salaries & benefits	235,032	239,722	4,690	2.0
Services, contracts and supplies	197,820	200,678	2,858	1.4
Amortization expense	52,101	50,705	(1,396)	(2.7)
Interest on capital debt expense	1,116	820	(296)	(26.5)
Other interest charges	1,377	769	(608)	(44.2)
Total	1,168,950	1,176,865	7,915	0.7



Reserves

The CBE is required to balance its budget every year. As described throughout this document, administration has diligently evaluated services and implemented strategies to achieve this balance. To help with this work, a funding source that is available to the CBE is to use our savings which we call reserves. During the March 7, 2013 budget announcement the CBE was urged by the Minister of Education to use all reserves to backfill shortfalls that the provincial funding cuts created.

Even though the CBE has budgeted for huge cuts, the provincial funding reductions are so significant that we are forced to deplete all available operating reserves to cover the \$15.3 million difference between revenue and expenses and balance the budget. This includes requesting that the Board of Trustees allow for the use of the Continuing Education Stabilization Fund, previously designated for the sole use of Chinook Learning Services. The following chart details the reserve use for 2013-14.

Use of Reserves to Balance the 2013-2014 Budget

(all figures in \$ thousands)

Operating Reserves

Continuing Education Fee Stabilization	1,593
Utility Expense Stabilization	1,637
Administrative Systems Renewal	2,248
General Instruction	1,000
Fiscal Stability	1,660
System Transformation	500
Transportation Fee Reserve	2,179
Operating Lease Reserve	1,000
	<u>11,817</u>
Contribution from Amortization Reserve	6,000
School Purchased Assets	<u>(2,500)</u>
Total	<u>15,317</u>

While the Continuity Table below indicates a closing balance of \$17.8 million at the end of 2013-14, these reserves are not currently available for general use. These funds are set aside for specific purposes including unrealized investment gains and the operating lease reserve which provides \$1.0 million annually to support the costs of the education center lease.

Continuity of Operating Reserves

(all figures in \$ thousands)

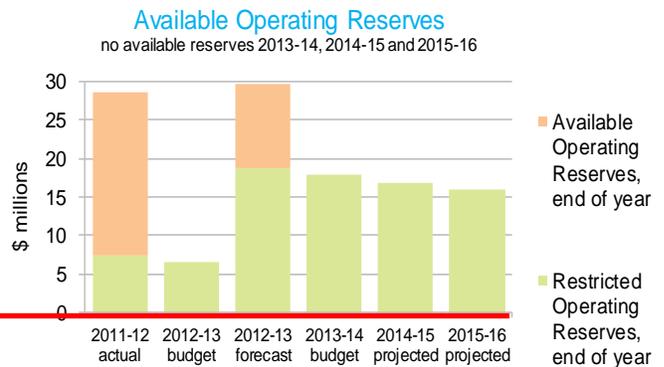
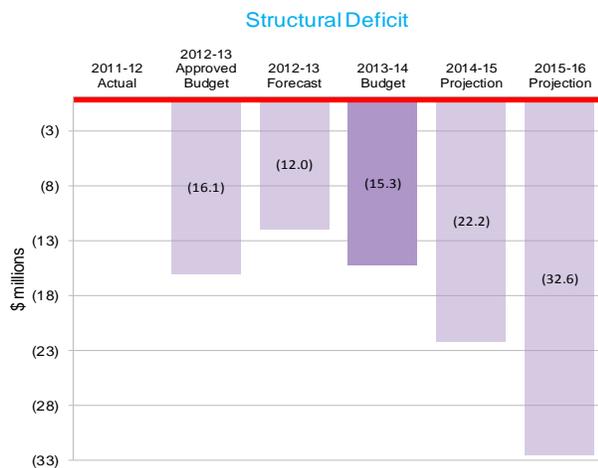
	Actual 2011-12	Approved Budget 2012-13	Forecast 2012-13	Budget 2013-14	Forecast 2014-15	Forecast 2015-16
Opening Balance	25,282	18,640	28,510	29,590	17,772	16,772
Net increase/(decrease)						
Restricted reserves	(5,513)	-	12,300	(3,179)	(1,000)	(1,000)
Available reserves	8,741	(12,185)	(11,220)	(8,639)	-	-
Net increase/(decrease) in total reserves	<u>3,228</u>	<u>(12,185)</u>	<u>1,080</u>	<u>(11,818)</u>	<u>(1,000)</u>	<u>(1,000)</u>
Closing Balance	<u>28,510</u>	<u>6,455</u>	<u>29,590</u>	<u>17,772</u>	<u>16,772</u>	<u>15,772</u>
Restricted Reserves remaining for 2013-14 to 2015-16						
Unrealized Investment Gains/Losses				3,195	3,195	3,195
Operating Lease Reserve				<u>14,577</u>	<u>13,577</u>	<u>12,577</u>
Total				<u>17,772</u>	<u>16,772</u>	<u>15,772</u>



Structural Deficit and Available Operating Reserves

When one-time funding is used to balance the budget a “structural deficit,” is created. This is because we fund ongoing expenses with “one-time” funding. The structural deficit results because, in future years, there is no longer a source to fund these ongoing costs.

For example, our 2012-13 planned use of one-time funding is \$16.1 million and therefore 2013-14 starts with a structural deficit of this amount. The actual 2012-13 structural deficit is expected to be less – forecasted at \$12 million. For 2013-14, CBE needs its strategies to address the opening structural deficit plus the current year’s additional shortfall. Structural deficits will continue as long as current year revenues do not match current year expenses.



In the 2012-13 budget we expected to use all available reserves. The most recent forecast anticipates that we will not need to use as much of our reserves as originally planned. This creates a one-time source of funding to help balance the budget for 2013-14, but in doing so, creates a structural deficit. Only restricted operating reserves will remain. Therefore, the 2014-15 opening structural deficit of \$15.3 cannot be funded by reserves.

Staff complement

More than 13,000 people work for the CBE, or the equivalent of 9,126 full-time equivalents (FTEs).

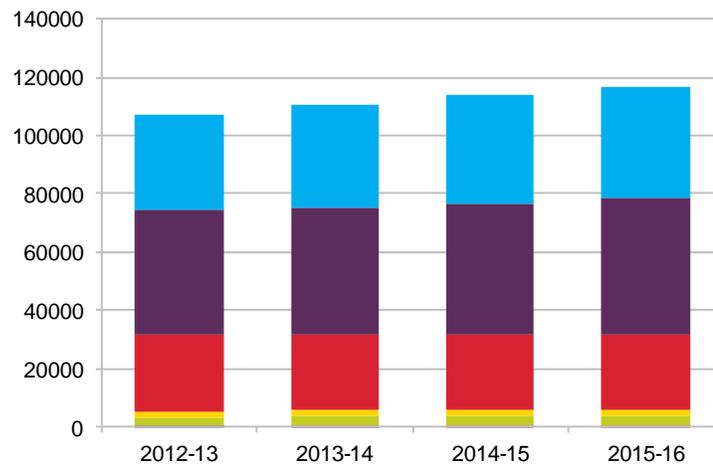
Each one of our employees plays an important role in providing learning as unique as every student. While teachers, principals and school-based employees work with students to unlock their passions and potential, they are supported by knowledgeable employees who work in a variety of other departments.

At the time of printing this report, RAM decisions were in progress and service unit reorganizations detail had not been finalized. Therefore, we are unable to provide detail of budgeted FTEs. The total number of FTEs used to build the budget was 9,115.

Student enrolment

Enrolment projections are based on the September 30, 2012 actual enrolment of 107,104 students, and reflect the City of Calgary population changes, market share, and student retention rates. It is expected that student enrolment will continue to increase between 2.7 per cent and 2.9 per cent annually.

Student Enrolment by year



Student Enrolment by years and program

	2012-13	2013-14		2014-15		2015-16	
	Actual	Projection	Change from prior year	Projection	Change from prior year	Projection	Change from prior year
Kindergarten to Gr. 3	32,776	35,059	2,283	36,738	1,679	37,959	1,221
Gr. 4-9	42,956	43,855	899	45,354	1,499	46,919	1,565
Senior High (Gr. 10-12)	25,896	25,812	(84)	25,697	(115)	25,778	81
Unique Schools & Programs	2,036	2,107	71	2,171	64	2,235	64
Chinook Learning Services	2,760	2,843	83	2,930	87	3,016	86
Cbe-Learn	680	700	20	722	22	743	21
Totals	107,104	110,376	3,272	113,612	3,236	116,650	3,038



Glossary of terms⁵

Amortization

Amortization expenses for both supported and unsupported capital assets (“unsupported” capital assets are board-funded; “supported” capital assets are funded by externally restricted capital funding/contributions).

Cohort-survival

Cohort is a group of students having a statistical factor (e.g., age or grade) in common as part of a demographic study. Cohort-survival looks at these demographic groups to determine any decrease or increase in each grade grouping as they move from Kindergarten to Grade 12 within the CBE.

Equity of Opportunity Funding

This grant has three components:

- Per student funding to provide equitable access to education programs for all students;
- Distance funding that recognizes the costs of providing services for students who are located far distances from major service centres; and
- Low student density funding that recognizes the costs of providing services for students who live in low populated, remote, rural communities.

CBE is only eligible for the first component.

Grid Movement

Grid movement refers to time-based salary increases for unionized employees. For example, in the case of teachers, until they reach the top of the salary scale or “grid,” there are scheduled increases annually. In budgetary terms, grid movement is not a discretionary expense.

Interest and charges

Interest expenses charged for both supported and unsupported debenture debt and all other interest charges.

Provincial Priority Targeted Funding

Funding is comprised of the following: Alberta Initiative for School Improvement (AIS, eliminated April 1, 2013), SuperNet and Student Health. Other funding categories from the province that have prescribed guidelines on their use include: Infrastructure Maintenance Renewal (IMR), Regional Assessment Services (REACH) and Institutional Funding.

Salaries & Benefits

Consists of both certificated and non-certificated salaries and benefits

Certificated salaries refer to all salaries paid or accrued for those employees of the jurisdiction who possess a valid Alberta Teaching Certificate, or its equivalent (i.e., certified teachers, Principals and Superintendents).

Certificated benefits refer to the employer share of amounts paid on behalf of employees possessing an Alberta Teacher Certificate or equivalent for statutory and pension contributions, and medical and insurance benefits. It also includes allowances which are taxable payments made to (or on behalf of) employees for

⁵ Some terms are defined by Alberta Education

sabbatical leave, advanced study and training, and for negotiable or board-authorized allowances including automobile, subsidized housing, relocation, retirement, and supplementary unemployment benefits.

Non certificated salaries are salaries and wages paid or accrued for all other employees, who do not possess an Alberta Teaching Certificate or equivalent.

School-Generated Funds

School-Generated Funds (SGF) are funds raised in the community for student activities that come under the control and responsibility of school management. These funds are usually collected and retained at the school for expenditures paid at the school level. SGF does not include any other funds collected at the school but remitted to central office and accounted for by central office (facility rentals, capital assets purchases, etc.)

Appendix I - Alberta Education

School Jurisdiction Code:

BUDGET REPORT FOR THE YEAR ENDING AUGUST 31, 2014

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

Legal Name of School Jurisdiction

Telephone and Fax Numbers

<input type="text"/> Name	BOARD CHAIR	<input type="text"/> Signature
<input type="text"/> Name	SUPERINTENDENT	<input type="text"/> Signature
<input type="text"/> Name	SECRETARY TREASURER	<input type="text"/> Signature
Certified An accurate summary of the year's budget approved by the Board of Trustees at its meeting held <input type="text"/> . Date		

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PROJECTED STATEMENT OF CHANGES IN NET ASSETS (SUMMARY)	4
PROJECTED STUDENT STATISTICS	5
PROJECTED STAFFING STATISTICS	6

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- 2013/2014 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, Plans & Assumptions:

Administration's approach to the operating budget is guided by the following values:

- Minimizing the impact on students and parents remains a top priority.
- We will focus our resources on achieving the vision as articulated in the Results Statements, the Three-Year Education Plan, and Inspiring Education.
- We will continue to build on innovation already in progress.
- We will continue to advance the learning agenda. We are committed to the best possible learning for our students today while continuing to move our practice forward.

The key highlights of the 2013-14 Financial Plan are:

- The RAM-rate increase across the system is an average of two per cent and is weighted to ensure that current average kindergarten to Grade class size is maintained.
- As requested by Alberta Education, our administration block is reduced by \$4.6 million from our 2012-13 budget.
- The use of one-time funding sources and depletion of all available reserves totals \$15.3 million.
- The operating budget for 2013-14 is balanced.

The CBE will **continue to allocate resources**—both to schools and for associated central learning supports—by way of the following strategies:

- Advance the objectives of Inspiring Education
- Maintain kindergarten to Grade 3 current average class-size.
- Support English language learners
- Generally maintain fees at 2012-13 rates
- Maintain full-day kindergarten programs
- Continued support of facilities maintenance

Significant Business and Financial Risks:

- Compensation changes, including compensation increases, grid movements, performance increases and benefits, have been planned based on current information. Negotiated salary and wage settlements may differ from the current information.
- Enrolment projections have been based on the Sept. 30, 2012 actual enrolment and will be different from actual Sept. 30, 2013
- The inflation rates were estimated based on the 5-year trend in Calgary at 1.4 per cent per year.
- All known changes in contractual obligations have been included based on current information.
- The financial impact of any potential legislative changes cannot be determined at this time.

Note: We have reclassified the 2012-13 budget, presented in this report, for comparative purposes.

BUDGETED STATEMENT OF OPERATIONS
for the Year Ending August 31

	Approved Budget 2013/2014	Final Approved Budget 2012/2013	Actual 2011/2012
REVENUES			
Government of Alberta	\$1,043,045,403	\$1,040,530,774	\$1,028,977,351
Federal Government and/or First Nations	\$2,380,519	\$2,191,185	\$2,241,955
Other Alberta school authorities	\$512,650	\$509,850	\$731,359
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Fees	\$37,794,985	\$30,855,920	\$37,440,265
Other sales and services	\$20,537,952	\$20,295,454	\$21,010,468
Investment income	\$3,002,000	\$3,198,197	\$5,631,824
Gifts and donations	\$5,166,000	\$10,035,797	\$6,151,370
Fundraising	\$11,092,000	\$8,411,026	\$11,034,757
Rental of facilities	\$7,954,128	\$7,236,414	\$8,397,249
Gain on disposal of capital assets	\$0	\$0	\$41,336,714
Amortization of capital allocations	\$30,061,928	\$29,605,490	\$24,401,064
Other revenue	\$0	\$0	\$230,514
TOTAL REVENUES	\$1,161,547,565	\$1,152,870,107	\$1,187,584,889
EXPENSES			
ECS - Grade 12 Instruction	933,601,459	\$922,616,230	\$897,524,916
Operations & Maintenance of Schools and Maintenance Shops	140,270,851	\$141,308,192	\$137,442,579
Transportation	43,099,338	\$39,011,849	\$37,759,933
Board & System Administration	33,348,497	\$37,940,673	\$41,652,025
External Services	26,544,682	\$28,072,837	\$23,396,410
TOTAL EXPENSES	\$1,176,864,827	\$1,168,949,781	\$1,137,775,863
ANNUAL SURPLUS (DEFICIT)	(\$15,317,262)	(\$16,079,674)	\$49,809,026

BUDGETED ALLOCATION OF EXPENSES (BY OBJECT)
for the Year Ending August 31

	Approved Budget 2013/2014	Final Approved Budget 2012/2013	Actual 2011/2012
EXPENSES			
Certificated salaries	\$561,261,227	\$561,119,704	\$555,900,110
Certificated benefits	\$122,909,705	\$120,384,600	\$112,166,346
Non-certificated salaries and wages	\$189,985,891	\$189,075,276	\$177,419,009
Non-certificated benefits	\$49,735,962	\$45,957,067	\$41,156,457
Services, contracts, and supplies	\$200,677,811	\$197,819,377	\$205,428,454
Capital and debt services			
Amortization of capital assets			
supported	\$30,061,928	\$29,605,490	\$23,396,410
unsupported	\$20,643,449	\$22,495,281	\$19,066,307
Interest on capital debt			
supported	\$819,977	\$1,116,395	\$1,463,720
unsupported	\$0	\$0	\$0
Other interest charges	\$768,877	\$1,376,591	\$1,779,050
Loss on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
TOTAL EXPENSES	\$1,176,864,827	\$1,168,949,781	\$1,137,775,863

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, 2012	\$199,703,559	\$119,570,333	\$28,510,326	\$2,810,336	\$25,699,990	\$51,622,900
2012/2013 Estimated impact to net assets for:						
Estimated surplus(deficit)	(\$11,998,000)			(\$11,998,000)		
Estimated Board funded capital asset additions		\$30,653,000		(\$19,280,000)	\$15,577,461	(\$26,950,461)
Estimated Amortization of capital assets (expense)		(\$47,902,000)		\$47,902,000		
Estimated Amortization of capital allocations (revenue)		\$28,912,000		(\$28,912,000)		
Estimated Unsupported debt principal repayment		\$2,210,000		(\$2,210,000)		
Estimated reserve transfers (net)				\$11,687,664	(\$11,687,664)	\$0
Estimated Assumptions/Transfers of Operations	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Balances for August 31, 2013	\$187,705,559	\$133,443,333	\$29,589,787	\$0	\$29,589,787	\$24,672,439
2013/2014 Budget projections for:						
Budgeted surplus(deficit)	(\$15,317,262)			(\$15,317,262)		
Projected Board funded capital asset additions		\$14,035,449		(\$14,035,449)	\$0	\$0
Budgeted Amortization of capital assets (expense)		(\$50,705,377)		\$50,705,377		
Budgeted Amortization of capital allocations (revenue)		\$30,061,928		(\$30,061,928)		
Budgeted Unsupported debt principal repayment		\$3,108,000		(\$3,108,000)		
Projected reserve transfers (net)				\$11,817,262	(\$11,817,262)	\$0
Projected Assumptions/Transfers of Operations	\$0	\$0	\$0	\$0	\$0	\$0
Projected Balances for August 31, 2014	\$172,388,297	\$129,943,333	\$17,772,525	\$0	\$17,772,525	\$24,672,439

ANTICIPATED CHANGES IN NET ASSETS SUMMARY- 2013/2014 BUDGET REPORT

The following explains the anticipated changes to Unrestricted Net Assets, Investment in Capital Assets, Operating Reserves and Capital Reserves for 2012/2013 and 2013/2014 and breaks down the planned additions to unsupported capital.

- The \$2.8 M of Unrestricted Net Assets is anticipated to fund the projected deficit of 2012-13. No changes to 2013-14.
- The reduction of \$27.0 M from capital reserves in the 2012 year is a combination of the transfer of \$15.6 M to the Operating Lease reserve as approved by the Minister and \$11.4 M in to fund capital projects that were carried forward from the prior year.
- Operating reserves are reduced by \$11.7 M and \$11.8 M respectively for 2012-13 and 2013-14 to fund the projected deficits.
- Additions to Board funded capital assets are:
 - 2012-13
 - Building 3,651,520
 - Vehicles 1,026,000
 - Equipment 28,185,480
 - \$32,863,000

 - 2013-14
 - Building 3,861,000
 - Vehicles 152,000
 - Equipment 13,130,000
 - \$ 17,143,000

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

	Budgeted 2013/2014 (Note 2)	Actual 2012/2013	Actual 2011/2012	Notes
GRADES 1 TO 12				
Eligible Funded Students:				
Grades 1 to 9	70,242	67,725	65,722	Head count
Grades 10 to 12	28,864	28,881	28,701	Note 3
Total	99,106	96,606	94,423	Grades 1-12 students eligible for base instruction funding from Alberta Education.
Other Students:				
Total	1,948	1,900	1,850	Note 4
Total Net Enrolled Students	101,054	98,506	96,273	
Home Ed and Blended Program Students	254	247	140	Note 5
Total Enrolled Students, Grades 1-12	101,308	98,753	96,413	
Of the Eligible Funded Students:				
Severely Disabled Students served	4,368	4,692	4,293	Total eligible funded severely disabled student FTEs; including Code 40s (excluding Code 47s).
EARLY CHILDHOOD SERVICES (ECS)				
Eligible Funded Children	9,068	8,351	7,718	ECS children eligible for ECS base instruction funding from Alberta Education.
Other children	-	-	51	ECS children not eligible for ECS base instruction funding from Alberta Education.
Total Enrolled Children - ECS	9,068	8,351	7,769	
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	4,534	4,176	3,885	
Of the Eligible Funded Children:				
Severely Disabled Children served	423	399	345	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 2013/2014 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 20, 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 2013/2014	Actual 2012/2013	Actual 2011/2012	Notes
<u>CERTIFICATED STAFF</u>				
School Based	5,727.2	5,738.3	5,649.7	Teacher certification required for performing functions at the school level.
Non-School Based	115.1	124.7	127.1	Teacher certification required for performing functions at the system/central office level.
Total Certificated Staff FTE	5,842.3	5,863.0	5,776.8	FTE for personnel possessing a valid Alberta teaching certificate or equivalency.
Certificated Staffing Change due to:				
Enrolment Change	152.7	88.6	43.2	If negative change impact, the small class size initiative is to include any/all teachers retained.
Other Factors	(173.4)	(2.5)	(162.1)	Descriptor (required): Budget reduction *
Total Change	(20.7)	86.1	(118.9)	Year-over-year change in Certificated FTE
Breakdown, where total change is Negative:				
Continuous contracts terminated	-	-	-	FTEs
Non-permanent contracts not being renewed	-	-	-	FTEs
Other (retirement, attrition, etc.)	(20.7)	-	(118.9)	Descriptor (required): Budget reduction *
Total Negative Change in Certificated FTEs	(20.7)	-	(118.9)	Breakdown required where year-over-year total change in Certificated FTE is 'negative' only.
<u>NON-CERTIFICATED STAFF</u>				
Instructional	1,921.7	1,916.5	1,853.2	Personnel providing instruction support for schools under 'Instruction' program areas.
Non-Instructional	1,298.5	1,294.0	1,331.5	Personnel in Transportation, Board & System Admin., O&M and External service areas.
Total Non-Certificated Staff FTE	3,220.2	3,210.5	3,184.7	FTE for personnel not possessing a valid Alberta teaching certificate or equivalency.
Non-Certificated Staffing Change due to:				
Enrolment Change	26.9	-	-	FTEs
Other Factors	(17.2)	25.8	12.5	Descriptor (required): Budget reduction *
Total Change	9.7	25.8	12.5	Year-over-year change in Non-Certificated FTE
*At the time of generating this report, school-based decisions were in progress and service unit reorganization details had not been finalized. The FTEs provided are based on 2012-13 actuals projected forward based on enrolment growth and other budget changes, excluding the results of the decisions in progress. The total number of FTEs of 9,062.5 excludes 52.5 staff on leaves and secondments (9,062.5 + 52.5 = 9115.0 FTE reported in Operating Budget for 2013-14 and Beyond).				