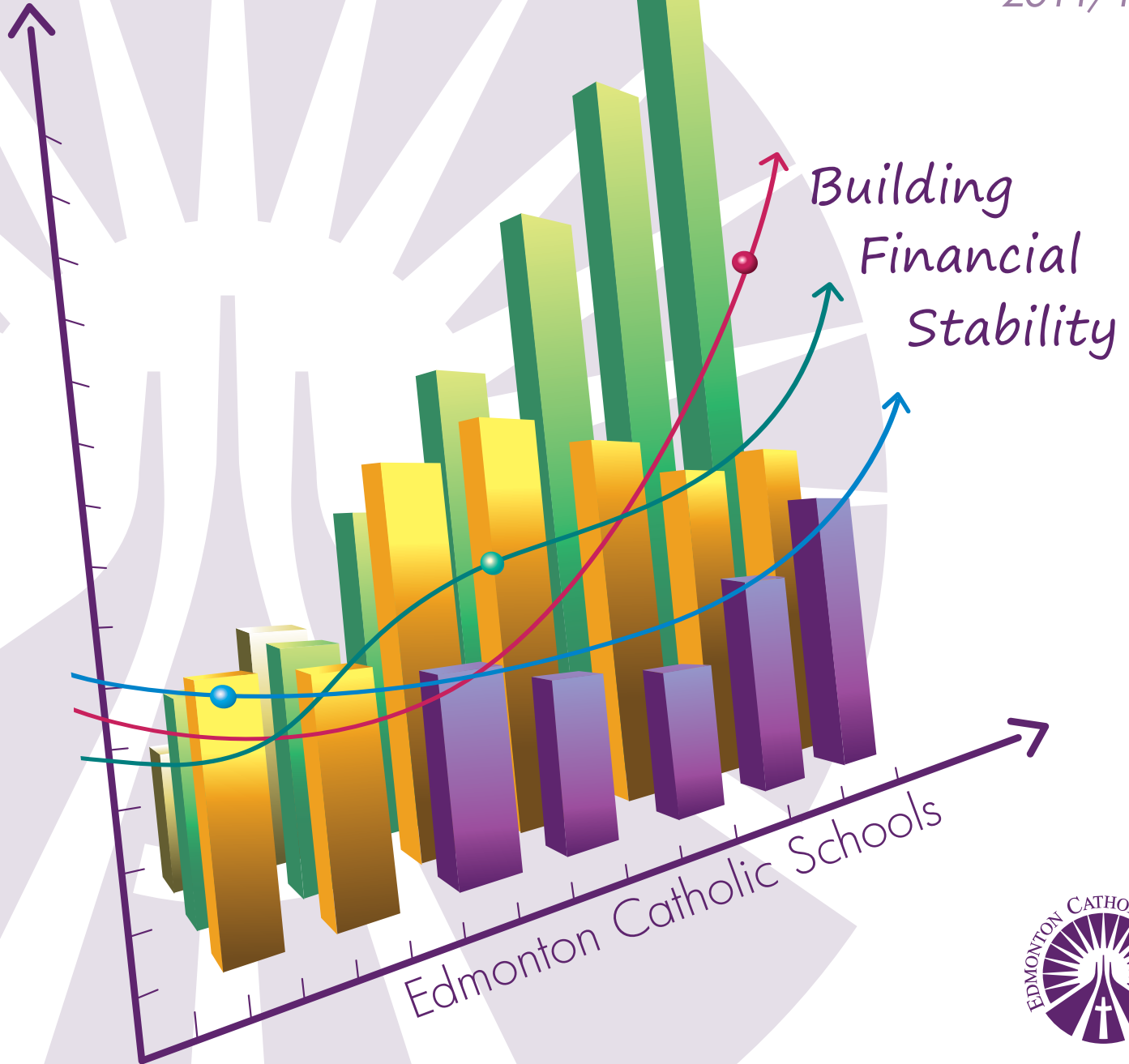


DISTRICT OPERATING BUDGET

2011/12



A stylized graphic on the left side of the page. It features a white cross at the bottom, with a large white sunburst or fan shape above it. The sunburst is composed of many triangular segments, some of which are filled with a light purple color, while others are white. The overall design is clean and modern.

OUR MISSION

The mission of Edmonton Catholic Schools is to provide a Catholic Education that inspires students to learn and that prepares them to live fully and serve God in one another.

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1. GOALS

Our budget for 2011/12 reaffirms our District's commitment to provide our students with an environment that enables them to realize their potential, spiritually, academically, intellectually, emotionally and physically. We see each child as a precious gift, with God given talents and aptitudes. They have a moral right to achieve their full potential. We have an obligation to help them achieve it. Our goals for 2011/12 have been identified as follows:

1. Success for every student
 - This goal is central to our Catholic purpose and is our primary reason for existence.
2. Transformed education through collaboration
 - Within a faith-based environment, we engage students in transformative learning, which develops a deep and innovative 21st Century thinking and problem solving skills.
3. Success for First Nations, Métis and Inuit (FNMI) Students
 - The FNMI population presents unique challenges to school districts; additional supports and strategies are needed to address the challenges.

2. PROVINCIAL FUNDING

We are committed to demonstrating fiscal leadership by focusing our priorities for students while ensuring we manage our financial resources in a sound manner. The Province continues to provide per student funding to the District for increases in student enrollment through grades 1 to 9 and for Early Learning Program Unit Funding (PUF). The class size basic portion of the basic grant for grades 4 to 6 was eliminated, but is in place for kindergarten to grade 3 students. High school students continue to be funded based on Credit Enrollment Units (CEUs) earned from course completions. The funding challenges faced by our District are highlighted below as several provincial funding envelopes have lagged behind our cost increases.

| TABLE A: PROVINCIAL FUNDING ENVELOPE RATE INCREASES | Actual 2007/08 | Actual 2008/09 | Actual 2009/10 | Actual 2010/11 | Budget 2011/12 |
|---|----------------|----------------|----------------|----------------|----------------|
| PROVINCIAL FUNDING | | | | | |
| Alberta Average Weekly Index (AAWE)* | 3.00% | 4.53% | 5.99% | 2.92% | 4.54% |
| Base Funding Rates ** | 3.00% | 4.53% | 5.99% | 2.92% | 4.54% |
| Transportation | 3.00% | 4.53% | 3.00% | 0.00% | 0.00% |
| Plant Operations & Maintenance | 3.00% | 4.53% | 3.00% | 0.00% | 0.00% |
| Severe Disabilities Profile | 3.00% | 4.53% | 0.00% | 0.00% | 0.00% |
| Other Rates | 3.00% | 4.53% | 1.00% | 0.00% | 0.00% |

* AAWE is the rate used for determining the ATA collective agreement salary increases

** In 2011/12 the 4.54% increase was applied to the basic grants for all grades however at the same time the class size portion of the basic grant for grades 4 to 6 was eliminated. The elimination of this portion of the grant has the effect of offsetting the 4.54% increase by \$2.0 million based on the District's 2010/11 enrollment

Our particular concern is the lack of increased funding for special needs students, transportation and for the operation and maintenance of our building facilities. We recognize that teacher wage increases as negotiated by provincial contract agreement have been funded; however other employer groups have not been recognized. In addition several grants were eliminated or reduced by the Province for 2011/12 which are identified below:

- The Enhanced English Language Learning grant was eliminated -\$585,000
- The grant for Student Enrollment Increase and/or Decrease was eliminated -\$465,000
- The Relative Cost of Purchasing (RCPA) grant was cut in half resulting in a reduction of \$1,371,000 from the prior year and will be eliminated completely in the next budget year
- The Alberta Initiative for School Improvement (AIS I) was also cut in half and has resulted in a \$2,200,000 reduction in funding for 2011/12
- Teacher wage increases were funded; however no other employee groups were funded for increases

3. DISTRICT MEASURES TO ACHIEVE FISCAL SUSTAINABILITY

Our budget for 2011/12 poses a significant challenge to the District. We are attempting to achieve a balance between managing our finite resources and continuing to deliver quality Catholic education to our students. However, in the prior year's budget, we achieved our budget goal by reducing our central office costs by \$2.4 million and taking other measures to reach a balanced budget. Our forecast for the 2010/11 year anticipates an operating deficit of \$739,000.

Our budget plan for 2011/12 shows an operating deficit of \$1.8 million, which will leave the District with unrestricted net assets (accumulated surplus) of only \$2.4 million. This small accumulated surplus leaves little room for contingencies arising from unexpected costs, incurred to service our students.

Class size will be impacted. To reach our budget target, 97 certificated Full Time Equivalency (FTEs) positions and 63 support staff positions will be reduced. This will be achieved by not renewing temporary and probationary certificated staff positions and by layoffs of support staff. These staffing adjustments are estimates. Actual numbers will only be known after the September 30, 2011 enrollments are determined; however the 2011/12 budget impact of these changes is estimated to be around \$2.9 million.

Facilities operations have planned staffing reductions, which will provide \$1.4 million in cost reductions for the budget year 2011/12; as a result 24 custodial positions will be eliminated. While challenging, this initiative will allow us to only maintain the essential caretaking and maintenance needed in the schools. Revenue lease rates will be increased as well as service rates billed to external parties. This will provide an additional \$1.3 million to the District. Energy Conservation initiatives will potentially yield some additional savings not incorporated into this budget.

The Provincial AISI funding reduction of \$2.2 million resulted in a corresponding reduction in staff costs and operational expenses. We are concerned that this very successful initiative, that has had a major impact on the success of our students will be reduced even further in the next budget year.

These operational changes are summarized below and show how the District has addressed its funding shortfall of \$9.6 million.

| | |
|--|----------------------|
| Expense Reductions | |
| - Expense reduction in certificated/support staff salaries | \$2.9 million |
| - Expense reduction in maintenance staff wages | \$1.4 million |
| - AISI program expense reductions | \$2.2 million |
| Total expense reductions | \$6.5 million |
| Revenue Increases | |
| - Net change to Facilities revenues | \$1.3 million |
| Total revenue increases | \$1.3 million |
| Reserves | |
| Monies taken from reserves (accumulated surplus) | \$1.8 million |
| Total taken from reserves | \$1.8 million |
| Total amount addressing funding shortfall | \$9.6 million |

4. BUDGET ASSUMPTIONS

The significant assumptions used in this budget are:

- Provincial funding will be provided at the rates posted in Alberta Education's 2011/12 funding manual
- District Enrollment will increase by 151 students, or a 0.45% increase
- PUF (Program Unit Funding) enrollment will increase by 69 students and Provincial funding will be provided for this enrollment and related cost increases
- Salary increases of 4.54% have been applied to salaries and wages for two employee groups as per collective agreements
- There are approximately 97 teaching (FTEs) reductions and 63 support staff reductions
- There are 24 custodial FTEs reduced in Facilities Services
- Students with severe special needs will continue programming to meet their needs
- Programs of choice will continue to be offered
- Renewal leasing rates will be increased to market value
- Forecasted operating deficit for 2010/11 is based on estimates of transactions that will occur for the remainder of the year. These estimates, such as CEUs generated by high school students, are subject to change and have an impact on the District's opening unrestricted net assets

- The District will use \$1.8 million of its unrestricted net assets (accumulated surplus) to fund 2011/12 operations
- The District will continue to use a site-based decision-making model, which allocates funds to schools, based on enrollment and programs offered to students. This provides principals the opportunity to make decisions based on unique needs of their school community.

5. DISTRICT BUDGET 2011/12

| TABLE B: DISTRICT BUDGET 2011/12 WITH COMPARATIVES | Actual 2009/10 | Budget 2010/11 | Forecast 2010/11 | Budget 2011/12 |
|---|--------------------|--------------------|---------------------|--------------------|
| REVENUES | | | | |
| Provincial Funding | 301,030,446 | 303,277,000 | 308,417,703 | 314,261,000 |
| School Generated Revenue | 20,160,345 | 19,228,000 | 20,420,087 | 21,550,000 |
| District Generated Revenue | 7,321,208 | 7,125,000 | 7,968,383 | 7,667,000 |
| Other Revenue and Grants | 5,579,573 | 4,791,000 | 5,050,956 | 3,912,000 |
| Capital Support | 4,064,902 | 4,100,000 | 4,160,118 | 6,100,000 |
| TOTAL REVENUES | 338,156,474 | 338,521,000 | 346,017,247 | 353,490,000 |
| OPERATING EXPENSES | | | | |
| Salaries, Wages and Benefits | 256,150,544 | 263,835,000 | 263,263,432 | 270,024,000 |
| Operating Expenses | 79,217,970 | 74,686,000 | 83,492,894 | 85,266,000 |
| Total Expenses | 335,368,514 | 338,521,000 | 346,756,326 | 355,290,000 |
| NET REVENUES (EXPENSE) | 2,787,960 | - | (739,079) | (1,800,000) |

Explanations of variances from period to period are provided in our budget narratives and is supplemented with additional analysis in the Supplemental Information section of this document.

6. ON-GOING AND NEW DISTRICT INITIATIVES

Some of our significant continuing and new initiatives are identified below:

Providing a Faith-Based Environment

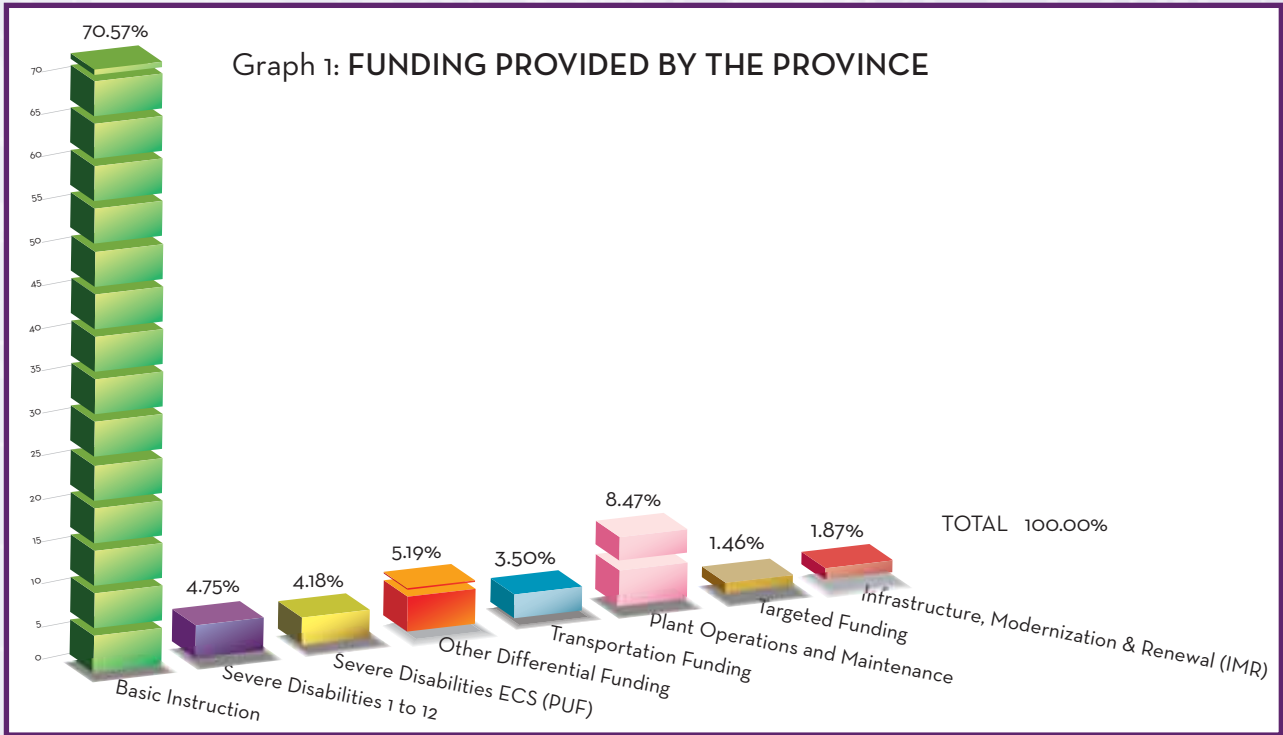
- We will continue with our proactive focus on evangelization and faith formation for students and staff
- We will continue to expand our very successful Western Canadian Catholic Professional Development Conference "Reimagining Our Catholic Schools", while ensuring the initiative is cost neutral to the District
- We created a staff faith formation committee, to build relationships within our Catholic Communities and will continue to provide opportunities for staff to nurture their faith

Success for every Student

- We have expanded the Learning Coach position to all schools in the District to support our Katholos (inclusive education) direction
- We have modified our High School Completion initiatives to ensure we continue to work toward outstanding student results and high school completion rates
- We continue to support our special needs students
- We continue to focus attention on new English Language Learner initiatives although with reduced funding
- FNMI student success is and will continue to be a priority for the District as guided by the Elder Council and school based initiatives supporting our FNMI students
- We continue to support and evaluate our focus programs to ensure their effectiveness
- We continue to provide language programs of choice, where student enrollment and parent commitment warrant
- We continue to support 21st Century learning through supporting inquiry based teaching and learning strategies and our direction with wireless technology
- We will continue to support full day kindergarten, although not funded Provincially
- We continue to expand our successful pre-school programs called "Little Bethlehem" and "100 Voices", along with family oriented programs
- We will continue emphasis on our proactive School Team Advisory for Youth (STAY) program

7. FUNDING PROVIDED BY THE PROVINCE

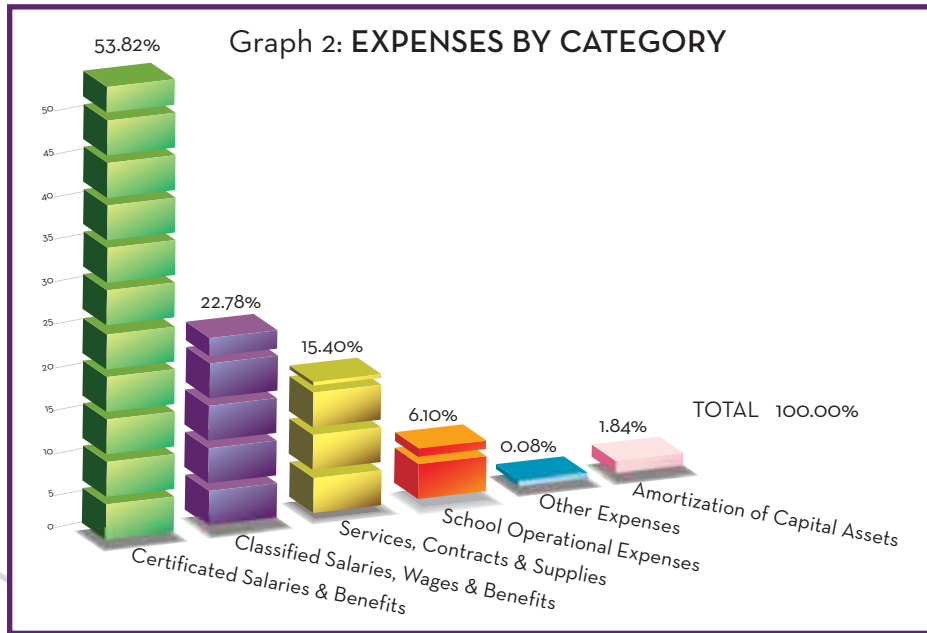
| TABLE C: FUNDING PROVIDED BY THE PROVINCE | Actual 2009/10 | Budget 2010/11 | Forecast 2010/11 | Budget 2011/12 |
|--|--------------------|--------------------|---------------------|--------------------|
| PROVINCIAL FUNDING | | | | |
| Basic Instruction | 208,710,721 | 213,109,000 | 215,651,060 | 221,761,000 |
| Severe Disabilities 1 to 12 (inclusive) | 14,940,341 | 14,979,000 | 14,940,341 | 14,940,000 |
| Severe Disabilities ECS (PUF) | 8,865,360 | 8,632,000 | 11,644,473 | 13,138,000 |
| Other Differential Funding | 17,217,492 | 14,925,000 | 15,337,359 | 16,322,000 |
| Transportation Funding | 11,339,454 | 11,273,000 | 11,004,903 | 11,005,000 |
| Plant Operations and Maintenance | 26,159,450 | 26,619,000 | 26,618,909 | 26,619,000 |
| Targeted Funding | 7,923,361 | 7,913,000 | 7,340,899 | 4,600,000 |
| Infrastructure, Modernization & Renewal (IMR) | 5,874,267 | 5,827,000 | 5,879,759 | 5,876,000 |
| TOTAL | 301,030,446 | 303,277,000 | 308,417,703 | 314,261,000 |



8. EXPENSES BY CATEGORY

| TABLE D: EXPENSES BY CATEGORY | Actual * 2009/10 | Budget * 2010/11 | Forecast 2010/11 | Budget 2011/12 |
|---------------------------------------|---------------------|---------------------|---------------------|--------------------|
| Certificated Salaries & Benefits | 175,904,979 | 181,182,000 | 184,693,657 | 190,258,000 |
| Classified Salaries, Wages & Benefits | 80,245,565 | 82,653,000 | 78,569,775 | 79,766,000 |
| Services, Contracts & Supplies | 52,606,391 | 49,058,000 | 56,329,761 | 55,198,000 |
| School Operational Expenses | 20,160,345 | 19,228,000 | 20,420,087 | 21,550,000 |
| Other Expenses | 487,780 | 400,000 | 267,907 | 268,000 |
| Amorization of Capital Assets | 5,963,454 | 6,000,000 | 6,475,139 | 8,250,000 |
| TOTAL | 335,368,514 | 338,521,000 | 346,756,326 | 355,290,000 |

*Some figures were reclassified for comparative purposes



9. EXPENSES BY FUNCTION

Over 80% of the District expenses are attributed to instructional costs. Board & System Governance (Administration) expenses account for 2.8% which is well below the provincial guideline of 4% to 5%.

| TABLE E: EXPENSES BY FUNCTION | Actual 2009/10 | Budget 2010/11 | Forecast 2010/11 | Budget 2011/12 | Budget % 2011/12 |
|-------------------------------|--------------------|--------------------|---------------------|--------------------|---------------------|
| Instruction | 269,403,841 | 274,159,640 | 280,227,992 | 292,870,000 | 82.4% |
| Operations & Maintenance | 40,988,887 | 38,446,000 | 40,553,355 | 36,538,000 | 10.3% |
| Student Transportation | 16,171,042 | 16,595,360 | 16,724,492 | 15,797,000 | 4.5% |
| Board & System Governance | 8,804,744 | 9,320,000 | 9,250,487 | 10,085,000 | 2.8% |
| TOTAL | 335,368,514 | 338,521,000 | 346,756,326 | 355,290,000 | 100.00% |

10. UNRESTRICTED NET ASSETS

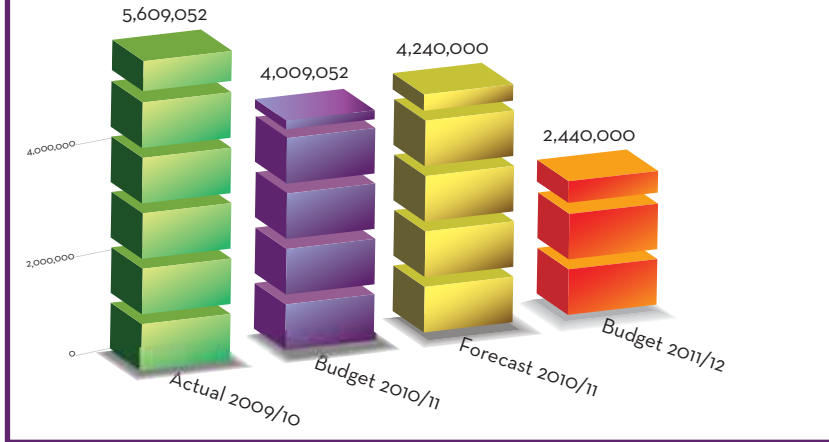
| TABLE F: UNRESTRICTED NET ASSETS | Actual 2009/10 | Budget 2010/11 | Forecast 2010/11 | Budget 2011/12 |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
| Opening Unrestricted Net Assets | 4,282,024 | 5,609,052 | 5,609,052 | 4,240,000 |
| CHANGES IN PERIOD | | | | |
| Net Revenue (Expense) for the Period | 2,787,960 | - | (739,079) | (1,800,000) |
| Board Funded Capital Additions | (3,518,830) | (3,500,000) | (3,000,000) | (2,400,000) |
| Amortization of Board Funded Assets | 1,898,552 | 1,900,000 | 2,300,000 | 2,400,000 |
| Other Transfers | 159,346 | - | 70,027 | - |
| Net Increase (Decrease) | 1,327,028 | (1,600,000) | (1,369,052) | (1,800,000) |
| ENDING UNRESTRICTED NET ASSETS | 5,609,052 | 4,009,052 | 4,240,000 | 2,440,000 |

unrestricted net asset (accumulated surplus) is the amount available to the District, after deducting the liabilities owed by the District from the assets owned by the District. It is a measure of the funds that could be available to cover funding shortfalls from the province. In this sense, it is the “piggy bank” available to the District to help alleviate short term cost pressures. If this amount becomes negative, the District would be in an accumulated deficit position, which would require the District to file a “Deficit Recovery Plan” with the Province. This means that there would be a requirement in future years to reduce expenditures to recover this deficit.

| TABLE G: UNRESTRICTED NET ASSETS | Actual 2009/10 | Budget 2010/11 | Forecast 2010/11 | Budget 2011/12 |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
| STATISTICS | | | | |
| Unrestricted Net Assets (UNA) | 5,062,052 | 4,009,052 | 4,240,000 | 2,440,000 |
| UNA as % of Alberta Education Funding | 1.9% | 1.3% | 1.4% | 0.8% |
| % OF TOTAL REVENUE | 1.7% | 1.2% | 1.2% | 0.7% |

A guideline provided by the Province suggests that unrestricted net assets should be in the range of 3% to 4% as a percentage of Alberta Education funding.

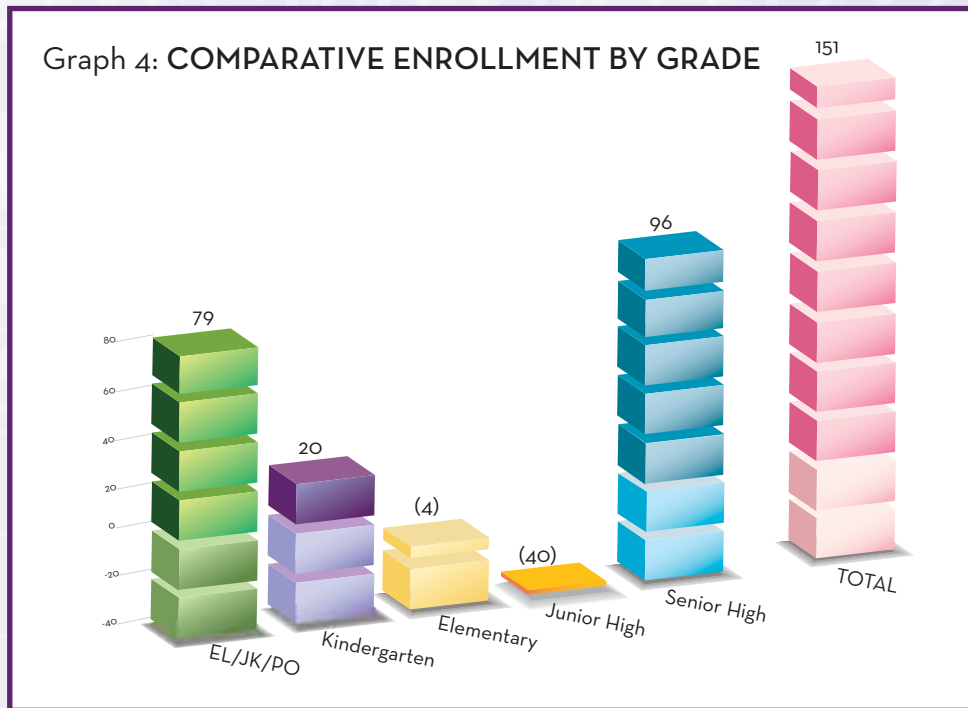
Graph 3: UNRESTRICTED NET ASSETS STATISTICS



11. ENROLLMENT

TABLE H: COMPARATIVE ENROLLMENT

| | 2010 | 2011 | Change |
|-------------------------------------|---------------|---------------|------------|
| District Enrollment by Grade | | | |
| EL/JK/PO | 760 | 839 | 79 |
| Kindergarten | 2,530 | 2,550 | 20 |
| Grade 1 | 2,504 | 2,503 | (1) |
| Grade 2 | 2,440 | 2,462 | 22 |
| Grade 3 | 2,344 | 2,420 | 76 |
| Grade 4 | 2,422 | 2,341 | (81) |
| Grade 5 | 2,340 | 2,419 | 79 |
| Grade 6 | 2,427 | 2,328 | (99) |
| Grade 7 | 2,517 | 2,450 | (67) |
| Grade 8 | 2,435 | 2,519 | 84 |
| Grade 9 | 2,562 | 2,505 | (57) |
| Grade 10 | 2,471 | 2,571 | 100 |
| Grade 11 | 2,746 | 2,565 | (181) |
| Grade 12 | 3,278 | 3,455 | 177 |
| TOTAL | 33,776 | 33,927 | 151 |



12. SUPPLEMENTAL INFORMATION

This budget is prepared within the context of our Foundation Statement and other important supporting documents. These documents are posted on our Web Site. It is recommended these documents be reviewed to help understand the content of this budget:

- Foundation Statement
- Three Year Education Plan 2011-2014
- Annual Educational Results Report 2009-10
- Three Year Capital Plan 2012-2015
- District Plan for Continuous Growth 2011-2014
- Audited Financial Statements 2010

TABLE I - EXPLANATION OF CHANGES FROM BUDGET 2010/11 TO BUDGET 2011/12

| TABLE I | Budget 2010/11 | Budget 2011/12 | \$ Change | % Change |
|-------------------------------|--------------------|--------------------|-------------------|-------------|
| REVENUES | | | | |
| Provincial Funding | 303,277,000 | 314,261,000 | 10,984,000 | 3.6% |
| School Generated Revenue | 19,228,000 | 21,550,000 | 2,322,000 | 12.1% |
| District Generated Revenue | 7,125,000 | 7,667,000 | 542,000 | 7.6% |
| Other Revenue and Grants | 4,791,000 | 3,912,000 | (879,000) | -18.3% |
| Capital Support | 4,100,000 | 6,100,000 | 2,000,000 | 48.8% |
| TOTAL REVENUES | 338,521,000 | 353,490,000 | 14,969,200 | 4.4% |
| OPERATING EXPENSES | | | | |
| Salaries, Wages & Benefits | 263,835,000 | 270,024,000 | 6,189,000 | 2.3% |
| Operating Expenses | 74,686,000 | 85,266,000 | 10,580,000 | 14.2% |
| Total Expenses | 338,521,000 | 355,290,000 | 16,769,000 | 5.0% |
| NET REVENUE (EXPENSES) | - | (1,800,000) | | |

1. Total revenues have increased by 14.9 million, which represents a 4.4% increase. This increase is a net result of the 4.54% basic grant increase, less grants that were reduced and other changes to "flow through" grants. Flow through grants are matched by flow through expenses and may give the appearance that funding has increased, however the net financial result is that revenue is equal to the expenses incurred.
2. Note that effective for the 2011/12 Budget Report submission to the Government of Alberta, it is now required to include the Alberta Education's annual support for teacher pension contributions, which is estimated at \$15 million. The teacher pension contributions represent a flow through funding and accordingly, the estimated \$15 million will be included in both the Provincial funding and expenses in our 2011/12 Budget Report to the Government of Alberta. This amount was excluded from the District's operating budget for comparability purposes.
3. Total salaries, wages and benefits increased by 2.3% represented by wage increases less planned staffing reductions.
4. Total Budgeted 2011/12 operating expenses of \$85.2 million increased by 14.2%, most of which is the result of flow through grants, which do not yield any discretionary funds to the District.

TABLE J - EXPLANATION OF CHANGES - FORECAST 2010/11 TO BUDGET 2011/12

| TABLE J | Forecast 2010/11 | Budget 2011/12 | \$ Change | % Change |
|-------------------------------|---------------------|--------------------|------------------|-------------|
| REVENUE | | | | |
| Provincial Funding | 308,417,703 | 314,261,000 | 5,843,297 | 1.9% |
| School Generated Revenue | 20,420,087 | 21,550,000 | 1,129,913 | 5.5% |
| District Generated Revenue | 7,968,383 | 7,667,000 | (301,383) | -3.8% |
| Other Revenue and Grants | 5,050,956 | 3,912,000 | (1,138,956) | -22.5% |
| Capital Support | 4,160,118 | 6,100,000 | 1,939,882 | 46.6% |
| TOTAL REVENUES | 346,017,247 | 353,490,000 | 7,472,753 | 2.2% |
| OPERATING EXPENSES | | | | |
| Salaries, Wages & Benefits | 263,263,432 | 270,024,000 | 6,760,568 | 2.6% |
| Operating Expenses | 83,492,894 | 85,266,000 | 1,773,106 | 2.1% |
| Total Expenses | 346,756,326 | 355,290,000 | 8,533,674 | 2.5% |
| NET REVENUE (EXPENSES) | (739,079) | (1,800,000) | | |

1. Total revenues have changed by \$7.5 million or 2.2%, which is the result of the 4.54% basic funding increase, increases in student enrollment less the class size component decrease and flow through grants.
2. Increases in School Generated Revenues of \$1.1 million are the result of estimated activities in the schools and is offset by expenses of the same amount.
3. Other revenue and grants vary from year to year dependent on programs offered.
4. Total expenses varied by \$8.5 million, which is a 2.5% change.
5. The deficit (Net Expense) of \$1.8 million is planned in order to avoid severe impacts on students learning.



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