

Ministry of Education
Transfer Payments and
Financial Reporting Branch

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Ministère de l'Éducation
Direction des paiements de transfert
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2009:SB34

MEMORANDUM TO: Superintendents of Business

FROM: Andrew Davis
Director
Transfer Payments and Financial Reporting

DATE: September 2, 2009

SUBJECT: 2008-09 Financial Statements Forms (DSBs)

I am pleased to inform you that the 2008-09 Financial Statements, related guides and instructions are now available through the Financial Statements link on the Financial Reporting website at <http://tpfr.edu.gov.on.ca>. District School Boards are to submit their 2008-09 Financial Statements through EFIS at efis.edu.gov.on.ca/login.asp.

Files that will assist boards in completing their financial statements have been posted on the Financial Reporting website.

Information Sessions

The ministry will hold information sessions throughout the month of September to highlight changes to the financial statements as well as providing updates in other areas, including the new financial accountability framework and some related reporting changes the ministry is currently working on. Dates and locations of the upcoming sessions have been sent to auditors and school boards.

A separate set of instructions for auditors will not be issued; note disclosures and audit assurances should conform with the requirements of the CICA handbooks.

Tangible Capital Assets

For 2008-09, boards are not required to report the five months capital asset activities and therefore no specified procedures will be required. As indicated in memorandum 2009:SB07, the presentation of TCA on the face of the School Boards Audited Financial Statements will be implemented in the 2009-10 financial statements. For 2008-09 TCA balances will be required in the audited notes to the 2008-09 financial statements; proposed note disclosure is included in Appendix H of the updated Tangible Capital Asset Guide that has been posted in the Financial Reporting website.

The Capital Asset Continuity Schedule (Schedule 3C) introduced in the 2007-08 Financial Statements EFIS forms has been revised in preparation for the full implementation of tangible capital assets reporting in 2009-10 financial statements. School boards are required to upload their land and building tangible capital asset data file (reflecting asset balances and activities for the period September 01, 2008 to August 31, 2009) into the Asset Upload System in EFIS in order to pre-populate the data in this schedule. Other tangible capital assets data is input by school boards directly in Schedule 3C in EFIS. More detailed instructions are provided in the Guide; the following files are also available on the financial statements link of the TPFR site to assist boards in preparing their capital assets data upload file:

Data File – This file outlines required fields on an asset by asset basis

Data Layout File – This file provides an example of how the data should be laid out and also provides an example of all the fields that should be included.

Data Generator – This file assists boards in converting their excel file to the required pipe delimited format for upload.

Manual – This will guide boards through the Asset Upload Application.

The ministry has provided each board with detailed continuity information on its land and building assets, from the valuation date of March 2005 to August 31, 2008. In addition the web-based application (CAP-Edu) used to capture historical costs and valuation data for estimating historical costs of land and building assets has also been made available to the sector to facilitate the audit and verification process. The application, which is hosted by the Ontario Realty Corporation, will be available to the sector until March 2010 and can be accessed at the following website address: <http://204.40.6.15/CAP-Edu>

All information related to the implementation of this initiative, including available material on the Book Value Calculator, have been posted on the TPFR website. A letter from the Office of the Auditor General of Ontario on their position on the use of the Book Value Calculator in the valuation approach for provincial purposes is also posted on the site. (Note: to access the Book Value Calculator material, go to http://tpfr.edu.gov.on.ca/Reporting_Entity_Home.htm and then select ‘tangible capital asset implementation’)

Technical Amendments to the 2008-09 Regulation

A number of amendments to the 2008-09 grant regulation are proposed and are outlined below. The financial statements forms have been designed subject to approval of those proposed amendments being approved by the Lieutenant Governor in Council(LGIC).

- The forms implement the funding increases that support the provisions in the Provincial Framework Agreements (PFAs). The ministry is proposing regulation amendments to align the 2008-09 regulation to be comparable to approach used in 2009-10. These proposed changes, subject to LGIC approval, are reflected in the forms.

- As indicated in memorandum 2009 SB:24, the maximum short term financing rate for external borrowing on approved capital programs as of May 1, 2009 will be revised to 3 months Banker Acceptance rate + 75 basis points. The rate remains at 3 months Banker Acceptance rate + 20 basis points from September 1, 2008 to April 30, 2009.

Funds borrowed internally are recognized at 2% annual rate from September 1, 2008 to April 30, 2009 and 1% annual rate from May 1, 2009 to August 31, 2009

- Capital Priorities Projects, which are part of the \$500M funding announced in memorandum 2008:B12, are reflected in the capital funding calculations of the forms. These capital projects are funded in the same way as other capital initiatives such as Prohibitive to Repairs or Growth Schools, i.e. through OFA financing.

Energy Efficient Schools Funding

On April 21, 2009, Ontario announced a \$550M investment in improving the energy efficiency of Ontario schools. As indicated in memorandum 2009:SB19, this funding is not part of GSN and is provided as part of a master transfer payment agreement. Part of the funding allocations were paid to boards in July 2009 - boards were expected to start working on these projects in spring and summer of 2009. Any funding that has been received and not yet spent should remain as deferred revenue. Appropriate changes, detailed in the instructions, have been made to the forms to report the funding and expenditures on this initiative.

Submission of Financial Reports

Financial Statements

Please submit by November 16, 2009 two copies of schedules 1, 1.1, 1.2 and section 1 summary printed out from the active EFIS submission of the 2008-09 Financial Statements; and two copies of the audited Financial Statements, including the auditors report and the notes, to:

Ms. Diane Strumila
Project Manager, Grant Services
Transfer Payment and Financial Reporting Branch
21st Floor, Mowat Block, 900 Bay Street
Toronto, Ontario
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An electronic copy of the published financial statements, notes to the financial statements, and auditor's report should also be sent to your Ministry Finance Officers. The file naming convention as indicated in the file 'Naming convention' posted on the Financial Reporting Website should be used for submissions to the ministry under EFIS and for Appendix C submissions.

Late Submissions

It is important that boards meet the due dates above since this information is needed for the interim reporting in the provincial budget. The board's regular cash flow may be reduced by 50% where a board has not submitted its Financial Statements by November 16, 2009. Upon submission of the Financial Statements, the ministry will revert back to the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

Contacts

Questions relating to the capital asset load file and activities for capital asset reporting should be directed to Sangita Forodi (416)325-8584 or at Sangita.forodi@ontario.ca

For other questions on the financial statements package, please contact your Ministry Finance Officer.

For user/navigation assistance on EFIS, contact:

Martin Fry	(416) 325-8585 or martin.fry@ontario.ca
Stephen Shek	(416) 325-8396 or stephen.shek@ontario.ca

For log in assistance, contact:

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Andrew Davis

cc: Directors of Education