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2010: SB22

MEMORANDUM TO: Superintendents of Business and Finance

FROM: Andrew Davis
Director
Financial Analysis and Accountability Branch

DATE April 20, 2010

SUBJECT: 2010-2011 Estimates

I am pleased to inform you that the 2010-11 Estimates and instructions detailing the changes for this year are now available through the Estimates link on the Financial Reporting website at <http://faab.edu.gov.on.ca/>.

These Estimates forms, guides and instructions are provided in advance of the release of the 2010-11 Grants for Student Needs regulation. As noted on the first page of the Estimates forms, these forms and related documents for the 2010-2011 fiscal year are conditional upon the approval of the appropriate regulations by the Lieutenant Governor in Council.

The forms implement the funding increases that support the provisions in the Provincial Framework Agreements (PFAs). The benchmarks incorporated in the calculations in EFIS automatically use the appropriate benchmarks based on board type.

Significant changes relating to the implementation of the financial accountability sections of the Act, wrap up of the capital funding model and accounting treatment for capital funding under the Deferred Capital Contribution approach have been reflected in the design of the forms. These changes were identified in memorandum 2010:SB10 and the Ministry provided training sessions to boards throughout the month of March. The Excel template that was provided in those sessions remains available on the Financial Analysis and Accountability Branch's (FAAB) website at

<http://faab.edu.gov.on.ca/TPFRTrainingWinter2010.htm>

The new EFIS forms reflect the content that was covered in the training sessions with minor modifications. Also on the website is a Q&A document that summarizes all of the questions posed at the sessions.

The instructions to the forms provide further details of the revised and new schedules and sections within the estimates forms.

Please note that if a board is expecting to have an Accumulated Deficit or will require the use of their Accumulated Surplus in excess of one percent of their operating revenues, Minister approval is required. Further details outlining this process will be shared shortly.

Capital Wrap-Up Template

In order to assist boards in preparing their 2010-11 estimates, we are providing an Excel Capital Wrap-Up template that will calculate the supported debt amounts on each board's eligible capital project expenditures and will also calculate the remaining construction room available on capital projects that are part of the wrap-up. Information from the template, summarized at the board total level, will be used to input data in EFIS on the capital budget schedule and the capital debt section. The data included in the template is based on the latest Ministry reviewed version of the board's Capital Liquidity Template. Boards will access their template using the "Reports" option in EFIS.

To help boards with the reporting requirement and calculations of the template the following support will be made available:

- An instruction manual related to the template can be found on FAAB's website at http://faab.edu.gov.on.ca/SB_Memos_2010.htm
- A self-guided tutorial will be provided by the Ministry at a later date that will guide boards through particular scenarios in the capital wrap up template. Once the tutorial has been completed, boards can compare their calculated solution against the solution provided in the self-guided tutorial.
- The Ministry will also be holding regional teleconferences with boards in May 2010 to address their questions on the Capital Wrap-up template.
- An overview of the capital wrap up template will be provided at the OASBO Finance meeting on May 5, 2010.

The Capital Wrap-Up template is to be submitted to the Ministry following a two-stage process. In the first stage, boards will first submit the template with the 2010-11 estimates forms which will be used to support the numbers in the capital expenditure budget schedule and the capital debt section (August 31, 2010 balances will be a forecast as will the project costs). The Ministry will review the submitted template and will re-distribute it to boards prior to August 31, 2010 for any revisions that are required as a result of the Ministry's review.

In the second stage, boards will update the Ministry's reviewed template based on final data as of August 31, 2010. The supported debt amounts calculated in the Capital Wrap-Up template will form the basis for the Ministry's transfer payments to boards. To meet the province's accountability requirements, the Ministry will require that boards' submitted template be validated through specified audit procedures prescribed by the

Ministry. Since the data used in the template is as of August 31, 2010, the specified audit procedures will be part of the engagement with board auditors for the 2009-10 Financial Statements. The updated template along with the auditor's specified procedures report will be submitted to the Ministry in the fall. Further details regarding this will follow at a later date.

Boards that require transfer of reserves approval in the future will need to submit their Capital Wrap-up template. Please note that the Capital Liquidity Template (CLT) is no longer required. Boards that have submitted a request but have not received a response, will be grandfathered into the prior process using the CLT.

Tangible Capital Asset (TCA) Guide Revision

Capital funding for the early learning initiative was announced in memorandum 2010:SB11. This includes funding for furniture and equipment that must be used for expenditures that meet the capitalization criteria in the TCA guide. An additional criterion for capitalizing First-Time Equipping expenditure has been included in Release # 5 of the TCA guide which has recently been posted on the Financial Reporting website. First time equipping will now include items of an enduring nature to furnish and equip existing space with a distinct change in purpose and physical appearance. This will typically include changes such as the conversion of a regular classroom to an early learning space; or the conversion of a classroom to a science laboratory. This will not include the use of a kindergarten classroom as an early learning space.

Other changes to Estimates Forms

Other changes to the Estimates forms this year include:

- A Director's compliance report relating to requirements in the Supply Chain Guideline
- Benchmark updates to reflect the salary increases and other enhancements to support the Provincial Framework Agreements (PFAs)
- Constraint measures announced in memorandum 2010:B05, including the 50% reduction of the stable funding guarantee on the student transportation allocation and special education high needs amounts
- The first year of the phasing out of the hold "harmless" amount of the learning resource component of the distant school allocation
- Realignment of the Primary Class Size Reduction grant into the Pupil Foundation allocation. This realignment is also reflected in the calculation of the Teacher Qualification and Experience allocation
- Introduction of a Special Equipment Amount (SEA) per pupil amount within the calculation of the SEA allocation
- Increases in utilities and transportation.
- Amounts previously provided under EPO folded into the Grant for Student Needs:

- Behaviour expertise amount included in the special education allocation
- School Effectiveness Framework, Specialist High Skills Major, and the Ontario Focused Intervention Partnership (OFIP) Tutoring are now part of the Learning Opportunities allocation

Boards are required to submit their 2010-11 Estimates by July 30, 2010 through EFIS at <https://efis.edu.gov.on.ca/logintp.asp>. Boards are also required to submit their Capital Wrap-up template and Appendix C to the following mailbox:

Estimates.met@ontario.ca

Two signed copies of the following are required (printed from the active EFIS submission of the 2010-11 Estimates):

- Certificate from the Director of Education;
- Director's Compliance Report (including the BPS supply chain compliance);
- Schedule 9;
- Schedule 10
- Schedule 10ADJ;
- Section 1; and
- Warning message explanation report.

Please submit these signed copies to:

Ms. Diane Strumila
Project Manager, Grant Services
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Andrew Davis

cc Directors of Education