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**2011: SB26**

**MEMORANDUM TO:** Superintendents of Business

**FROM:** Andrew Davis  
Director  
Financial Analysis and Accountability Branch

**DATE:** September 2, 2011

**SUBJECT:** 2010-11 Financial Statements Forms (DSBs)

I am pleased to inform you that the 2010-11 Financial Statements, related guides and instructions are now available through the Financial Statements link on the Financial Reporting website at <http://faab.edu.gov.on.ca/>

Please submit your 2010-11 Financial Statements through EFIS at [efis.edu.gov.on.ca/login.asp](http://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 in September to highlight changes to the financial statements as well as providing updates in other areas, including an introduction of a new Financial Analysis Tool to be completed by the school boards and used by the Ministry to approve and track requests from school boards on capital investments. Dates and locations of the upcoming sessions have recently been sent to school boards and their auditors.

The ministry will also hold additional separate information sessions for the school board auditors to provide them with the background on the change in the PSAB standard on government transfers and its implementation by the Ministry, as outlined in memorandum 2011:B8 recently issued. These sessions will be provided on-line using Adobe Connect and will be delivered prior to the information sessions.

### **Notes to Financial Statements**

Because of significant changes being implemented in 2010-11 (PSAB section 3410 Government Transfers), the ministry will issue proposed wording for notes to the financial statements. These will be shared with boards and auditors prior to the information sessions.

## Uniform Code of Accounts

Updates have been made to the Uniform Code of Accounts. The major changes include:

- (1) The addition of a code for the Amortization of DCC.
- (2) The addition of a code for School Condition Funding.
- (3) The addition of a code for Accumulated Surplus – Unavailable for Compliance: Revenues Recognized for Land.
- (4) The addition of a code for Revenue Recovery.

Details of these changes can be found at <http://faab.edu.gov.on.ca> under the Code of Accounts link. If you have any questions regarding these updates or the Code of Accounts please contact Sangita Forodi at [sangita.forodi@ontario.ca](mailto:sangita.forodi@ontario.ca) or at (416) 325-8584.

## Tangible Capital Assets (TCA)

Boards are required to continue reporting TCA information in their 2010-11 Financial Statements. Similar to 2009-10, an upload by boards of land and building tangible capital asset data file (reflecting asset balances and activities for the period September 1, 2010 to August 31, 2011) into the Asset Upload System in EFIS will pre-populate the data in Schedule 3C. To keep asset continuity, opening balances of land and building assets are preloaded from boards' 2009-10 financial statement into the 2010-11 schedule 3C. Boards need to ensure the ending balance calculated in schedule 3C agrees with the ending balance in the uploaded data file.

Assets held for sale need to be reported as financial assets. Boards are required to include the assets held for sale together with other TCA in the asset upload file. To distinguish the asset held for sale from TCA, several new asset classes are added to the asset upload file. As well, boards can no longer make adjustments to the gross book value and accumulated amortization opening balances. The Manual provides further details on these changes.

More detailed instructions are provided in the Manual; the following files are also available on the financial statements link of the FAAB 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. The data layout file includes the layout of a new schedule, Schedule 3D, where boards will be required to report any assets held for sale.

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

**Manual** – This file summarizes the changes that have been implemented and will guide boards through the Asset Upload Application.

## **New Capital Analysis and Planning Template (CAPT)**

The Ministry has developed a new Capital Analysis and Planning Template (CAPT) to assist school boards on analyzing investments in new capital projects and assessing the resulting impact on the board's Capital surplus/deficit and financial position. The Ministry will use the board submitted CAPT to support its decisions on capital approvals. Unlike the capital wrap-up template (CWT), which was a one-time report to determine the supported debt by the Ministry as at August 31, 2010, the new CAPT will be used by school boards and the Ministry on an ongoing basis to assess financial impact from capital proposals. Data (for example, project eligibility and supported debt information) from the ministry's approved CWT are pre-populated in CAPT. All new OFA debentures and any new projects approved by the Ministry post August 31, 2010 were added to the template.

The Capital Analysis and Planning Template will be released to the sector shortly after the release of the 2010-11 financial statements. Training for CAPT will be included in the upcoming fall training sessions. A user guide for the template will also be provided to the sector.

Boards are asked to review and update the CAPT to ensure all approved projects post August 31, 2010 and capital activities during 2010-11 are reflected. Boards should submit the updated CAPT to the Ministry by December 15, 2011. A specified audit procedures report will not be required for the CAPT submission.

## **Submission of Financial Reports**

### Financial Statements

Please submit by November 15, 2011 two copies of:

- Schedules 1, 1.1, 1.2, 1.3;
- Section 1 summary printed out from the active EFIS submission of the 2010-11 Financial Statements;
- 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  
17th Floor, Mowat Block, 900 Bay Street  
Toronto, Ontario  
M7A 1L2

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.

To facilitate the Provincial budgeting process, EFIS forms must be submitted by November 15, 2011. Due to the timing of board meetings, the ministry is cognizant that the published financial statements, notes to the financial statements and auditor's report may not be finalized at November 15<sup>th</sup>. If this is the case, these three documents may be submitted after November 15<sup>th</sup>, but no later than December 6<sup>th</sup>. If any financial information changes as a result of the board meeting, boards must resubmit the EFIS forms by December 6<sup>th</sup>.

### **Late Submissions**

It is important that boards meet the due dates above because the information is needed for the interim reporting in the provincial budget. The ministry will implement cash flow penalties for financial statements that are not received in EFIS by November 15, 2011 except for instances where the ministry has granted an extension for submission based on extenuating circumstances. In those instances, cash flow penalties will be applied if the board does not submit by the extended date.

The board's regular cash flow will be reduced by 50% where a board has not submitted its Financial Statements in EFIS by November 15, 2011 (or a ministry approved extended date as noted above). 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 Soundari Vigneshwaran (416)326-9168 or at [Soundari.vigneshwaran@ontario.ca](mailto:Soundari.vigneshwaran@ontario.ca)

For other questions on the financial statements package, please contact your Ministry Finance Officer [http://faab.edu.gov.on.ca/Contact\\_Us.htm](http://faab.edu.gov.on.ca/Contact_Us.htm)

For user/navigation assistance on EFIS, contact:

Martin Fry (416) 327-9061 or [martin.fry@ontario.ca](mailto:martin.fry@ontario.ca)  
Stephen Shek (416) 325-8396 or [stephen.shek@ontario.ca](mailto:stephen.shek@ontario.ca)

For log in assistance, contact:

Mark Bonham (416) 325-8571 or [mark.bonham@ontario.ca](mailto:mark.bonham@ontario.ca)



Andrew Davis

cc: Directors of Education