

GUIDE TO COMPLETING THE 2014-15 FINANCIAL STATEMENTS FORMS

Section 68 School Authorities (Hospital Boards)

GENERAL INSTRUCTIONS:

1. The Financial Statements workbook is “protected” with the exception of unshaded cells which are for data entry.
2. Any questions pertaining to this workbook are to be directed to Brenda Shaw at (519) 667-2040 or brenda.shaw@ontario.ca.
3. Upon completion of the Financial Statements, please submit two hard copy printouts of the signed statements, including the auditor’s report and notes to the financial statements to:

Doreen Lamarche
Project Manager
Financial Analysis and Accountability Branch
20th Floor, Mowat Block
900 Bay Street
Toronto, Ontario M7A 1L2

4. A copy of the electronic version of the Financial Statements and notes to the financial statements should also be e-mailed to the following mailbox:
financials.edu@ontario.ca.
5. Boards are required to submit their financial statements to the ministry by December 31, 2015.

NOTES TO THE FINANCIAL STATEMENTS

Boards are reminded to file the management report or include a comment thereon in the notes to the financial statements. We encourage you to visit our FAAB extranet site for a listing of illustrative notes to your financial statements. They can be accessed at the following site:
<https://efis.fma.csc.gov.on.ca/faab>

Please select Public Sector Accounting Board (PSAB) under the left column and follow this link to the training manual section and finally, illustrative notes to your financial statements.

INSTRUCTIONS FOR THE COMPLETION OF FINANCIAL STATEMENTS:

The 2014-15 financial statements package consist of the following worksheets:

1. **Cover sheet** - Please select your respective board number from the “drop-down” box.
2. **Table of Contents** – An Index of Schedules and their respective page numbers.
3. **Schedule 1 – Consolidated Statement of Financial Position** - The information for this schedule comes from data entered on Schedule 7; no other data entry is required.

PSAB presentation (PS 1200) requires that the Statement of Financial Position (SFP) highlight four key figures that describe the financial position at the financial statement date.

- The cash resources – cash and cash equivalents
- The net debt position – difference between liabilities and financial assets
- The non-financial assets – assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed or leased tangible capital assets, inventories of supplies, and prepaid expenses
- The accumulated surplus or deficit – the sum of the net debt and non-financial assets

PSAB presentation also requires that the Statement of Financial Position report Financial Assets, Liabilities and Non-Financial Assets segregated by major classifications (cash, accounts receivable, accounts payable, tangible capital assets, etc.).

Financial Assets

- Financial Assets does not include prepaid expenses, inventory of supplies and tangible capital assets. See Non-Financial assets below.
- For further details on the financial assets classifications (cash and cash equivalents, temporary investment, etc.) see Schedule 7.

Liabilities

- These include current liabilities as well as net long-term borrowings. (Note: there is no requirement to separate out the current portion of long-term debt.)
- Deferred revenues:
 - Many of the current accountability and compliance mechanisms of the grant regulations and other regulations require boards to set aside unspent grant allocations until they are spent on their intended purpose. Additionally, sometimes third parties impose a restriction on how amounts can be spent. Under PSAB standards, amounts put aside due to an external restriction are required to be treated as deferred revenues (a liability) until such time as they are used for the purposes intended. (Section 3100.07 - 3100.13 of the *PSA Handbook*). “**External restrictions** are stipulations imposed by an agreement with an external party, or through legislation of another government, that specify the purpose or purposes for which resources are to be used.” (Section 3100.04).
 - The externally restricted amounts for school boards include Legislative Grants, Other Ministry of Education Grants, Other Provincial Grants and Third Party Grants. The amounts will be included on the Statement of Financial Position as deferred revenues and are reported in detail in Schedule 5.1(Deferred Revenues Continuity).

Employee benefits payable

- This represents the accumulated liabilities for Retirement Benefits and Post-Employment Benefits, Compensated Absences and Termination Benefits (as covered in Sections 3250 and 3255, *PSA Handbook*).
- Any increase in the employee benefits liability from one year to the next represents the amount by which the expense recognized in the current year (the accounting expenses, as determined by the *PSA Handbook* recommendations) exceeds the amount funded by the board through their annual Surplus/Deficit for compliance purposes.

- The liability is the amount that must be provided in the board's operating budget in future years to provide for the benefits already earned by employees as determined by actuarial calculations. (Note: Additional information regarding this item is provided in the instructions relating to Schedule 10G.)

Vacation and interest accrual

- Under PSAB, both vacation and interest expenses must be calculated using the accrual basis of accounting, not cash payments. The accruals are included as part of Accounts Payable & Accrued Liabilities.

Net Debt

- The net debt position is calculated as the difference between the liabilities and financial assets.

Non-Financial Assets

- Under PSAB, prepaid expenses, inventories of supplies and tangible capital assets are non-financial assets.
- Tangible Capital Assets - assets having physical substance that:
 - (i) Are held for use in the production or supply of goods and services, for rental to others, for administration purposes or for the development, construction, maintenance or repair of other tangible capital assets;
 - (ii) Have useful economic lives extending beyond an accounting period;
 - (iii) Are to be used on a continuing basis; and
 - (iv) Are not for sale in the ordinary course of operations.
- Prepaid expenses – claims to goods and services
- Inventories of supplies – consumable goods

Accumulated Surplus (Deficit)

- The accumulated surplus (deficit) is calculated as the sum of the net debt and non-financial assets.
- Note: Additional information regarding this item is provided in the instructions relating to Schedule 5

4. **Schedule 1.1 – Consolidated Statement of Operations** – The Consolidated Statement of Operations shows the revenues and expenses on a consolidated basis. The revenues less the expenses are the annual surplus or deficit. This schedule also shows the accumulated surplus/deficit continuity.

This form conforms to public Sector Accounting Board (PSAB) sections PS-1200 (Financial Statement Presentation) and PSG-4 (Funds and Reserves) with respect to the presentation of accumulated surplus. The impact of deferred capital contributions (DCC) has been added to the form as per PS-3410 (Government Transfers).

As per PSG-4, paragraph 7, when a government chooses to provide information about any funds or reserves, it does so only in the notes and schedules and not on the statement of financial position. The creation of, addition to or deduction from funds and reserves does not create a revenue or expense, and would therefore not be reported on the statement of operations.

As per PSG-4, paragraph 10, consistent with paragraph PS 1200.074, the residual amount of the statement of operations is the ending accumulated surplus/deficit unless a separate statement reconciling the beginning and ending accumulated surplus/deficit with surplus/deficit for the period is provided. In this case, the residual amount for the statement of operations is the accumulated surplus/deficit at the end of the period.

Relationship to other schedules:

- All amounts on this schedule come from the revenue (Schedule 9) and expense (Schedule 10) schedules.
- Additional information on the recording of revenues and expenses are included in the instructions relating to the detailed schedules.

5. **Schedule 1.2 – Consolidated Statement of Cash Flow** – The Consolidated Statement of Cash Flow shows how a board generated and used cash and cash equivalents in the accounting period and the change in cash and cash equivalents in the period. It also shows the cash and cash equivalents at the beginning and end of the accounting period.

The presentation of the form has been changed to conform to public Sector Accounting Board (PSAB) sections PS-1200.

The only input cells on this Schedule under the 2014-15 Actuals are for Long-term liabilities issued (item 5.1) and Debt repaid and sinking fund contributions (item 5.3). Note that item 5.1 would be a positive amount and 5.3 would be negative.

This schedule has been revised to align some sources of cash to the proper categories. The changes include:

- Separating the changes in accounts receivable and deferred revenues into operating and capital, where those capital related changes are now under financing transactions
- Breaking down the changes in deferred capital contributions (DCC) into its components, where the DCC revenues are classified as non-cash items, and the additions/(disposal) from DCC are classified as financing transactions (*not applicable to Section 68 Authorities*)

Relationship to other schedules:

- All amounts on this schedule are calculated from Schedule 1 (Consolidated Statement of Financial Position), Schedule 1.1 (Consolidated Statement of Operations), Schedule 3C (Tangible Capital Assets Continuity) and Schedule 5.1.

6. **Schedule 1.3 – Consolidated Statement of Change in Net Debt** – The statement of change in net debt reports the acquisition of tangible capital assets in the accounting period as well as other significant (prepaid expenses and supplies inventories) items that explain the difference between the Annual Surplus (Deficit) (item 1) and the change in net debt in the period (item 4).

2014-15 Actual

The amounts pre-populated for Tangible Capital Asset Activity (items 2.1-2.6) are forwarded from Schedule 3C (Tangible Capital Asset Continuity).

Items 3.1 to 3.4 (Other Non-Financial Asset Activity): Boards are required for PSAB purposes to record the inflows and outflows of prepaid expenses and inventories of supplies. Boards would obtain this information from their general ledger.

7. **Schedule 3C – Tangible Capital Assets Continuity Schedule** – Amounts that are capitalized as per the TCA Guide and are accounted for under Public Sector Accounting Standard PS 3150 will be recorded on Schedule 3C. (Please note that the TCA Guide can be found at <https://efis.fma.csc.gov.on.ca/faab/CAImplementation.htm>.)

Expenditures on capital items (e.g. computers, furniture and equipment) that meet the capitalization thresholds outlined in the TCA Guide must be capitalized on Schedule 3C, and amortized on Schedule 10, in order to conform to PSAB.

Schedule 3C has three sections: Cost, Accumulated Amortization, and Net Book Value and Disposals. In the Cost section, enter the opening balance of any tangible capital assets. Enter any additions and disposals/deemed disposals. In the Accumulated Amortization section, enter the amortization expense, write-downs and disposals and deemed disposals. In the NBV section, enter any proceeds of disposition (POD) as well as any gain or loss on disposal.

8. **Schedule 5 – Detail of Accumulated Surplus (Deficit)** – The balance of this schedule is used to report, on the statement of financial position, the accumulated surplus or deficit, to conform to Public Sector Accounting Board (PSAB) section PS 1201, paragraph 39. This amount is defined as the residual interest in the boards' assets after deducting liabilities. Another way to express this is that the accumulated surplus (or deficit) is the sum of all prior annual surpluses (or deficits).

The employee future benefits amounts have been split into three separate lines:

- Retirement gratuities (line 4.1)
- Early Retirement incentive plan (line 4.1.1)
- Retirement health, dental, life insurance plans, etc. (line 4.1.2)
- Other benefits (line 4.1.3)

Relationships to other schedules:

- The amount calculated as the in-year increase/decrease on Schedule 5 for Interest to be Accrued (item 4.2) and Vacation Accrued (item 4.3) comes from Schedule 10ADJ, item 90.
- The amount calculated as the in-year increase/decrease on Schedule 5 for School Generated Funds (SGF) (item 4.4) is the total revenue from SGF on Schedule 9, item 4.3 less the total expenses related to SGF on Schedule 10, item 79.
- Refer to Schedule 10G section for more details on employee future benefits.

9. **Schedule 5.1 – Deferred Revenues** – This schedule should be completed by any Section 68 School Authority that is reporting deferred revenues on Schedules 1 and 7.

Many of the current accountability and compliance mechanisms of the grant regulations and other regulations require boards to set aside unspent grant allocations until they are spent on their intended purpose. Additionally, sometimes third parties impose a restriction on how amounts can be spent. Under PSAB, these externally restricted amounts are reported as deferred revenue (a liability) until the restriction is fulfilled.

This schedule provides the information required to report on deferred revenue set up by regulation or legislation, as well as third party amounts. It reports the continuity information relating to the balance sheet account called Deferred Revenue. All deferred revenues are to be recorded on this schedule.

Transfers to deferred revenue are the amounts put into (column 2) and transfers out of deferred revenue are amounts taken out of (column 4) the deferred revenue liability account. The decrease in deferred revenue is the amount recognized as revenue in the current year, and will be populated on Schedule 9.

Any earnings on deferred revenue that *are required to be used for the same purpose* as the initial deferred revenue amount will be recorded in column 3. If earnings are *not* required to be used for the same purpose as the initial deferred revenue amount, then the earnings will be recorded on Schedule 9 as interest. The board will enter this amount on Schedule 9 at item 6.1.

10. **Schedule 6 – Trust Funds Administered by the Board** – Where a Section 68 School Authority administers trust funds, this schedule should be completed.
11. **Schedule 7 – Detail of Consolidated Statement of Financial Position** – This schedule provides information that is then summarized on the Consolidated Statement of Financial Position (Schedule 1)

Financial Assets:

- Cash and cash equivalents – cash balances or investments with a maturity of < 90 days.
- Temporary Investments - transitional or current in nature, such as short-term investments made to obtain a return on a temporary basis. Investment with maturity > 90 days and < 1 year as permitted by regulations.
- Long Term Investments – Long-term investments with maturity > 1 year as permitted by regulations.

Liabilities:

- Borrowings should be reported as either
 - Temporary – short-term in nature, to finance temporary cash needs of an operating or capital nature; or
 - Long-term – debentures or other long-term loans or instruments to finance qualifying capital expenditures as permitted by regulations.
 - No requirement to report separately the current portion of long-term debt.

Please refer to the instructions for the Consolidated Statement of Financial Position (Schedule 1) for further information on:

- Deferred revenue
- Deferred capital contributions
- Employee benefits payable and
- Non-Financial Assets

Note: The information entered in the open cells should tie to the boards Audited Financial Statements.

12. Schedule 9 – Revenues – This schedule is designed to collect revenue information on a PSAB basis. As per public Sector Accounting Board (PSAB) section PSG-4, paragraph 7, the creation of, addition to or deduction from funds and reserves does not create a revenue or expense.

All revenues of the board are recorded on this schedule (including all legislative grants, federal grants, third party revenues, etc.)

Grants or other amounts received for specific or externally restricted purposes (such as Special Education grants) are *not* recognized as revenue unless they have been used for the purposes they were provided for. These amounts are recorded in deferred revenue on Schedule 5.1.

Amounts coming from deferred revenues increase grant revenues. The amounts in Schedule 9 are carried forward from Schedule 5.1 and are populated as detailed in the chart below:

Schedule 9	Schedule 5.1, column 4
Line 2.8 – Amounts from Deferred Revenue – Other Ministry of Education Grants	Lines 1.5 and 2.5
Line 2.21 – Amounts from Deferred Revenue – Other Ministries	Lines 1.10 and 2.10
Line 8.15 – Amounts from Deferred Revenue – Other Third Party	Lines 1.15 and 2.15

13. Schedule 10 – Expenses – This schedule is designed to collect expense information on a PSAB basis by expense category and object. As per public Sector Accounting Board (PSAB) section PSG-4, paragraph 7, the creation of, addition to or deduction from funds and reserves does not create a revenue or expense. As such, as of September 1, 2009, movement in and out of funds will no longer impact the revenue or expenses of the board. Since funds will no longer be presented under PSAB, all of the expenses that were previously recorded in the funds (operating, capital, reserve and school activities funds) will now all be recorded on Schedule 10.

Since TCA was capitalized per PSAB (PS-3150) starting September 1, 2009, capital spending that meets the capitalization threshold per the TCA Guide will not be expensed on Schedule 10; it will be recorded on Schedule 3C – Tangible Capital Asset Continuity Schedule. Only the amortization related to TCA will be recorded on Schedule 10.

Amortization is split into five categories:

- (i) Instruction
- (ii) Administration
- (iii) Transportation
- (iv) Pupil Accommodation
- (v) Other

Capital expenses that do not meet the capitalization threshold as per the TCA Guide will continue to be recorded in column 5 (Supplies and Services). Any expenses related to the replacement furniture and equipment that do not meet the capitalization threshold (previously recorded in column 6) will be recorded in column 5.

- Debt principal payments and sinking fund contributions are not recorded as expenses under PSAB. They are shown on the Schedule 1 as a reduction of the debt liability.
- Actuarially determined amounts for retirement benefits, post-employment benefits, compensated absences and termination benefits are recorded in expenses as required by Sections 3250 and 3255 of the PSAB Handbook. To the extent that this amount differs from the amount paid, the offsetting difference is included in the Increase/(Decrease) in Unfunded Liabilities – Employee Benefits column on Schedule 10ADJ in Column 16.
- Interest expenses include the accrual amount to year-end, not just the cash payment during the year. This is the amount that should be recorded on Schedule 10. To the extent that this amount differs from the amount paid in cash, the offsetting difference is included in the Increase/(Decrease) in Unfunded Liabilities - Interest Accrued column on Schedule 10ADJ (Adjustments for Compliance Purposes) in Column 14. If the PSAB expense is greater than the amount paid in cash, the unfunded liability has increased, which is recorded as a positive number on Schedule 10ADJ.
- Vacation accruals are included in expenses under PSAB. This expense is the amount that should be recorded on Schedule 10. To the extent that this amount differs from the amount paid in cash (i.e. vacation used during the year), the offsetting difference is included in the Increase/(Decrease) in Unfunded Liabilities - Vacation Accrued column on Schedule 10ADJ (Adjustments for Compliance Purposes) in Column 15. If the PSAB expense is greater than the amount paid in cash, the unfunded liability has increased, which is recorded as a positive number on Schedule 10ADJ.
- Prepaid Expenses and Inventories of Supplies are to be set-up as non-financial assets in the period in which they are acquired. These assets will be drawn down and *recognized in expense in the period in which they are used* (not when acquired as was done prior to September 1, 2010).
- Amounts going into deferred revenues are *not* expenses.
- Expenses include capital purchases that do not meet the capitalization threshold in the TCA Guide.
- Expenses to be reported on this schedule are gross expenses except for HST rebates. Salary recoveries are not netted and any recoveries are to be reported on Schedule 9 in the Other Revenue section.
- The amortization entered on Schedule 10, column 12, items 72 to 76 will equal the total 2014-15 amortization and write downs on Schedule 3C (TCA Continuity).
- Code point 5810 should be used to report NTIP expenses.
- Special Equipment Amounts (SEA) expenses should be reported at code point 5510.

14. Schedule 10ADJ –Adjustments for Compliance Purposes – This schedule is designed to show the adjustments required to arrive at expense ‘Adjustments for Compliance Purposes’. This is the amount that must be included as expenses in the financial statements of the board under Section 231 of the Education Act.

Unfunded Liabilities – Interest Accrued

Interest expenses include the accrual amount to year-end, not just the cash payment during the year. This is the amount that should be recorded on Schedule 10. To the extent that this amount differs from the amount paid, the offsetting difference is included in this column. If the PSAB expense in respect of long term capital debt supported by the Ministry is greater than the amount

paid in cash, the unfunded liability has increased, which is recorded as a positive number on Schedule 10ADJ.

Unfunded Liabilities – Accrued Vacation

Vacation accruals are included in expenses under PSAB. This expense is the amount that should be recorded on Schedule 10. To the extent that this amount differs from the amount paid, the offsetting difference is included in the Increase/(Decrease) in Unfunded Liabilities - Vacation Accrued column on Schedule 10ADJ (Adjustments for Compliance Purposes) in Column 15. If the PSAB expense is greater than the amount paid in cash, the unfunded liability has increased, which is recorded as a positive number on Schedule 10ADJ.

Unfunded Liabilities – Employee Benefits

Actuarially determined amounts for retirement benefits, post-employment benefits, compensated absences and termination benefits are recorded in expenses as required by Sections 3250 and 3255 of the PSAB Handbook. To the extent that this amount differs from the amount paid in cash, the offsetting difference is included in the Increase/(Decrease) in Unfunded Liabilities - Employee Benefits column on Schedule 10ADJ (Adjustments for Compliance Purposes) in Column 16. If the PSAB expense is greater than the amount paid in cash, the unfunded liability has increased, which is recorded as a positive number on Schedule 10ADJ. The total for column 16 is preloaded and is taken from Schedule 10G, col.3 – col.2.

Enter in the amount by which expenses were increased (i.e. unfunded liability increased) or decreased (i.e. unfunded liability decreased), due to the application of Section 3250 and 3255 of the PSA Handbook, over the amount required to be included for compliance purposes (the cash payout during the year).

Column 21 and Column 22 are for Ministry use only and require no data entry.

15. Schedule 10G – Supplementary Information on Employee Future Benefits –

Schedule 10G reports information relating to the actuarially determined liabilities and expenses of retirement benefits, post-employment benefits, termination benefits and pension benefits as outlined in Section 3250 and 3255 of the *PSA Handbook*. Defined benefit plans to be included on this schedule include retirement gratuity plans; retirement health, dental, and life plans for retirees; post employment benefits and some types of pension arrangements. Self-insured benefit obligations that arise from specific events from time to time (i.e. Event driven benefits), such as obligations for worker's compensation payments and long-term disability benefits are also reported on this schedule.

Exclude from this schedule any defined contribution plans (Section 3250.095) and OMERS, as it is a multi-employer defined benefit plan, which is treated as a defined contribution plan. Also exclude from this schedule any short-term employee benefit plans (i.e. health and dental benefits to current employees). The accounting for these plans is generally straightforward because no actuarial assumptions are required. Please note however that information on any defined contribution plans and OMERS are still required to be disclosed in the Notes to the Financial Statements (PS 3250.100). All amounts reported in this table should follow the accounting guidelines provided in PS 3250 and PS 3255 and should agree to the liabilities and expenses reported in the audited financial

statements.

(Please refer to *PSA Handbook* Sections 3250 and 3255 for definitions of various terms related to this schedule.)

Column 02: Benefits Expenses 2014-15

For retirement benefits and post-employment benefits that vest or accumulate, the amount reported in this column should include:

- All components of the **retirement benefits expenditure/expense** as described in PS 3250.019 including the current period benefit cost; cost of plan amendments; various other recognized amounts or amortized gains and losses as described in the section less any employee contributions during the period PLUS
- The **retirement benefits interest expenditure/expense** as described in PS 3250.020

(Note: Expenses related to post-employment benefits and compensated absences that vest or accumulate follow the guidelines set out in Section 3250.19 and Section 3250.20 of the *PSA Handbook*).

For event driven benefits such as worker's compensation or self-insured long-term disability payments and for termination benefits– the amount reported in this column should include:

- The expense recognized in the current year as per PS Section 3255.21-34.

Column 03: Benefits Payments 2014-15

Report the cash payments made in respect of the plans such that Opening Liability + Benefit Expenses – Benefits Payments = Closing Liability.

Column 05: Unamortized Actuarial Losses/(Gains) as of August 31, 2015

Periodically actuarial gains and losses arise from changes in the accrued benefit obligation and the plan assets resulting from: (a) experience different from that assumed; or (b) changes in an actuarial assumption.

To the extent that these actuarial gains and losses have not yet been amortized there will be a difference between the liability reported on the Statement of Financial Position (Column 04 on Schedule 10G) and the "Accrued Benefit Obligation".

Report the unamortized amount of these gains and losses in Column 05.

Column 06: Accrued Benefit Obligation as of August 31, 2015

The accrued benefit obligation comes from the latest actuarial report and is "the value of retirement benefits attributed to services rendered by employees and former employees to the accounting date" (PS 3250 Glossary).

Columns 07–12: Estimates of Expenses and Payments in Future Years

Provide estimates of the benefit expenses and payments (as described in columns 2 and 3 above) that will be incurred by the board over the next three years. This information should be based on the estimates provided to the boards in the actuarial report.

16. **Schedule of Enrolment 2014-15** – Complete the section entitled “Enrolment by Month” as of the last day of each month. You are asked to complete both the number of students and their related full-time equivalence (FTE). Next, complete the section entitled “Enrolment by Grade” as at October 31, 2014 and their related FTE. Finally, complete the total pupil days for 2014/15 (this should be equivalent to the sum of the number of days that the pupils attend in 2014/15).
Note: The total number of pupils enrolled by grade as of October 31, 2014 and its full-time equivalency should match code points S1002 and S1013.

17. **Schedule of Calculation of 2014/15 Fiscal Year Legislative Grants** – This schedule calculates your entitlement to grant. It is automatically populated from information input on previous schedules.

18. **Calculation of Cost per Pupil for Tuition Fee purposes** – This schedule shows the calculation required for the determination of tuition fees for a pupil whose parent or guardian does not reside in Ontario. There are **no** fees payable by one board to another board. It is automatically populated from information input on previous schedules, therefore there is no data entry required on this schedule.

19. **Staffing** – Report **all** staffing that corresponds to the salaries and wages column in schedule 10.
REMINDER NOTES: Teacher assistants – general, this line will include both teacher assistants and personal care workers.

20. **Ministry Adjustment** - *This page is intended for Ministry use only during the 2014-15 review process. No data entry is required.*