

**Ministry of Education**

Financial Analysis and  
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**Ministère de l'Éducation**

Direction de l'analyse et de  
la responsabilité financières  
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900, rue Bay  
Toronto, Ontario M7A 1L2

**2018: SB19**

**MEMORANDUM TO:** Superintendents of Business

**FROM:** Med Ahmadoun  
Director  
Financial Analysis and Accountability Branch

Colleen Hogan  
Director  
Capital Policy Branch

**DATE:** **September 28, 2018**

**SUBJECT:** **Cash Management Strategy – Proceeds of Disposition**

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The purpose of this memorandum is to provide details on amendments to O. Reg. 284/18 (Grants for Student Needs – Legislative Grants for the 2018-2019 School Board Fiscal Year) relating to the expansion of the cash management strategy to include proceeds of disposition balances. This change was introduced in memorandum 2018: B14 Update: Education Funding for 2018-19.

**Background**

Earlier this year, the ministry introduced a cash management strategy that delays part of the grant payment to school boards until the adjusted accumulated surplus and deferred revenue balances (ASDR) meets the criteria set in memorandum 2018:SB05 Cash Management Strategy. This strategy came into effect September 1, 2018. In August 2018, the ministry indicated it would be expanding the cash management strategy to include proceeds of disposition (POD) balances in the calculation of the delayed grant payment (DGP). Forecasted cash outlays from the POD balance, required to support in year commitments for renewal and capital projects, would be netted out.

It should be noted that this is a change to cash flow only and the annual funding entitlements provided to school boards will not be affected by this change.

## **Delayed Grant Payment – Proceeds of Disposition (DGP – POD) Calculation**

The ministry is updating the DGP calculation to include 100% of the beginning POD balances less forecasted cash outlays from the POD balance in the school year. The DGP – POD amount will be updated twice per school year based on the forecasted cash outlays for the school year.

### For the months of September to February:

Proceeds of disposition deferred revenue opening balances from estimates (except for 2018-19 school year) LESS:

- Current school year forecasted cash outlays from the proceeds of disposition balances (Minister exemptions)
- Forecasted cash outlays from the proceeds of disposition balances for renewal and other projects in the months of September to February of the current school year

### For the months of March to August:

Proceeds of disposition deferred revenue opening balances from revised estimates LESS:

- Current school year forecasted cash outlays from the proceeds of disposition balances (Minister exemptions)
- Forecasted cash outlays from the proceeds of disposition balances for renewal and other projects in the months of September to August of the current school year

## **Implementation and Reporting**

School boards are requested to provide the following information in the attached ministry template: (1) opening POD deferred revenue balance, (2) approved POD Minister Exemptions for non-renewal expenditures for the current or prior school years (3) forecasted cash outlays from the POD balances. The initial calculation of the DGP – POD amount will be based on the information reported by boards in the aforementioned template. Instructions to complete the template are included in the attached file.

The completed excel template must be certified by the Director of Education and submitted to the ministry by October 29, 2018. If the completed template is not received by the deadline indicated above, the ministry will use the board's POD opening balances reported in the 2018-19 Estimates submission for the calculation of the DGP – POD amount.

The reporting template will be embedded into EFIS, starting with the 2018-19 revised estimates cycle. The completion of this form in the revised estimates submission provides school boards with the opportunity to update their forecasted cash outlays from

their POD balance. Upon its review, the DGP-POD amount will be updated based on information reported in revised estimates, if applicable.

Going forward, this information will be collected via EFIS, twice per year, as part of the estimates and revised estimates submissions.

### **Submission of Completed Template**

Please submit electronically the completed excel template, including the Director of Education's attestation, by **October 29, 2018**, to the following email address: **estimates.met@ontario.ca**.

Please use the following naming convention for the files and subject line of the email: 2018-19 POD Projected Expenditures – DSB ##

### **Transfer Payment Adjustment**

The DGP - POD amount calculated in the template will be added to the DGP amount calculated in the 2018-19 estimates and will be reflected in the regular monthly transfer payments, where applicable. The full adjustment will be applied towards the December 2018 transfer payment and will continue to be applied until the total amount of the DGP – POD amount has been reached.

The monthly transfer payment will be further adjusted in February to reflect school boards' forecasted cash outlays from POD balance for renewal and other projects in the month of March to August based on the revised estimates submission, if applicable.

### **Contact Information**

If you require further information, please contact:

<b>Contact</b>	<b>Telephone and e-mail</b>
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*Original signed by*

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