

INSTRUCTION FOR REPORTING REVENUES AND EXPENSES FOR THE FIVE-MONTH PERIOD (APRIL 1ST TO AUGUST 31ST, 2005)

For provincial consolidation purposes, district school boards are asked to report their revenues and expenses for the five-month period from April 1, 2005 to August, 2005. This information will be later combined with the revenues and expenses for the seven-month period from September 1, 2005 to March 31, 2006 to determine the total revenues and expenses for the twelve-month period ending March 31, 2006. The revenues and expenses reported for the five-month period are subject to verification by the boards' external auditors.

For purposes of the five-month period reporting, school boards are not required to report the opening assets and liabilities balances as of April 1, 2005.

Overview of the Five-Month Period Reporting Procedures

School boards are asked to proceed with the following procedures with respect to the reporting of revenues and expenses for the five-month period:

1. Complete the Ministry's Prescribed Working Paper
 - ❖ Determine the pre-adjusted five-month period revenues and expenses
 - ❖ Record specified adjustments for provincial consolidation purposes
 - ❖ Determine the adjusted five-month period revenues and expenses
2. Complete Schedule 20 in 2004-05 Ministry's Financial Statements in EFIS
 - ❖ Enter adjusted five-month period revenues and expenses in Schedule 20
3. Submit the external auditors' "Specified Procedures Report" to the ministry

Materiality for the Five-Month Period reporting

For purposes of the five-month period reporting, boards are asked to record an adjustment only if the transaction amount involved is equal to or greater than \$500,000, unless otherwise indicated in this instruction document. Boards and their external auditors are asked to follow the materiality threshold prescribed by the ministry rather than the materiality threshold used by the boards and their external auditors during the preparation and audit of their year-end financial statements.

Completion of Ministry's Prescribed Working Paper

The ministry has provided a “Prescribed Working Paper” (excel worksheet) to school boards, which serves the following purposes:

- ❖ Assists school boards to track the specified adjustments and to determine the “adjusted” five-month period revenues and expenses;
- ❖ Provides the basis to which external auditors will perform their verification procedures and subsequent issuance of the specified procedures report.

It is important that boards must complete the Prescribed Working Paper (working paper) following instructions outlined in this document as it is one of the main documents that will be verified by the external auditors.

Creating Prescribed Working Paper via EFIS

Boards can generate the working paper via EFIS by following these steps:

1. At the Grant Calculation page, under “Submission”, select “Reports”
2. Select “Ministry Prescribed Working Paper”
3. Select “2004-05 Financial Statements” from pull-down menu
4. Select the appropriate “Submission”
5. Click on “Run Report”

Please note that boards will not be required to submit the working paper to the ministry.

Reporting Information in the Prescribed Working Paper

Overview

The working paper is divided into two main sections – Revenues and Expenses.

Revenues

Under the section for revenues, it is divided into three main sub-sections: revenues from operating fund, capital fund and reserve fund.

Operating Fund: The format for reporting revenues from operating fund is consistent with Schedule 9 of the ministry’s financial statements.

Capital Fund: The format for reporting revenues from capital fund is consistent with Schedule 2.2 of the ministry’s financial statements.

Reserve Fund: The format for reporting revenues from reserve fund is consistent with Schedule 2.3 of the ministry’s financial statements.

Expenses

Under the section for expenses, it is divided into two main sub-sections: expenses from operating fund and capital fund.

Operating Fund: Boards are asked to report expenditures by objects. The objects are consistent with those found in Schedule 10 of the ministry's financial statements.

Capital Fund: Total capital expenditures for the twelve-month period shall agree to the total expenditures reported in Schedule 2.2 of the ministry's financial statements. For the five-month period reporting, capital expenditures are divided into two main categories – (1) Land and Buildings and (2) Other. Expenditures related to land and buildings incurred during the five-month period shall agree to the total additions reported in the "In-year capital assets schedule". Instructions on the "In-year capital assets schedule" will be released to school boards imminently. All other capital expenditures (i.e. not land and buildings) incurred for the five-month period shall be reported under "Other".

For each of the revenues and expenses sections, boards will report:

- ❖ Pre-adjusted five-month period results (Column A)
- ❖ Specified adjustments for provincial consolidation purposes (Columns B & C)
- ❖ Adjusted five-month period results (Column E)

IMPORTANT: MAPPING OF ACCOUNTS AND RELATED ADJUSTMENTS

For purposes of the five-month period reporting, the mapping of accounts and any related adjustments should be consistent the mapping of accounts used in other schedules in the 2004-05 ministry financial statements.

IMPORTANT:

School Generated Funds and Boards' Controlled Entities

- ❖ Boards are not required to determine the revenues and expenses for 5-month period (April 1 to August 31, 2005) with respect to school generated funds and boards' controlled entities for purposes of the five-month period reporting.

Column A.1: Twelve-Month Period Revenues and Expenses

- ❖ Enter audited revenues and expenses for the twelve-month period ending August 31, 2005 based on amounts entered in Schedule 9, 10, 2.2 and 2.3 of the ministry's financial statements in EFIS.

Column A.2: Seven-Month Period Revenues and Expenses March 31, 2005

- ❖ Enter revenues and expenses for the seven-month period ending March 31, 2005. This is based on the trial balance/general ledger of March 31, 2005.
- ❖ IMPORTANT: Boards shall not enter seven-month revenues and expenses related to school generated funds and boards' "controlled entities" organizations in Column A.2.

Column A.3: Pre-adjusted Five-Month Revenues and Expenses

- ❖ This column is formulated to subtract column A.2 from column A.1 to determine the "pre-adjusted" revenues and expenses for the five-month period.

Column B.1: Revenues and Expenses Prior to April 1, 2005

- ❖ Boards are asked to review all entries that are equal to or greater than \$500,000 which were recorded between April 1 to August 31, 2005 to assess if any amounts were related to the period prior to April 1, 2005. Those amounts (equal to or greater than \$500,000) that were related to the period prior to April 1, 2005 will be entered in Column B.1. Entries will include invoice postings, automated and manual entries, journal entries and year-end adjustment entries.

Column C.1: Provincial Grants Revenue

- ❖ For purposes of the five-month period reporting, provincial grants revenue is based on amounts received (i.e. cash basis) from the province, including all of its ministries, between April 1st to August 31st, 2005. Boards shall enter the adjustment needed to reconcile Schedule 9 revenue to cash basis revenue in Column C.1. Please note for Column C.1, boards must record the adjustment even if the amount is less than \$500,000.

Column C.2: Salaries and Benefits Expenses

- ❖ For purposes of the five-month period reporting, boards are asked to follow these instructions to record salaries and benefits expenses for the five-month period. It should be noted that the \$500,000 materiality threshold applies to the total adjustment for the two staffing groups (teaching staff and non-teaching staff) combined.

- Teaching staff: In general teaching staff and other related staff are not paid over the same period as they earn the salary. The salaries and benefits expense are to be allocated for the five-month period by

multiplying the expense reported in the 2004-05 audited financial statements by the number of teaching days in the five-month period based on the regular day school calendar (i.e. exclude the number of teaching days for summer schools) and dividing the sub-total by the total number of teaching days in the 2004-05 school year based on the regular day school calendar.

- Non-teaching staff:
 - Worked on a full-year basis: Allocate salaries and benefits expense for the five-month period by multiplying the expense reported in the 2004-05 audited financial statements by the number of working days in the five-month period and dividing the sub-total by the total number of working days in the year.
 - Worked on the school year calendar basis: Allocate salaries and benefits expense for the five-month period by multiplying the expense reported in the 2004-05 audited financial statements by the number of teaching days in the five-month period based on the regular day school calendar (i.e. exclude the number of teaching days for summer schools) and dividing the sub-total by the total number of teaching days in the 2004-05 school year based on the regular day school calendar.

❖ Adjustments resulted from the above analyses and calculations are recorded on Column C.2.

Column C.3: Expenses related to Future Employee Benefits

- ❖ For purposes of the five-month period reporting, boards shall calculate their expenses related to future employee benefits using the same prescribed methods for salaries and benefits expenses described above for C.2. To determine the future employee benefits, boards shall use the same actuarial assessment used in their audited August 31, 2005 financial statements as a basis for the calculation. It should be noted that the \$500,000 materiality threshold applies to the total adjustment for the two staffing groups (teaching staff and non-teaching staff) combined.
- ❖ Adjustments resulted from the above analyses and calculations are recorded on Column C.3.

Column C.4: Local Taxation Revenue

- ❖ For purposes of the five-month period reporting, boards are asked to follow these instructions to record local taxation revenue for the five-month period.
 - For purposes of the five-month period reporting, local tax revenue is based on the 2005 tax revenues reported in Schedule 11B of the 2004-05 financial statements package in EFIS. Local tax revenue for the five-month period is determined by multiplying the 2005 tax revenue reported in Schedule 11B by 37%¹.
 - For purposes of the five-month period reporting, boards will be required to report 2005 supplementary tax revenues and tax write-offs if these amounts are reported in the board's financial statements.
- ❖ Adjustments resulted from the above analyses and calculations are recorded on Column C.4.

Column C.5: EDC Revenue

- ❖ EDC revenues for the five-month period should reflect the EDC eligible expenditures incurred for the five-month period. Any adjustment is recorded on Column C.5.

¹ 37% of 2005 tax revenue represents tax revenue allocated for the months of April to August 2005. The percentage, 37%, is based on 62% of the 2005 tax revenue reported in the 2004-05 financial statements, which represents tax revenue from January to August 2005, less 25% of the 2005 tax revenue, which represents tax revenue from January to March 2005.

Column C.6: Fees Revenues

- ❖ For purposes of the five-month period reporting, boards shall perform analyses to determine the portion of its fees revenues (i.e. tuition revenues from native bands, international students, etc.) that are related to the five-month period. If the total adjustment related to each type of fees revenues (e.g. tuition from international students) is equal to or greater than \$500,000, then the board shall record the adjustment in column C.6.

Column C.7: Other Items

- ❖ Column C.7 is made available for boards to record other adjustments which involve transactions that are equal to or greater than \$500,000. Boards shall document the adjustments made in this column for verification purposes by their external auditors.

Column E: Adjusted Five-Month Revenues and Expenses

- ❖ This column is formulated to subtract the total adjustments from columns C.1 to C.7 from column B.2 to determine the “adjusted” revenues and expenses for the five-month period.
- ❖ Boards shall enter revenues and expenses recorded in Column E to Schedule 20 of the 2004-05 Ministry Financial Statements in EFIS.

Specified Procedures Report

- ❖ Information entered in the working paper is subject to verification by the boards’ external auditors.
- ❖ The external auditors will conduct specified procedures to verify the information recorded in the working paper.
- ❖ The external auditors will issue a report called “Specified Procedures Report” upon completion of their work.
- ❖ More information regarding the external auditors’ involvement and the specified procedures report will be presented at the annual financial statements information session in September.