MEMORANDUM TO: Superintendents of Business

FROM: Andrew Davis
       Director
       Transfer Payments and Financial Reporting

DATE: September 4, 2008

SUBJECT: 2007-08 Financial Statements Forms (DSBs) & 5-month Capital Asset Activities Report

2007-08 Financial Statements Forms

I am pleased to inform you that the 2007-08 Financial Statements, related guides and instructions are now available through the Financial Statements link on the Financial Reporting website at http://tpfr.edu.gov.on.ca. As in the past, District School Boards are to submit their 2007-08 Financial Statements through EFIS at 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 throughout the month of September to highlight changes to the financial statements as well as providing updates in other areas. Dates and locations of the upcoming sessions have been sent to auditors and school boards.

The ministry will not issue a separate set of instructions for auditors. Note disclosures and audit assurances should conform with the requirements of the CICA handbooks. However, prior to full implementation of Public Sector Handbook Section PS3150 in 2008-09, school boards are required to start disclosing, in the notes to their 2007/08 financial statements, information that is available on tangible capital assets. The ministry will provide a sample note disclosure in the information sessions and will subsequently post the final version on the Financial Reporting website. A new schedule has been introduced in the 2007-08 Financial Statements EFIS forms to summarize the board’s capital asset balances to be used in completing this note disclosure. This schedule will include individual board’s assets summary as of March 31, 2008.
Sample audit reports that were provided to boards in memorandum 2005:SB31 should still be used as references (with appropriate modifications) for the wording relating to the consolidation of school generated funds.

**Reporting of Capital Activities for Capital Asset Reporting Purposes**

Boards are requested to report their capital asset activities (Land and Buildings only) for the five months (April 1, 2008 to August 31, 2008) as part of the requirement under the Reporting Entity project. An Excel based reporting template and related instructions will be available under EFIS – Reports: Static Report. The report layout has been simplified from previous formats and boards are required to engage their external auditors to perform specified procedures on the 5-month capital activities report.

Files that will assist boards to complete the 5-month capital activities report, such as the specified procedures report, have been posted on the Financial Reporting website.

To assist in the implementation of capital asset reporting by 2008-09, the ministry has provided each board with detailed continuity information on its land and building assets, from the valuation date of March 2005 to March 2007. In addition the web-based application (CAP-Edu) used to capture historical costs and valuation data for estimating historical costs of land and building assets has also been made available to the sector to facilitate the audit and verification process as boards engage their auditors in discussions and preparation for this reporting initiative. The application, which is hosted by the Ontario Realty Corporation, will be available to the sector until March 2010 and can be accessed at the following website address: [http://204.40.6.15/CAP-Edu](http://204.40.6.15/CAP-Edu)

The ministry has posted all information related to the implementation of this initiative, including available material on the Book Value Calculator, on the TPFR website. A letter from the Office of the Auditor General of Ontario on their position on the use of the Book Value Calculator in the valuation approach for provincial purposes is also posted on the TPFR site. (Note: to access the Book Value Calculator, go to [http://tpfr.edu.gov.on.ca/Reporting_Entity_Home.htm](http://tpfr.edu.gov.on.ca/Reporting_Entity_Home.htm) and then select ‘tangible capital asset implementation’)

**2007-08 Enrolment Confirmation**

Boards are currently in the process of reviewing their 2007-08 enrolment data for financial statements purposes. Please note that enrolment data that have been reviewed and signed off by Ministry Finance Officers have been loaded in EFIS.
Technical Amendments to the 2007-08 Regulation

A number of amendments to the 2007-08 grant regulation were made in March and July 2008 relating to capital programs. They have been implemented in the financial statements forms and are summarized below:

- Relocation and installation costs for portables are now recognized as part of the timing of entitlement costs.
- Table on prohibitive to repair approved construction costs has been updated
- Good Places to Learn allocation now includes Stage 3 expenditures
- Long term financed debt servicing costs related to property that was leased before August 31, 2006 is now recognized in the calculation of the funding for committed debt supplement under NPP – this is similar to the change in the 2008-09 Estimates.
- Any pupil places related to enrolment pressures and 2005 capital policy adjustment unbuilt by March 31, 2006 are protected in the calculation of the funding for committed debt supplement
- Growth schools allocation has been simplified to fund the debt servicing costs of the lower of the approved construction costs and the actual expenditures.

Submission of Financial Reports

Financial Statements

Please submit by November 14, 2008 two copies of schedules 1, 1.1, 1.2 and section 1 summary printed out from the active EFIS submission of the 2007-08 Financial Statements; and 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
21st 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.
5-month Capital Asset Activities Report

The electronic Excel file is to be e-mailed to reporting.entity@ontario.ca. One hardcopy print-out of the specified procedures report, the summary page from the 5-month capital activity report and the signed cover page from the 5-month capital activity report should be sent by November 30, 2008 to:

Ms. Sangita Barman
Financial Analyst
Transfer Payments & Financial Reporting Branch
21st Floor, Mowat Block
900 Bay Street
Toronto, Ontario M7A 1L2

Late Submissions

It is important that boards meet the due dates above since this information is needed for the interim reporting in the provincial budget. Cash flow penalties will be implemented starting January 2009 and the board’s regular cash flow will be reduced by 50% where a board has not submitted its Financial Statements by December 31, 2008. 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 reporting of capital activities for capital asset reporting should be directed to Doreen Lamarche at (613) 225-9210 ext 113 or at doreen.lamarche@ontario.ca, or Sangita Barman at (416)325-8584 or at Sangita.barman@ontario.ca

For other questions on the financial statements package, please contact your Ministry Finance Officer.

For user/navigation assistance on EFIS, contact:
   Sonja Kolar   (416) 325-8585 or sonja.kolar@ontario.ca
   Stephen Shek (416) 325-8396 or stephen.shek@ontario.ca

For log in assistance, contact:
   Mark Bonham   (416) 325-8571 or mark.bonham@ontario.ca

Andrew Davis

cc: Directors of Education