



Ministry of Education

Resource Management & Corporate Services
Division

2017/18 ANNUAL BUDGET INSTRUCTIONS

For British Columbia School Districts

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SECTION A: SUMMARY OF INFORMATION REQUIRED BY THE MINISTRY

1. Completion of Forms

Pursuant to section 156 of the *School Act* (Accounting Practices), Boards of Education (the “Boards”) are required to prepare and submit budgets to the Minister, in the form, with the information, and at the time required by the Minister. Pursuant to section 111 of the *School Act* (Preparation of Annual Budget) the annual budget of the Board of a school district **must be in the form specified by the Minister. The ministry’s Excel template must be used to prepare the 2017/18 annual budget.** This template can be downloaded from the Ministry’s website at: <http://www.bced.gov.bc.ca/accountability/district/>.

For 2017/18, Boards must prepare an annual budget and have it adopted by bylaw on or before **June 30, 2017** as per section 113 of the *School Act* (Adoption of Budget), and submitted to the Ministry by this date.

Budgets must be submitted both electronically and in hard copy. This annual budget is the Board of Education’s own financial plan for the 2017/18 school year. **The hard copy must be identical to the electronic excel version.** To enable the Ministry to provide consistent reporting on all school districts, **no account descriptions or amounts should be entered on the reports except where provided.**

Ministry contact regarding the Annual Budget is: Linda Seabrook Telephone: 250 356-5088

2. Annual Budget Submission

DUE DATE: June 30, 2017

One (1) single-sided, UNBOUND, hard copy:

- Annual Budget Bylaw - **this must be certified and have original signatures.**
- Annual Budget - **Ministry Excel template hard copy version is required as the version numbers generated at the bottom of each page are control mechanisms which ensure continuity between data electronically submitted to the Ministry, and that signed by the Board.**
 - Statement 2 - Revenue and Expense
(original signatures required once finalized, not photocopied)
 - Statement 4 - Change in Net Financial Assets (Debt)
 - Schedule 2 - Operating Revenue and Expense
 - Schedule 2A - Schedule of Operating Revenue by Source
 - Schedule 2B - Schedule of Operating Expense by Object
 - Schedule 2C - Operating Expense by Function, Program and Object
 - Schedule 3 - Special Purpose Revenue and Expense
 - Schedule 3A - Changes in Special Purpose Funds
 - Schedule 4 - Capital Revenue and Expense

SECTION A: SUMMARY OF INFORMATION REQUIRED BY THE MINISTRY
2. Annual Budget Submission – Cont'd

One (1) electronic submission:

- **Set to “Finalize Package”**
- Submit excel file to: SDFR@gov.bc.ca

Ministry Excel template questions can be directed to: Richard.Raloff@gov.bc.ca.

The hard copy submission should be couriered, as mail can take up to 10 days:

COURIER

School District Financial Reporting Unit
Resource Management & Corporate Services
Division
Ministry of Education
5th Floor, 620 Superior Street
Victoria BC V8V 1V2
Attn: Ian Aaron

MAIL

School District Financial Reporting Unit
Resource Management & Corporate Services
Division
Ministry of Education
PO Box 9151 STN PROV GOVT
Victoria BC V8W 9H1

Referendum (if required)

There is no change to the referendum process. Referendums may be held in April for the next fiscal year. Boards are responsible for forecasting referendum tax revenues based on the referendum tax rates approved and the school district's assessed residential property values. Boards planning a referendum should refer to Section 112 of the *School Act*, or contact Ian Aaron at the Ministry for information on procedures, assessments and taxation.

If a referendum is approved, the Board must adopt a School Referendum Tax Rate Bylaw by April 30, 2017 and send a certified copy of the adopted bylaw to the council of each municipality in the school district and the Surveyor of Taxes with respect to the rural area of the school district.

A copy of the Budget and School Referendum Tax Rate Bylaw (Appendix 2) can be downloaded from the Ministry website at <http://www.bced.gov.bc.ca/accountability/district/>.

Ministry Contact: Ian Aaron

Telephone: 250 415-1073

Email: ian.aaron@gov.bc.ca

SECTION B: 2017/18 ANNUAL BUDGET FORMAT OVERVIEW

As district's audited financial statements must include the presentation of budget figures, budget reporting must follow the same accounting principles used for financial statement reporting. School districts are required to prepare their budget following Public Sector Accounting (PSA) Standards. The Annual Budget statements and schedules follow the same format used for Financial Statement reporting. See "School District Financial Statement Reporting" on the Ministry website at: <http://www.bced.gov.bc.ca/accountability/district/>

The 2017/18 Annual Budget follows the same format used in 2016/17.

Statement 2 "Annual Budget – Revenue and Expense" will be populated (with the exception of the FTE amounts) from the information entered into the balance of the Annual Budget statements and schedules and will consolidate all revenue and expense by function reported for the operating (Sch 2), special purpose (Sch 3) and capital funds (Sch 4).

The total budget bylaw amount, which includes expenses and asset purchases from all funds, is presented at the end of this Statement (see Section H for more information and specific instructions).

Once finalized, the printed version will contain an area for Board Approval. Please ensure that the version submitted to the Ministry includes the original signatures for the Chair, Superintendent and Secretary Treasurer.

Statement 4 – "Annual Budget – Change in Net Financial Assets (Debt)" reports the budgeted changes including tangible capital asset acquisitions by source and asset amortization. Only some of the values on this schedule are automatically populated from information entered on other schedules (see Section G for more information and specific instructions).

Schedules 2 – 2C reports Operating Revenue and Expense (see Section D for more information and specific instructions). **"NEW"** Schedule 2A now includes a line specifically to report the **"Transportation Supplement"** in the Other Ministry of Education Grants Section. The new line added for the 2016/17 Amended Annual Budget for the **"Return of Administrative Savings"** is also included to report your comparative figures.

Schedules 3 and 3A reports Special Purpose Revenue and Expense (see Section E for more information and specific instructions). **"NEW"** Schedule 3A now includes columns specifically to report the **"Rural Education Enhancement Fund"**, **"Coding and Curriculum Implementation Grant"**, **"Priority Measures Grant"** and the **"Classroom Enhancement Fund"**.

Schedule 4 reports Capital Revenue and Expense (see Section F for more information and specific instructions).

SECTION C: BALANCED BUDGET DEFINITION AND SURPLUSES/DEFICITS 2016/17

Boards are required to prepare a balanced budget where board revenues plus any appropriated surpluses fully fund the following:

- annual operating expenses,
- annual special purpose fund (SPF) expenses,
- annual capital fund expenses,
- tangible capital asset acquisitions (from Operating, SPF's & Local Capital),
- planned reduction of unfunded liability for employee future benefits, and
- any planned reduction of prior years' deficits.

The 2016/17 operating surplus and prior years' accumulated surpluses can be appropriated to finance expenses for 2017/18. Any budgeted appropriation of an operating surplus must be recorded on Schedule 2 – “Annual Budget – Operating Revenue and Expense” as “Budgeted Prior Year Surplus Appropriation”. **Appropriations should not include prior years' surpluses that will not be spent in 2017/18.** If, after an appropriation, a surplus remains, this balance should represent amounts received in 2017/18 not yet spent (annual surplus) and not the "accumulated" surplus of prior years (which are reflected in the annual financial statements of the district).

Boards must budget in 2017/18 to retire 2016/17 or prior years' operating deficits. Boards of education incurring a local capital or special purpose fund deficit in 2016/17 must also budget to retire this deficit in 2017/18. **In accordance with section 156 (12) of the *School Act*, Boards are required to seek deficit approval from the Minister prior to incurring a deficit of any kind.**

SECTION D: OPERATING REVENUE AND EXPENSE

1. Timing of Operating Grant Payments

Consistent with prior years, the Ministry will disburse the 2017/18 operating grant as follows:

- July and August – 3 percent of operating grant allocation per month,
- September – 5.35 percent of allocation,
- October through June – 9.85 percent per month,
- Payments will be made twice per month

School Districts needing an adjustment to the set percentage due to unforeseen circumstances through the school year may contact the Ministry for assistance. January through June 2018 payments will be amended for the autumn operating grant recalculation.

Ministry contacts for timing of operating grant payments:

- Jonathan Foweraker, Director, Funding & Allocation (Jonathan.Foweraker@gov.bc.ca)
- Ian Aaron, Director, School District Financial Reporting (Ian.Aaron@gov.bc.ca)

2. Schedules 2 – 2C – Summary of Operating Budget Formats

There are no significant changes to the format from the prior year.

Schedule 2 – “Annual Budget – Operating Revenue and Expense” will be populated from the information entered into Schedule 2A – “Schedule of Operating Revenue by Source” and Schedule 2C – “Operating Expense by Function, Program and Object”.

Budgeted prior year surplus appropriation, retirement of deficit, reduction of unfunded employee future benefits and transfers to the capital fund for tangible capital asset purchases, work in progress purchases, capital lease and loan payments and transfers to local capital are reported on this schedule.

Schedule 2A – “Annual Budget – Schedule of Operating Revenue by Source” presents budgeted operating revenues from all sources.

“NEW”

The following lines have been added to the “Provincial Grants – Ministry of Education” section to report the following new grants:

- **Transportation Supplement**
- **Return of Administrative Savings**

The line “Offshore Tuition Fees” in the tuition section has been renamed “**International and Out of Province Students**” which provides a more accurate description of this revenue.

SECTION D: OPERATING REVENUE AND EXPENSE*- Continued*

Schedule 2B – “Annual Budget – Schedule of Operating Expense by Object” salaries and benefits expense will be populated from the information entered into Schedule 2C – “Operation Expenses by Function, Program and Object”. Total services and supplies must agree to the total services and supplies reported on Schedule 2C – “Operation Expenses by Function, Program and Object”.

Schedule 2C – “Annual Budget – Operating Expense by Function, Program and Object” presents budgeted operating expenses by function, program and object.

“NEW” Program 1.62 “Offshore Students” has been renamed **“International and Out of Province Students”** which provides a more accurate description of this program.

3. Operating Fund Account Descriptions

School districts **must comply** with revenue and expense classifications and cost allocation guidelines. Please refer to the document “Operating Fund Account Descriptions” on the School District Financial Reporting website at: <http://www.bced.gov.bc.ca/accountability/district>

4. Revenue**a) Operating Grants, Ministry of Education**

The estimated amount of Operating Grant revenue is shown in Table 1a of the 2017/18 Operating Grant Tables. This is located on the Ministry website at:

<http://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

Report the total Operating grant “net” of the \$25 million administrative savings shown in the column “2017/18 Full-Year”. The \$25 million will be paid to districts as a special grant outside of the operating block (see b) “Other Ministry of Education Grants” below). Districts wishing to Budget additional operating grants for anticipated increased enrolment can report this amount on a separate District Entered line under “Other Ministry of Education Grants” and ensure that they also include the corresponding increase in FTE’s on Statement 2.

b) Other Ministry of Education Grants

Use this section to report unrestricted Ministry of Education grants such as Pay Equity, Carbon Tax, Funding for Graduated Adults, Transportation Supplement, and the Return of Administrative Savings Grant, etc. Pay Equity, Transportation Supplement, and Return of Administrative Savings grant allocations can be found in Table A “Summary of Grants to Date, 2017/18” on the Funding and Allocation Branch’s website at:

<http://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

“NEW” Two new lines have been added to this section entitled **“Transportation Supplement”** and **“Return of Administrative Savings”**.

SECTION D: OPERATING REVENUE AND EXPENSE

4. Revenue – Cont'd

c) Provincial Grants - Other

Use this line to report grants from other Ministries and Government Reporting Entities (Hospitals, Universities, Colleges, Crown Corps.) and **NOT** grants from the Ministry of Education. Grants from Industry Training Authority and BCPSEA should be reported here.

d) Government Transfers - PSA Standards

Please refer to [Treasury Board Regulation 198/2011](#) for details on when amounts received from the province should be deferred. All deferred revenues, with the exception of capital contributions and earned revenues (tuition, rentals, etc.) must be reported as special purpose funds (see Section E for more information and specific instructions).

e) Tuition

Schedule 2A - “Annual Budget – Schedule of Operating Revenue by Source” includes a separate revenue category for tuitions. Please report tuition fee revenues on the appropriate line of this section rather than as other revenues.

f) Other Revenue

Other revenue can be used to finance expenditures beyond operating grant revenue and should be recorded in the appropriate accounts. Boards of education are reminded that any amounts budgeted under revenue account “*Other Ministry of Education Grants*” or “*Miscellaneous*” using a district entered line require a description in the space provided.

g) Local Education Agreements (LEA)

Boards of education are to report the full amount of anticipated LEA/Direct Funding revenues from First Nations on Schedule 2A “Annual Budget – Schedule of Operating Revenue by Source” on the line “LEA/Direct Funding from First Nations”. This will ensure that the source of funding is shown accurately.

The amount of LEA/Direct Funding for Aboriginal students is provided as part of the Operating Grants and will be recalculated in the autumn. As in prior years, this amount will be recovered by the Ministry. **This recovery should be reported separately on its own line as a negative amount on Schedule 2A** “Annual Budget - Schedule of Operating Revenue by Source” on the line “INAC/LEA Recovery”.

The Ministry will hold back the estimated amount of LEA/Direct Funding revenue from the operating grant until the grant amount is recalculated and the Nominal Roll review is complete (target date: April 2018). Payments or recoveries will be adjusted in grant payments before June 30, 2018.

SECTION D: OPERATING REVENUE AND EXPENSE

- *Continued*

5. Expense

a) **Aboriginal Education Programs**

Funding and related expense for Aboriginal Education Programs continue to be targeted in 2017/18. Although “targeted”, these grants are still part of the operating grant and must be reported on Schedule 2A – “Annual Budget – Schedule of Operating Revenue by Source”.

The minimum spending level for program 1.31 Aboriginal Education has been established as the total amount of supplemental funding for these programs. Descriptions of these programs can be found in “Accounting and Reporting Guidelines” (see Section D. 3. Operating Fund Account Descriptions). Boards of education should only budget for the additional costs as described in these Guidelines. **The budget must not be less than the target amount.** School district’s target amounts are included in Table 4b of the Operating Grants Manual. Any under-spending in 2016/17 should be added to the current year target.

Spending less than the target amount requires approval from the Minister of Education. In situations where the under-spent amount exceeds 20 percent of the target, the Board of Education will be required to submit a plan detailing how these funds are to be allocated and expended in the following year for the benefit of Aboriginal students.

b) **Public Liability and Property Loss Coverage**

An estimate of the total premiums for all boards of education for Public Liability and Property Loss Coverage for 2017/18 has not yet been finalized by the Risk Management Branch. Boards should budget in program 5.41 for these premiums based on the amount billed in 2016/2017 adjusted for inflation and for significant changes in enrolment at September 30, 2016.

c) **Employment Practices Liability Program (EPLP)**

Districts should budget for their estimated share of the EPLP program as legal costs in 2017/18. The estimated charge to each district will be provided under separate cover.

d) **Next Generation Network (NGN) operating cost allocation**

Districts should budget for this estimated expense in 2017/18 (\$24M in 2016/17) in the operating fund. Estimated NGN operating charges for 2017/18 will be forwarded to districts under separate cover.

SECTION D: OPERATING REVENUE AND EXPENSE

5. Expense – Cont'd

e) **Transfers (to) from Other Funds – Tangible Capital Assets Purchased**

Tangible capital assets purchased, including replacements, will be **capitalized** when they meet the criteria for capitalization and where costs exceed capital threshold amounts established by the district.

The amount budgeted from the operating fund for capital purchases will be reported on Schedule 2 “Annual Budget – Operating Revenue and Expense” as “Net Transfers (to) from other funds – Tangible Capital Assets Purchased.”

Tangible capital assets purchased from all sources will also be reported on Statement 4 “Change in Net Financial Assets (Debt)”. Those assets purchased from Operating, Special Purpose Funds and Local Capital will be included in the total Budget Bylaw amount on Statement 2 “Annual Budget – Revenue and Expense”.

f) **Transfers (to) from Other Funds – Tangible Capital Assets – Work in Progress**

The amount budgeted from the operating fund for tangible capital asset – work in progress purchases will be reported on Schedule 2 “Annual Budget – Operating Revenue and Expense” as “Net Transfers (to) from other funds – Tangible Capital Assets – Work in Progress.”

Tangible capital assets purchased, including work in progress, from all sources will also be reported on Statement 4 “Change in Net Financial Assets (Debt)”. Those assets, including work in progress, purchased from Operating, Special Purpose Funds and Local Capital will be included in the total Budget Bylaw amount on Statement 2 “Annual Budget – Revenue and Expense”.

g) **Transfers (to) from Other Funds – Local Capital**

Budgeted transfers to local capital from operating for the year should be reported on Schedule 2 “Annual Budget – Operating Revenue and Expense” as “Net Transfers (to) from other funds – Local Capital.” These transfers represent a reallocation of surplus between funds and are not part of the total Budget Bylaw amount for 2017/2018 on Statement 2 “Annual Budget – Revenue and Expense”. These transfers will net to zero with the transfers that will automatically populate Schedule 4 “Annual Budget – Capital Revenue and Expense”.

h) **Transfers (to) from Other Funds – Other**

Amounts budgeted from the operating fund for other purposes, such as capital lease or loan payments will be reported on Schedule 2 “Annual Budget – Operating Revenue and Expense” as “Net Transfers (to) from other funds – Other.”

SECTION D: OPERATING REVENUE AND EXPENSE

5. Expense – Cont'd

i) Employee Future Benefits (EFB) Expense

The EFB liability will be recalculated by the ministry's actuarial consultant using the most recent census data supplied by districts as at October 31, 2015 and applying the discount rates as at March 31, 2017. The Ministry will be providing districts with an actuarial tool that will include an estimate of the 2017/18 EFB expense. These amounts will not be available until late April/early May 2017.

k) Reduction of Unfunded Employee Future Benefits (applicable to only 5 districts)

The Ministry will be monitoring the reduction of school districts' unfunded liability for employee future benefits as reported on the line "Budgeted Reduction of Unfunded Employee Future Benefits" on Schedule 2 "Annual Budget – Operating Revenue and Expense". This amount will be included in the total Budget Bylaw amount on Statement 2 "Annual Budget – Revenue and Expense".

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

1. Annual Facility Grant (AFG) Payments

As communicated in a letter mid-March, 2017, Budget 2017 includes an Annual Facility Grant (AFG) allocation of \$110.5 million in 2017/18 to fund maintenance and repairs in schools. The \$110.5 million will be made up of \$23.5 million from the Ministry's operating budget and \$87 million from Government's capital funding contingency allocation. \$2 million of the AFG allocation will be contributed by school districts to continue funding the Capital Asset Management System (CAMS). Each district's AFG allocation for Government's fiscal year ended March 31, 2018 can be found in the table "2017/18 Annual Facility Grant (AFG) Allocation" located on the Ministry website at:

<http://www.bced.gov.bc.ca/capitalplanning/resources/welcome.htm>

Each school district must provide the Ministry with 2017/18 AFG project and spending plans prior to April 30, 2017. The plan should include a list of AFG projects and expenditures that each school district will undertake between April 1, 2017 and March 31, 2018 and a schedule of forecasted spending during that period. School districts are expected to use facility condition data from CAMS to help guide their maintenance decisions. Further instructions and a reporting template will be provided under separate cover.

The 2017/18 AFG allocation must be spent prior to March 31, 2018. A single Certificate of Approval (COA) for the capital allocation will be granted to complete the AFG project(s). A standard capital bylaw will be required prior to the issue of a COA. Please note that draws against the COA cannot occur until capital project expenditures have been made.

School districts are encouraged to maximize AFG spending for capital related maintenance projects that meet the criteria for capitalization and to complete the planned AFG projects to fully utilize AFG funding by March 31, 2018.

The 2017/18 annual budget should not include that portion of the AFG that districts will receive April – June 2017 (this will be included in the school district's year ended June 30, 2017).

The AFG operating portion should be reported on Schedule 3A – "Changes in Special Purpose Funds" **gross of CAMS**. The corresponding CAMS expense should then be reported as "services and supplies" expense on Schedule 3A

Do not report AFG Capital amounts received via bylaw-COA draw on Schedule 3A as these will be reported as Deferred Capital Revenue in the Capital Fund.

Please refer to the AFG policy for details on allowable expenditures:

http://www.bced.gov.bc.ca/policy/policies/annual_fac_grant.htm

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE*- Continued***2. Learning Improvement Fund (LIF)**

The Learning Improvement Fund (LIF) was established for the purpose of providing additional resources, specifically targeted to support complex classes that present challenging learning conditions. Districts have the discretion to allocate these funds to improve the learning conditions for all students and support teachers in meeting student needs. \$414 million has been allocated to districts from 2013/14 to 2016/17 which was comprised of two components: the support staff component and the Teacher Education Fund.

The Teacher Education Fund is no longer part of the LIF and has formed part of the funding agreement resulting in the Classroom Enhancement Fund (see Section E: part 4).

For 2017/18, the LIF represents the \$20 million support staff component only. This funding is provided to address classrooms with the highest need and must be used for the provision of additional teacher assistants and other para professionals.

The estimated allocation can be found in Table A of the “Summary of Grants to Date, 2017/18” found on the Ministry website at: <http://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

Unspent LIF amounts from 2016/17, including the teacher component (if any) must continue to be reported in this fund on Schedule 3A and must be **fully expended by June 30, 2018**. Unspent amounts relating to the teacher component should be spent in accordance with the MoA in 2017/18 and included in the staffing plans submitted to the Ministry (see Section E: part 4). For financial reporting, do not transfer unspent amounts from the LIF fund to the Classroom Enhancement Fund (they should be reported as separate funds on Sch 3A). Staffing plan reporting relating to the support staff (CUPE) component will be included with the CEF reporting (see Section E: part 4).

Upon receipt of the district’s financial statements, ministry staff will review LIF spending as detailed on Schedule 3A. Specifically, ministry staff will verify that LIF grants were only spent on Educational Assistants’ and support staff salaries and benefits. Spending less than the annual allocation may impact the following year’s allocation.

Spending of the LIF grant must not reduce the expenditures the district would have made to address learning improvement issues if the board did not receive the grant.

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE*- Continued***3. Priority Measures Funding (2016/17)**

As outlined in a letter to districts January 11, 2017, the Ministry of Education (MoE), the BC Public Schools Employers Association (BCPSEA) and the BC Teachers Federation (BCTF) signed a Memorandum of Agreement re: LoU No.17: Education Fund and Impact of the Court Cases - Priority Measures (the MoA), as the first step in responding to the decision from the Supreme Court of Canada. The MoA supported the implementation of priority measures as agreed upon by MoE, BCPSEA, and the BCTF while negotiations continued regarding the restored collective agreement provisions.

\$50 million will be paid to districts in April of 2017 and must be reported on Schedule 3A of districts June 30, 2017 audited financial statements as a special purpose fund. **Any forecasted unspent amounts, if any, as at June 30, 2017 should be reported as the opening balance** in the Priority Measures fund in the new column provided on Schedule 3A of the 2017/18 Annual Budget. This fund should be **fully expended by June 30, 2018** and amounts to be spent in 2017/18 should be included in the staffing plans submitted to the Ministry (see Section E: part 4).

Do not combine this funding with the Classroom Enhancement Fund (see Section E: part 4).

To ensure that the expenditure of this funding aligns with the terms and conditions agreed upon by the parties set forth in the MoA, please note the following requirements:

- Boards are responsible for ensuring that funding is spent in a manner that aligns with the MoA, including meeting local consultation requirements between staff and the teacher union local.
- As per the MoA, funding must be spent on enrolling and non-enrolling teachers (Article 1a & 1b) before it can be spent on capacity building initiatives (Article 2). In cases where funding is being spent on capacity building initiatives under Article 2, a justification will be required as part of the reporting process noted above.
- MoE staff will be reviewing school district reports and Financial Statement Schedule 3A to verify that the funds were spent in a manner that is consistent with the MoA.

School districts are responsible for tracking and reporting accurate and complete information to the end of the school year, including sign-off of the final report(s) by Boards of Education. Reporting templates, submission dates and details were provided to districts in an e-mail dated January 11, 2017. In addition to reporting as at June 30, 2017, districts are required to report interim results as at March 31, 2017 as outlined in an e-mail to districts March 16, 2017. The interim report should be e-mailed to EDUC.FundingandAllocationBranch@gov.bc.ca by April 18, 2017. As per the MoA, this information will be shared with the BCTF at the main table.

Ministry Contact: Jonathan Foweraker, Director, Funding & Allocation
(250) 896-2673 (Jonathan.Foweraker@gov.bc.ca)

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

- *Continued*

4. Classroom Enhancement Fund (CEF)

On March 10, 2017, the Ministry of Education (MoE), the BC Public Schools Employers Association (BCPSEA) and the BC Teachers Federation (BCTF) ratified a Memorandum of Agreement (MoA), negotiated pursuant to Letter of Understanding (LoU) No. 17 to the 2013-2019 BCPSEA-BCTF Provincial Collective Agreement. The MoA fully and finally resolves all matters related to the implementation of the Supreme Court of Canada decision from the fall of 2016. As such, the Parties acknowledge that the re-opener process set out in LoU No. 17 has been completed.

To fund this agreement, the MoE is committing a total of \$360 million for school districts for the 2017/18 school year. This \$360 million Classroom Enhancement Fund (CEF) is being provided to districts as a special purpose fund in 2017/18. The CEF is comprised of two components: the FTE Teachers allocation (\$330 million) and the Overhead allocation (\$30 million). The estimated allocation can be found in Table B of the “Summary of Grants to Date, 2017/18” found on the Ministry website at:

<http://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

A new column has been provided on Schedule 3A to report the CEF. Report only CEF funding in the column provided (do not include LIF or Priority Measures grants here). Please note the following:

- By April 28, 2017 districts are required to submit their preliminary staffing plans, based on their projected student enrolment, for September 2017. Submissions will be reviewed by Ministry staff and the notional allocations may be adjusted accordingly. See the template e-mailed to districts March 24, 2017 for additional details.
- If there are unique (unforeseen) issues pertaining to your school district that are creating challenges implementing the MoA locally, these issues and associated costs can be communicated to the ministry in addition to the preliminary staffing plans that you submit on April 28th.
- Funding will begin to flow in January 2018, once final fall 2017 staffing plans are known and in line with the fall operating grant recalculation.
- Final staffing plans will be expected by October 20th, once fall 2017 staffing is known, and close monitoring of implementation will occur throughout the 2017/18 school year.
- Adjustments to district allocations may be made once final fall 2017 staffing is known and/or after the 2017/18 school year, especially if it is determined that a particular school district received more funding than was required. Final 2017/18 allocations will be confirmed at the same time as the operating grant recalculation in December 2017.
- Districts will be required to report-in on progress in the spring of 2018, and provide a final report as at June 30th 2018 outlining their hiring and use of remedies, together with a final financial submission that can be reviewed against district audited financial statements.

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

4. Classroom Enhancement Fund (CEF) – Cont'd

To ensure that the expenditure of this funding aligns with the MoA, please note the following requirements:

- Boards of Education are responsible for ensuring that funding is spent in a manner that aligns with the MoA, and optimal classroom organization to ensure the most efficient use of resources is expected.
- Any unused LIF (TEF component) and Priority Measures funding from the 2016/17 school year must be completely expended in the 2017/18 school year and should be included in your staffing plans submitted to the Ministry.
- MoE staff will be reviewing school district interim and final reports and Financial Statements to verify that the funds were spent in a manner that is consistent with the MoA.
- An interim progress report on implementation of the MoA will be expected in the winter of 2018, and a final yearend report will be expected in the summer of 2018. Reporting templates will be forthcoming from the Ministry later this spring.

Your completed staffing templates should be sent, no later than 4:00pm on April 28th, 2017, to EDUC.FundingandAllocationBranch@gov.bc.ca. If you have technical questions regarding the distribution or accounting and reporting requirements, please contact Kim Abbott (Kim.Abbott@gov.bc.ca), Ian Aaron (Ian.Aaron@gov.bc.ca), or Jonathan Foweraker (Jonathan.Foweraker@gov.bc.ca).

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE*- Continued***5. Schedule 3A – Changes in Special Purpose Funds**

This schedule is used to track district's deferred revenues and amounts that will be budgeted as revenue, expense and assets purchased from these deferred revenues (special purpose funds (SPF's)). Although opening deferred revenue balances for July 1, 2017 will not be finalized, districts **may** use the first 3 rows of this schedule to estimate this opening balance if they wish to budget expending any prior years' deferred revenues. *If left blank, these rows will not print.*

The budgeted transactions (amounts received and transferred to revenue) for deferred revenues must be reported on this schedule in order to calculate budgeted revenues for the year. A button is provided on this schedule for districts wishing not to print the deferred revenue section of this schedule in their annual budget submission. Deferred revenues are not permitted in the operating fund. All restricted contributions received, with the exception of capital contributions and unearned revenues (tuition, rentals, etc.) must be reported on Schedule 3A.

Operating and Capital funds cannot be transferred to special purpose funds. **Only restricted contributions received from an external party** can be reported on Schedule 3A. Please refer to [*Treasury Board Regulation 198/2011*](#) for the definition of a restricted contribution which can be found on the Ministry website <http://www.bced.gov.bc.ca/accountability/district/>

“NEW” Schedule 3A now includes 4 new columns headed **“Rural Education Enhancement Fund (REEF)”**, **“Coding and Curriculum Implementation”**, **“Priority Measures”** and **“Classroom Enhancement Fund (CEF)”**. In order to facilitate the summarizing of like data amongst districts, please report these grant transactions in the columns provided rather than using district entered columns.

In order to facilitate the budgeting process for school districts, the 2017/18 preliminary allocation of certain special grants (AFG, CLink, LIF, REEF, Priority Measures, CEF) has been announced by the Ministry and can be found in the Table A of the “Summary of Grants to date, 2017/18” on the Ministry website at:

<http://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

The following grants meet the definition of a restricted contribution per *Treasury Board Regulation 198/2011*. To ensure consistent reporting these grants **“must”** be reported on Schedule 3A:

- Annual Facility Grants (AFG) (excluding amounts paid via bylaw COA's)
- Learning Improvement Fund (LIF)
- Special Education Equipment Grants
- Provincial Resource Program Grants (PRP) (including SET BC)

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

5. Schedule 3A – Changes in Special Purpose Funds – Cont'd

- Aboriginal Education Technology Grants
- CommunityLINK Grants (CLink)
- Official Languages in Education French Programs (OLEP) Grants
- Strong Start Centre Grants
- Ready Set Learn Grants
- Service Delivery Transformation Grants
- Coding and Curriculum Implementation **“NEW”**
- Rural Education Enhancement Fund (REEF) **“NEW”**
- Priority Measures **“NEW”**
- Classroom Enhancement Fund **“NEW”**
- School Generated Funds (restricted contributions only)
- Controlled and Related Entities (if applicable – see below)
- Earnings and disbursements of endowments (excluding capital)
- Interest earned on any of the above funds

The following Ministry of Education grants “do not” meet the definition of a restricted contribution and therefore **“MUST NOT”** be reported on Schedule 3A but on Schedule 2A – “Annual Budget – Schedule of Operating Revenue by Source” instead:

- Pay Equity Grants (PE)
- Operating Grants (including all allocations for ABED, DL, Education Plan, vulnerable students, etc.)
- Funding for Graduated Adults
- Carbon tax grant
- Transportation Supplement **“NEW”**
- Return of Administrative Savings **“NEW”**

OLEP, 1st, 2nd, and Minority Language Funding is a **Ministry of Education grant** and should be reported on the line “Provincial Grants - Ministry of Education” and ***NOT*** as Federal Grants.

Contributions from the Ministry of Education not listed here, other Ministries, provincial and non-provincial sources will need to be assessed to determine whether or not they meet the definition of a restricted contribution and should be deferred (reported on Schedule 3A) or not (reported on Schedule 2A).

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE*5. Schedule 3A – Changes in Special Purpose Funds – Cont'd*

In order to facilitate the presentation of expenditures funded by the operating fund for the programs associated with the various special purpose funds, a line has been provided at the bottom of Schedule 3A to report these additional expenses if Districts wish to disclose this information. **The Program areas within the Ministry will be referring to this data when evaluating the funding levels of certain programs (Strong Starts & Ready Set Learn for example).** This line is for information purposes only and, *if left blank, will not print.*

A column is provided on Schedule 3A if the district wishes to budget **Related Entity revenue and expense**. Any expense or tangible capital asset purchases reported in this column will become part of the total budget bylaw. The Board of Education may not wish to include these expenses in the district's budget bylaw for various reasons and therefore the completion of this column is not mandatory. This will, however, create a variance between the actual and budget figures presented on Schedule 3 of the June 30, 2018 audited Financial Statements.

6. Schedule 3 – Special Purpose Revenue and Expense

The revenue and net transfers (to) from other fund (tangible capital assets purchased, other) sections of this schedule are populated via links from Schedule 3A.

Expenses must be entered by “function” and agree to the total expense reported on Schedule 3A. Districts will need to determine which “function” best describes their SPF expenditures. District Entered lines are also available for this purpose.

Budgeted endowment contributions must be reported on the line “Endowment Contributions” and will be included in the calculation of Net Revenue (Expense) per PSAS.

SECTION F: CAPITAL REVENUE AND EXPENSE

1. Schedule 4 – Capital Revenue and Expense

This schedule discloses the budgeted revenues and expenses for the capital fund. Budgets do not require the presentation of Statement of Financial Position balances such as tangible capital assets or deferred capital revenue so supplementary schedules are not required for the Annual Budget - Capital Fund. Budgeted transactions in the capital fund must be reported in the appropriate column (invested in capital assets or local capital).

Per *Ministerial Order 033/09 “Accounting Practices Order”*, a capital fund deficit is permitted for the amount that amortization of tangible capital assets expense exceeds amortization of deferred capital revenue.

a) Invested in Capital Assets Revenue must include:

- Amortization of all Deferred Capital Revenues (bylaw, other provincial and non-provincial funds) – please refer to your amortization tool
- Gains (losses) on the disposal of Tangible Capital Assets
- Deferred Capital Revenues spent on **sites** (bylaw, municipal funds, MOE restricted capital, other provincial and non-provincial capital)
- Deferred Capital Revenues (bylaw, MOE restricted capital) spent on non-capital items (if applicable) (offset by an equal amount of expense – see b) below).

b) Invested in Capital Assets Expense must include:

- Amortization of Tangible Capital Assets allocated amongst the functions “Operations and Maintenance” and “Transportation and Housing”. Please refer to your amortization tool (districts may want to allocate amortization of busses to the Transportation and Housing function).
- Write off/down of Buildings and Sites
- The related expense for the Deferred Capital Revenues spent on non-capital items (if applicable)

c) Local Capital Revenue must include:

- Interest earned on Local Capital Balances
- Locally earned capital revenue (if applicable)

d) Local Capital Expense must include:

- Interest paid on capital leases and loans
- Expenses relating to locally earned capital revenue (if applicable)

SECTION F: CAPITAL REVENUE AND EXPENSE

1. Schedule 4 – Capital Revenue and Expense – Cont'd

e) Net Transfers (to) from Other Funds

Transfers from operating and special purpose funds for tangible capital assets purchased and tangible capital asset WIP purchased are linked from the amounts reported on Schedule 2 (Operating) and Schedule 3 (Special Purpose Funds). Transfers to Local Capital from Operating are linked to the amount reported on Schedule 2 (Operating). Transfers reported as “other” transfers on Schedules 2 and 3 to fund capital lease and loan payments should also be reported here (they are not linked). There should not be any transfers to other funds except in special circumstances (ex: a board “un-restricts” local capital). Transfers (to) from all funds should net to zero. A verification rule is included in the verification error summary to ensure that all interfund transfers reported in the various funds net to zero.

f) Other Adjustments to Fund Balances

Report transfers between invested in capital assets and local capital here. These adjustments should net to zero. This will include reclassifying the district’s portion of proceeds on disposal of assets, tangible capital assets purchased from local capital and the principal portion of capital lease and loan payments. **Ensure that assets purchased from Local Capital are entered on the line provided as these amounts link into Statement 4 “Annual Budget – Changes in Net Financial Assets (Debt)”.**

SECTION G: STATEMENT 4 – CHANGES IN NET FINANCIAL ASSETS (DEBT)

Districts must budget for the change in net financial assets (debt) which is defined as the change in “non-financial assets” (for a definition of non-financial assets, please refer to *PSAB Handbook* section *PS 1000.41 - .43*). Non-Financial assets would include tangible capital assets, prepaid expenses, supplies inventory and restricted assets (endowments).

Enter the acquisition of tangible capital assets, **including work in progress (WIP)**, from the various funding sources on the lines provided in the section “Acquisition of Tangible Capital Assets”. The assets purchased from operating, special purpose and local capital will automatically populate from the information entered on the lines “Net Transfers (to) from other funds – Tangible Capital Assets Purchased” and “Net Transfers (to) from other funds – Tangible Capital Assets –Work in Progress” on Schedule 2 and Schedule 3 and “Tangible Capital Assets purchased from Local Capital” on Schedule 4.

You must also budget for tangible capital assets (including WIP) purchased from all sources of Deferred Capital Revenue, **including bylaw COA’s, ITA capital funding for Youth Trades Capital Equipment Program (NEW)** and any tangible capital assets acquired through capital loans and leases. Tangible capital asset acquisitions from deferred capital revenues (bylaw, AFG-bylaw, MOE restricted capital, land capital, etc.) should be reported on the line “From Deferred Capital Revenue” as a negative figure. These amounts will **not** be included in the Budget Bylaw amounts reported on Statement 2 “Annual Budget – Revenue and Expense” but will form part of the Budget comparative figures used in the 2017/18 Audited Financial Statements.

If your district will be disposing of, or writing-down, tangible capital assets, you should budget for the amounts that will affect the changes in tangible capital asset values (and changes in net financial assets (debt)) here. The net book value of any tangible capital asset disposed of should be reported on the line “Net carrying value of Tangible Capital Assets disposed of”. The net book value of any asset write-downs should be reported on the line “Write-down carrying value of Tangible Capital Assets”.

Some other values on this schedule are automatically populated and linked from information entered on other schedules (amortization of tangible capital assets, endowment contributions, etc.).

SECTION H: STATEMENT 2 – ANNUAL BUDGET REVENUE AND EXPENSE

1. Ministry Operating Grant Funded Student Full Time Equivalent (FTE) Enrolment Reporting

Ministry Operating Grant Funded FTE's (2017/18 Operating Grants Table 1b) must be reported on Statement 2 – “Annual Budget – Revenue and Expense”. The Funding Allocation System distributes the General Operating Grants based on School-Aged FTEs (DL students, September, February and May counts are included) and Adult Education Funded FTEs. For definitions and amounts, please refer to the 2017/18 Operating Grants manual provided at

<http://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

Please do not include graduated adult FTE's as these are funded by a special grant “Funding for Graduated Adults” and not the operating grant.

Statement 2 – “Annual Budget – Revenue and Expense” line “Ministry Funded Other FTEs” can be used for summer school (July count) and other FTE's. Please ensure you convert any headcount figures to the equivalent FTE amount (ex: 1 student headcount in one class = .125 FTE).

2. Revenue, Expense and Budget Bylaw Amount

Revenue and expense amounts on Statement 2 are populated from links that combine the data reported on Schedules 2, 3 and 4 for the Operating, Special Purpose and Capital Funds. Descriptions will need to be provided for District Entered lines. District entered lines used on Schedules 3 and 4 will populate onto separate lines of Statement 2 to facilitate presentation of differing descriptions.

A verification rule is included in the verification error summary to ensure that all interfund transfers reported in the various funds net to zero. Only transfers to Invested in Capital Assets from operating, special purpose funds and local capital for the purchase of tangible capital assets (including WIP) will be included in the final budget bylaw amount.

The Budget bylaw amount is calculated at the end of Statement 2. This includes all expenses reported in the various funds, tangible capital assets (including WIP) purchased from operating funds, special purpose funds and local capital, reduction of unfunded employee future benefits and any budgeted retirement of prior years' deficits.

Once finalized, the printed version of Statement 2 will contain an area for Board Approval. Please ensure that the version submitted to the Ministry includes the original signatures for the Chair, Superintendent and Secretary Treasurer.

SECTION I: OTHER CONSIDERATIONS

1. 2017/18 Annual Budget Excel Template

The 2017/18 Annual Budget Excel template can be downloaded from the Ministry website at <http://www.bced.gov.bc.ca/accountability/district/>. The 2017/18 Annual Budget must be prepared and submitted using this template. Once finalized, this template contains security features to ensure that the electronic submission is identical (version numbers) to the hard copy received by the Ministry. For features and functionality, please refer to the tab “Key Features” included in the Excel template.

In order to facilitate the populating of Statements & Schedules via links, the suggested order of entry is as follows:

- Schedule 4 - Capital Revenue and Expense
- Schedule 3A - Changes in Special Purpose Funds
- Schedule 3 - Special Purpose Revenue and Expense
- Schedule 2C - Operating Expense by Function, Program and Object
- Schedule 2B - Schedule of Operating Expense by Source
- Schedule 2A - Schedule of Operating Revenue by Source
- Schedule 2 - Operating Revenue and Expense
- Statement 4 - Change in Net Financial Assets (Debt)
- Statement 2 - Revenue and Expense

Annual Budget Bylaw Form

The bylaw form is available in Rich Text format and can be downloaded from the Ministry website at: <http://www.bced.gov.bc.ca/accountability/district/>. Districts must populate this bylaw document with all relevant data obtained through the 2017/18 Annual Budget package (Statement 2 – Annual Budget – Revenue and Expense).

The bylaw form can also be printed as part of the Excel budget template by selecting FINALIZE PACKAGE and then PRINT PACKAGE or PRINT PAGE (on the “bylaw” tab). To complete this form, only the **reading dates, corporate seal and appropriate signatures will be required.**

2. Comparative Amounts

For the 2017/18 Annual Budget the comparative amounts can be either the 2016/17 Annual Budget or the 2016/17 Amended Annual Budget (preferred). Districts must populate these comparative amounts. Please ensure that these amounts agree with original documents previously submitted to the Ministry. You must **also indicate the source of the comparative amounts** by selecting the appropriate source from the dropdown menu provided on the “Cover” tab in the Excel template. This will also populate the column headings for those comparative amounts.

APPENDICES

ANNUAL BUDGET BYLAW

A Bylaw of THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. ____ (_____) (called the "Board") to adopt the Annual Budget of the Board for the fiscal year 2017/18 pursuant to section 113 of the *School Act*, R.S.B.C., 1996, c. 412 as amended from time to time (called the "Act").

1. The Board has complied with the provisions of the *Act* respecting the Annual Budget adopted by this bylaw.
2. This bylaw may be cited as School District No. ____ (_____) Annual Budget Bylaw for fiscal year 2017/18.
3. The attached "Statement 2" showing the estimated revenue and expense for the 2017/18 fiscal year and the total budget bylaw amount of \$ _____ for the 2017/18 fiscal year was prepared in accordance with the *Act*.
4. Statement 2, Statement 4 and Schedules 2 to 4 are adopted as the Annual Budget of the Board for the fiscal year 2017/18.

READ A FIRST TIME THE _____ DAY OF _____, 20__;

READ A SECOND TIME THE _____ DAY OF _____, 20__;

READ A THIRD TIME, PASSED AND ADOPTED THE _____ DAY OF _____, 20__.

(Corporate Seal)

Chairperson of the Board

Secretary Treasurer

I HEREBY CERTIFY this to be a true original of School District No. ____ (_____) Annual Budget Bylaw 2017/18, adopted by the Board the ____ day of _____, 20__.

Secretary Treasurer

BUDGET AND SCHOOL REFERENDUM TAX RATE BYLAW

A Bylaw of the Board of Education of School District No. ____ (_____) (called the "Board") to adopt the budget of the Board for the fiscal year 2017/18 pursuant to section 113 of the *School Act*, R.S.B.C., 1996, c. 412 (called the "Act") and set out the information related to the School Referendum Tax required under section 129 of the *Act*.

1. The Board has complied with the provisions of the *Act* respecting the budget and school referendum tax rate adopted by this bylaw.
2. This bylaw may be cited as School District No. ____ (_____) 2017/18 Budget and 2017 School Referendum Tax Rate Bylaw.
3. The attached "Statement 2" showing the estimated revenue and expense for the 2017/18 fiscal year and the total budget bylaw amount of \$_____ for the 2017/18 fiscal year was prepared in accordance with the *Act*.
4. Statement 2, Statement 4 and Schedules 2 to 4 are adopted as the annual budget of the Board for the fiscal year 2017/18.
5. On _____, 20____, the Board held a referendum (called the "Referendum") approving the raising of money under sections 128 and 129 of the *Act*.
6. The amount of the taxes to be raised within School District No. ____ (_____) (called the "School District") in the calendar year 2017, as a result of the Referendum is \$_____.
7. The following table sets out, in accordance with the requirements of section 112.1(1) (b) of the *Act*, the apportionment of the total amount required by the Referendum to be raised in taxes on residential property in the School District, between the constituent parts of the School District.

<u>Constituent Part of the School District</u>	<u>Dollar Amount per Constituent Part</u>
1.	1.
2.	2.
3.	3.

8. _____ is the rate to be applied to the net taxable value of residential land and improvements in the School District for the calendar year 2017 so as to raise the amount of school referendum taxes approved by the Referendum.
9. The amounts set forth in this Bylaw are hereby requisitioned from each constituent part of the School District in accordance with Section 113 of the *Act*.

READ A FIRST TIME THE ____ DAY OF _____, 20____;

READ A SECOND TIME THE ____ DAY OF _____, 20____;

READ A THIRD TIME, PASSED AND ADOPTED THE ____ DAY OF _____, 20____.

(Corporate Seal)

Chairperson of the Board

Secretary Treasurer

I HEREBY CERTIFY this to be a true original of School District No. ____ (_____) 2017/18 Budget and 2017 School Referendum Tax Rate Bylaw, adopted by the Board the ____ day of _____ 20____.

Secretary Treasurer