



Ministry of Education

2017/18 AMENDED 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

Section 113 (2) of the *School Act* states that “If an operating grant to a board is amended under section 106.3 (6) or a grant is withheld or reduced under section 117 (1), the minister may order that

- (a) the board, by bylaw, must amend its annual budget; and
- (b) the board must send a certified copy of the amended annual budget to the minister within 60 days of the order of the minister.”

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.

The Minister is requiring Amended Annual Budgets to be prepared, adopted by bylaw and submitted by February 28, 2018. **The Ministry’s Excel template must be used to prepare the 2017/18 amended annual budget.** This template can be downloaded from the Ministry’s website at: <https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/school-district-financial-reporting/budget-reporting>

Budgets must be submitted both electronically and in hard copy. This amended 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 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 Amended Annual Budget is:

Linda Seabrook
Telephone: 250 356-5088

2. Amended Annual Budget Submission

DUE DATE: February 28, 2018

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

- Amended Annual Budget Bylaw - **this must be certified and have original signatures.**
- Amended 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)
 - Statement 4 – Change in Net Financial Assets (Debt)
 - Schedule 1 – Schedule of Changes in Accumulated Surplus (Deficit) by Fund
 - 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

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

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

- Schedule 3 – Special Purpose Revenue and Expense
- Schedule 3A – Changes in Special Purpose Funds
- Schedule 4 – Capital Revenue and Expense

One (1) electronic submission:

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

Ministry Excel template questions can be directed to: Richard.Ralloff@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 & Executive Financial
Office Division
Ministry of Education
5th Floor, 620 Superior Street
Victoria BC V8V 1V2
Attn: Ian Aaron

MAIL

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

SECTION B: 2017/18 AMENDED ANNUAL BUDGET FORMAT OVERVIEW

Districts' audited financial statements present budget figures which 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 Amended Annual Budget statements and schedules follow the same format used for Financial Statement reporting. Refer to the Ministry website at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/school-district-financial-reporting>

The Amended Annual Budget follows the same format as the Annual Budget with the exception of the addition of Schedule 1 "Schedule of Changes in Accumulated Surplus (Deficit) by Fund" as opening surplus balances are now known.

Statement 2 "Amended Annual Budget – Revenue and Expense" will be populated (with the exception of the FTE amounts) from the information entered into the balance of the Amended 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 I for more information and specific instructions).

The finalized printed version will contain an area for Board Approval. The version submitted to the Ministry must include original signatures for the Chair, Superintendent and Secretary Treasurer.

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

Schedule 1 – "Schedule of Changes in Accumulated Surplus (Deficit) by Fund" is only required for Amended Annual Budget reporting (see Section G for more information and specific instructions).

Schedules 2 – 2C report **Operating** Revenues and Expenses (see Section D for more information and specific instructions).

Schedules 3 and 3A report **Special Purpose** Revenues and Expenses (see Section E for more information and specific instructions). **"NEW"** Schedule 3A now includes a column specifically to report the **"Priority Measures"** unspent amounts from 2016/17 and two columns specifically to report both components of the **"Classroom Enhancement Fund (CEF)"** ("CEF – Overhead" and "CEF – Staffing").

Schedule 4 report **Capital** Revenues and Expenses (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 amended annual 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.

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 – "Amended 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 (as reported on Schedule 1 – "Changes in Accumulated Surplus (Deficit) by Fund").

Boards must budget in 2017/18 to retire prior years' operating deficits. Boards of education incurring a local capital deficit in 2016/17 must also budget to retire this deficit in 2017/18 or in accordance with the specific instructions and conditions authorized by the Minister for multi-year deficits. **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 2017/18 operating grant allocations 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 of Funding & Allocation (Jonathan.Foweraker@gov.bc.ca)
- Ian Aaron, Director of School District Financial Reporting (Ian.Aaron@gov.bc.ca)

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

Schedule 2 – “Amended 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 should all be reported on this schedule.

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

SECTION D: OPERATING REVENUE AND EXPENSE

- *Continued*

Schedule 2B – “Amended 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 reported on Schedule 2C – “Operation Expenses by Function, Program and Object”.

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

3. Operating Fund Account Descriptions

School districts must comply with the 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: <https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/school-district-financial-reporting>

4. Revenue

a) Operating Grants, Ministry of Education

Operating Grants are shown in Table 1a of the 2017/18 Autumn Recalculation Operating Grant tables on the Ministry website at:

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

On Schedule 2A, report Operating grants as shown in Table 1a (“2017/18 Full-Year” column) which includes the reduction for **the \$25 million administrative savings (See “b) Other Ministry of Education Grants” below for information on reporting the return of the Administrative Savings)**. Districts wishing to Budget for February and May counts that are forecasted to exceed those amounts listed in Table 1a should report this amount on a separate District Entered line under “Other Ministry of Education Grants” on Schedule 2A and ensure that they also include the corresponding increase in FTE’s (if applicable) on Statement 2.

b) Other Ministry of Education Grants

In this section, report unrestricted Ministry of Education grants. Pay Equity, Carbon Tax, Funding for Graduated Adults, Transportation Supplement, Return of Administrative Savings and the Economic Stability Dividend should be reported on the lines provided. District entered lines can be used if a line hasn’t been provided (FSA, Shoulder Tappers, etc). Pay Equity, Transportation Supplement and Return of Administrative Savings grants can be found on Table A “Summary of Grants to Date, 2017/18” on the Funding and Allocation Branch’s website at: <https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/k-12-funding-and-allocation/operating-grants/k12funding-17-18>

The **Student Learning Grant** received in 2016/17 must be fully expended by June 30, 2018. The unspent portion as at June 30, 2017 will be part of the operating surplus appropriated to cover the expenses in 2017/18.

SECTION D: OPERATING REVENUE AND EXPENSE

4. Revenue – Cont'd

c) Provincial Grants - Other

Provincial Grants – Other on Schedule 2A include grants from other Ministries and Government Reporting Entities (including Hospitals, Universities, Colleges, Crown Corps.) and should **NOT** include grants from the Ministry of Education. Grants, excluding capital grants, from Industry Training Authority (ITA) and BCPSEA should be reported here.

d) Government Transfers

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 – “Amended 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 “Amended 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 is 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** “Amended Annual Budget – Schedule of Operating Revenue by Source” on the line “INAC/LEA Recovery”.

The Ministry holds 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 – “Amended 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**

Boards should budget in program 5.41 for premiums for Public Liability and Property Loss Coverage. Operating grants should be reported at the gross amount (before any recovery for School Protection Plan (SPP) Premiums).

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

Districts should budget for their share of the EPLP program as legal costs in 2017/18. Until the actual charge to districts is known, the 2016/17 amount can be used as an estimate for 2017/18.

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

The district’s estimated NGN operating cost allocations were provided in a letter dated April 18, 2017. The final costs will be determined based on the actual Sept 2017 enrolment.

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 “Amended 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 “Amended 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 “Amended 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 “Amended 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 “Amended 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 will not become part of the total Budget Bylaw amount for 2017/18 on Statement 2 “Amended Annual Budget – Revenue and Expense”. These transfers will net to zero (as presented on Schedule 1 “Changes in Accumulated Surplus (Deficit) by Fund”) with the transfers reported on Schedule 4 “Amended 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 “Amended 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 and annual expenses were recalculated by the ministry's actuarial consultant as at March 31, 2017. The EFB expense for 2017/18 can be found on the EFB Actuarial tool sent to districts April 27, 2017 at the bottom of tab 1.

j) Reduction of Unfunded Employee Future Benefits (applicable to only 4 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 "Amended Annual Budget – Operating Revenue and Expense". This amount will be included in the total Amended Annual Budget Bylaw amount on Statement 2 "Amended Annual Budget – Revenue and Expense".

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

1. Annual Facility Grant (AFG)

As communicated in a letter dated April 7, 2017, Budget 2017 (Government fiscal 2017/18) 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 is made up of \$23.5 million from the Ministry's operating budget and \$87 million from the Government's capital plan. \$2 million of the AFG allocation will be contributed by school districts to continue funding the Capital Asset Management System (CAMS). The 2017/18 AFG operating allocation (net of CAMS) was paid to districts July 31, 2017. Each district's AFG allocation for 2017/18 can be found in the table "2017/18 Annual Facility Grant (AFG) Allocation" located on the Ministry website at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/capital-planning/current-resources>

Each school district provided the Ministry with a 2017/18 AFG project and spending plan prior to receiving their AFG COA (Certificate of Approval). The plan included a list of AFG projects and expenditures that each school district would 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 the CAMS to help guide their maintenance decisions.

A single Certificate of Approval (COA) for the capital allocation is granted to complete AFG projects. Please note that draws against the COA cannot occur until capital project expenditures have been made.

School districts are encouraged to maximize all 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 AFG operating portion should be reported on Schedule 3A – "Changes in Special Purpose funds" gross of CAMS. The corresponding CAMS expense should be reported as "services and supplies" expense on Schedule 3A.

Do not report AFG amounts received via a bylaw – COA draw on Schedule 3A – "Changes in Special Purpose Funds". These must 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 had 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 was paid to districts in April of 2017 and was reported on Schedule 3A of districts June 30, 2017 audited financial statements as a special purpose fund. **Any unspent amounts, if any, as at June 30, 2017 should be reported as the opening balance** in the Priority Measures fund in the column provided on Schedule 3A. 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.

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 (MEd), 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.

It is Government's expectation that there will be little, if any, underspend of the CEF as at June 30, 2018. On-going monitoring by the Secretary-Treasurer of CEF spending is expected. If the Secretary-Treasurer anticipates ***underspending CEF by more than 2%*** of the approved CEF allocation, Ian Aaron (Ian.Aaron@gov.bc.ca) must be notified no later than April 30, 2018. The Ministry will take steps to adjust grants for the period May 1, 2018 through June 30, 2018 to minimize underspending. If necessary, any unused CEF funding will be applied to the 2018-19 school year CEF funding. A rationale must be provided by the Secretary-Treasurer as part of this process.

To fund this agreement, the MEd has currently committed \$408.7 million for school districts for the 2017/18 school year. This \$408.7 million Classroom Enhancement Fund (CEF) is being provided to districts as a special purpose fund in 2017/18 net of unused priority measures funding. The CEF is comprised of three components: the FTE Teacher staffing allocation (\$329.5 million), Teacher remedies (\$23.8 million) and the Overhead allocation (\$55.4 million). The current 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>

Two new columns have been provided on Schedule 3A to report the CEF (Staffing and Overhead). Both CEF staffing and remedies funding should be reported in the "Staffing" column. Report only CEF funding in the columns provided (do not include LIF or Priority Measures grants here). Please note the following:

- Revised district allocations are reflected in Table A "Summary of Grants to Date, 2017/18". Close monitoring of implementation will continue throughout the 2017/18 school year.
- Adjustments to district allocations may again be made after the 2017/18 school year, especially if it is determined that a particular school district received more funding than was required.
- Districts will be required to 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
- 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.
- Any unused LIF (TEF component) and Priority Measures funding from the 2016/17 school year must be fully expended by June 30, 2018.
- MEd staff will be reviewing school district final reports and Financial Statements to verify that the funds were spent in a manner that is consistent with the MoA.
- A final yearend report will be expected in the summer of 2018. The final reporting template will be distributed to districts by the MEd in the Spring.

If you have technical questions regarding the distribution or accounting and reporting requirements, please contact Kim Horn (Kim.Horn@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 tangible capital assets purchased from these deferred revenues (special purpose funds). Districts **must** populate the opening balances on the first row of this schedule with the closing balances reported on the June 30, 2017 audited Financial Statements.

“NEW” Schedule 3A now includes columns headed **“Priority Measures”**, **“Classroom Enhancement Fund - Overhead”** and **“Classroom Enhancement Fund – Staffing”**. In order to facilitate the summarizing of like data amongst districts, please report these grants in the columns provided rather than using district entered columns.

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. 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** may 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 at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/school-district-financial-reporting>

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)
- Debt Services Grants
- 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 (**must be fully expended by June 30, 2018**)
- Coding and Curriculum Implementation Grants (**must be fully expended by June 30, 2018**)

SECTION E: SPECIAL PURPOSE REVENUE AND EXPENSE

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

- Rural Education Enhancement Fund (REEF)
- Priority Measures (**must be fully expended by June 30, 2018**)
- Classroom Enhancement Fund – Staffing (including remedies) **“NEW”**
- Classroom Enhancement Fund – Overhead **“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 – “Amended Annual Budget – Schedule of Operating Revenue by Source” instead:

- Pay Equity Grants (PE)
- Funding for Graduated Adults
- Operating Grants (including all allocations for ABED, DL, Education Plan, vulnerable students, etc.)
- Carbon Tax Grant
- Transportation Supplement
- Return of Administrative Savings

School districts’ receipts of certain special grants (Annual Facilities Grant, Community LINK, Learning Improvement Fund, Pay Equity, Provincial Resource Programs, Ready Set Learn, Strong Starts, OLEP, Transportation Supplement, REEF, Classroom Enhancement Fund, etc.) can be found on district’s Cash Disbursement System (CDS) report website at:

https://www.bced.gov.bc.ca/apps/cds/pls/cds/cds_html_main_pkg.cds

OLEP, 1st, 2nd, and Minority Language Funding is a **Ministry of Education grant** and therefore 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). Please refer to *Treasury Board Regulation 198/2011* when making that determination.

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 (SPF's), 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: 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 Amended 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) that are 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 bus amortization to “Transportation and Housing”).
- 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: SCHEDULE 4 - CAPITAL REVENUE AND EXPENSE

- *Continued*

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 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 on “Schedule 1 – Changes in Accumulated Surplus (Deficit) by Fund”. 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 “Amended Annual Budget – Changes in Net Financial Assets (Debt)”.**

SECTION G: SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS (DEFICIT) BY FUND

Schedule 1 – “Schedule of Changes in Accumulated Surplus (Deficit) by Fund” is a schedule that is only required for Amended Annual Budget reporting. This schedule is used to present the interfund transfers between funds, the net revenue (expense) for each fund and the resulting closing accumulated surplus (deficit) by fund. Districts must not report an accumulated deficit in any fund unless prior permission from the Minister has been received. The opening accumulated surplus (deficit), or fund balance, for each fund should agree to the district’s June 30, 2017 audited financial statements.

The net revenue (expense) for the year and the interfund transfers between funds will populate through links from Schedules 2, 3 and 4.

SECTION H: 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 *CPA PSA 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, ITA, AFG-bylaw, MOE restricted capital, land capital, etc) should be reported on the line “From Deferred Capital Revenue”. These amounts will **not** be included in the Budget Bylaw amounts reported on Statement 2 “Amended Annual Budget – Revenue and Expense” but will become the Budget comparative figures used in the 2017/18 Audited Financial Statement “Changes in Net Financial Assets (Debt)”.

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 I: STATEMENT 2–AMENDED 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 – “Amended 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 are included) and Adult Education Funded FTEs. For definitions and amounts, please refer to the 2017/18 Operating Grants manual provided at

<https://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 through the grant “Funding for Graduated Adults” and not the operating grant.

Statement 2 – “Amended 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. These interfund transfers are also summarized on Schedule 1. 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 J: OTHER CONSIDERATIONS

1. 2017/18 Amended Annual Budget (AAB) Excel Template

The 2017/18 AAB Excel template can be downloaded from the Ministry website at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/school-district-financial-reporting/budget-reporting>

The 2017/18 AAB must be prepared and submitted using this template. When finalized, the template contains security features to ensure that the electronic and hard copy submissions are identical. For features and functionality, please refer to the tab “Key Features” included in the 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 Object
- Schedule 2A – Schedule of Operating Revenue by Source
- Schedule 2 – Operating Revenue and Expense
- Schedule 1 – Schedule of Changes in Accumulated Surplus (Deficit) by Fund
- Statement 4 – Change in Net Financial Assets (Debt)
- Statement 2 – Revenue and Expense

Amended Annual Budget Bylaw Form

The bylaw form is available in Word format and can be downloaded from the Ministry website at:

<https://www2.gov.bc.ca/gov/content/education-training/administration/resource-management/school-district-financial-reporting/budget-reporting>

Districts must populate this bylaw document with all relevant data obtained through the 2017/18 Amended Annual Budget package (Statement 2 – Amended 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 Amended Annual Budget the comparative amounts can be either the 2017/18 Annual Budget or the 2016/17 Amended Annual Budget (preferred). Districts must populate these comparative amounts that must 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 and template formatting for those comparative amounts.

AMENDED ANNUAL BUDGET BYLAW

A Bylaw of THE BOARD OF EDUCATION OF SCHOOL DISTRICT

NO. _____ (_____) (called the "Board") to adopt the amended annual budget of the Board for the fiscal year 2017/2018 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 amended annual budget adopted by this bylaw.
2. This bylaw may be cited as School District No. _____ (_____) Amended Annual Budget Bylaw for fiscal year 2017/2018.
3. The attached "Statement 2" showing the estimated revenues and the estimated expenditures for the 2017/2018 fiscal year and the total budget bylaw amount of \$_____ for the 2017/2018 fiscal year was prepared in accordance with the *Act*.
4. Statement 2, Statement 4 and Schedules 1 to 4 are adopted as the amended annual budget of the Board for the fiscal year 2017/2018.

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____.

Chairperson of the Board

(Corporate Seal)

Secretary Treasurer

I HEREBY CERTIFY this to be a true original of School District No. _____
(_____) Amended Annual Budget Bylaw 2017/2018, adopted by
the Board the _____ day of _____, 20____.

Secretary Treasurer