

Alberta Education

**REVISED GUIDELINES FOR THE PREPARATION OF
THE
SCHOOL JURISDICTION
BUDGET REPORT
FOR THE YEAR ENDING AUGUST 31, 2016**

Prepared by
Financial Reporting and Accountability Branch
Alberta Education
May 2015

TABLE OF CONTENTS

	Page
<u>Key Messages</u>	3
<u>Changes to Reporting Requirements</u>	4
<u>Budget Report for the Year Ending August 31, 2016 (Cover Page)</u>	4
<u>Budget Highlights, Plans, Assumptions, and Risks</u>	4
<u>Budgeted Statement of Operations</u>	
<u>Revenues (by Source and Type)</u>	5
<u>Expenses (by Program)</u>	9
<u>Budgeted Allocations of Expenses (by Object)</u>	11
<u>Budgeted Schedule of Fee Revenue</u>	13
<u>Schedule of Changes in Accumulated Operating Surplus (Summary)</u>	15
<u>Projected Student Statistics</u>	17
<u>Projected Staffing Statistics</u>	17
<u>Utilization of Accumulated Surplus from Operations (ASO)</u>	19
<u>Utilization of Accumulated Surplus from Operations - Detailed Breakdown</u>	19

2015/2016 BUDGET REPORT – KEY MESSAGES

This document is intended to provide guidelines to all school jurisdictions in the preparation and submission of their Budget Reports for the 2015/2016 school year. The prescribed Budget Report (BR) is filed by school jurisdictions in accordance with Sections 77, 78, 147, and 276 of the *School Act*. It provides Alberta Education with budget information required to monitor jurisdictions' budgeting and planning processes; Board financial monitoring oversight; key budget assumptions disclosed to the trustees and Ministry; challenges; adherence to Ministry direction set out in Budget 2015; and significant business and financial risks system-wide.

School jurisdictions are required to file their completed BR with the Financial Reporting and Accountability Branch of Alberta Education *on or before* the announced deadline extension of **Tuesday, June 30, 2015**. Both an electronic copy as well as an original signed hard copy of the budget must be submitted in Alberta Education's prescribed format and following the guidelines contained herein. Each Board of Trustees must meet to approve the final submission in advance of the June 30 deadline.

The BR template for school jurisdictions is developed as a Microsoft Excel Workbook (.xlsx). The workbook is formatted with formulae, references, and a colour-coding schematic to simplify preparation and information generation and to ensure the financial reporting across the province is in a consistent and comparable format.

- **Blue** cells require the input of data, if applicable to your operation;
- **White/grey** cells are write-protected and may contain totals and/or sub-totals;
- **Salmon** cells are write-protected and contain references to another cell within the BR;
- **Green** cells are populated automatically based on information previously submitted by the jurisdiction;
- **Yellow** cells are write-protected and are to be used by Alberta Education.

The completed report must be submitted to Alberta Education in the same file format (.xlsx) via e-mail to **Robert.Mah@gov.ab.ca**. In addition, please send the completed and original signed hard copy to the attention of **Robert Mah (780-427-3855)**:

Alberta Education - Financial Reporting & Accountability Branch
8th Floor, Commerce Place,
10155 – 102 Street
Edmonton AB T5J 4L5

Any fields requiring information from the 2015 Fall Budget Update, 2015 Spring Budget or 2014 Audited Financial Statements will be pre-populated by entering your Division's/Board's/Charter School's unique 8-digit code in cell "A2" of the coversheet.

BR submissions must be based on the best available information at the time of the budget preparation. Assumptions should be reasonably accurate and realistic in terms of enrolment and staffing; planned activities; anticipated revenues; and all costs that the school jurisdiction expects to incur while working within the constraints contained in these guidelines. The BR must be completed in its entirety including **key budget assumptions, budget highlights and risks** on Page 2; **explanations on Anticipated Changes in Accumulated Operating Surplus** on Pages 5 & 6; and the **Utilization of Accumulated Surplus from Operations** on Page 9.

Please use supplementary resources in the preparation of the Budget Report, including communications on the provincial and education budget; the *Funding Manual for School Authorities (2015/2016)*; and the August 31, 2014 *Guidelines for the Audited Financial Statements*. Please direct any questions or concerns on Budget Report completion and submission to Alberta Education's Financial Reporting and Accountability Branch (FRA):

Robert Mah
Sarah Brennan
Matt Grossman
Brian Smith

Robert.Mah@gov.ab.ca
Sarah.Brennan@gov.ab.ca
Matt.Grossman@gov.ab.ca
Brian.Smith@gov.ab.ca

(780) 427-3855
(780) 422-0312
(780) 643-1198
(780) 415-9355

CHANGES TO REPORTING REQUIREMENTS

Budget Report 2015/2016 has changed from prior years. The new report has increased from seven pages to ten. The expanded detail is required as a result of increased requests for information from stakeholders regarding the utilization of Boards' Accumulated Surplus from Operations as well as revenue earned from School Fees. Please read these guidelines thoroughly, as it seeks to explain the changes to the format of the report.

The Budget Report for August 31, 2016 reflects a similar format as the GRE in that each school jurisdiction's unique 8-digit code will automatically populate certain fields as indicated by green cells. As a result, jurisdictions will not be required to complete historical data. Please alert an FRA contact listed on Page 3 should the information not agree with your records.

Boards are now required to report, in detail, the planned utilization of Accumulated Surplus from Operations in the 2015/16 school year.

In response to increased emphasis on school fees, greater detail will be required on the types of fees that are being charged to parents, regardless of where these revenues are recorded in the Statement of Operations. Actual fee information will also be disclosed in the audited financial statements in the same level of detail. In order to capture greater detail regarding the use of fee revenue, we are moving away from differentiating between school generated or board generated revenue and instead focusing on the specific purpose of the revenue. Therefore, please DO NOT report "School Generated Funds (SGF)" as a category of fee revenue.

"BUDGET REPORT FOR THE YEAR ENDING AUGUST 31, 2016" COVER PAGE

The first page of the Budget Report requires that the user input the school jurisdiction's unique 8-digit code in cell "A2" of the cover page. This is the same code used to populate fields in the 2015 Government Reporting Entity (GRE) report, 2014 Financial Reporting Profile, and 2014 Fall Budget Update for the 2014-15 year. Please contact FRA for your jurisdiction's code should you not have it available. Under most circumstances, the code will only be provided to the secretary-treasurer of the board. Completion of each board's respective code will populate all green cells within the template. An error message will appear on each signature line should the "Budgeted Statement of Operations" (Page 3) show an annual deficit.

On commencement of preparation, the preparer should complete each of the blue cells, including the jurisdiction's code; contact telephone & fax numbers and email address; as well as the name of the jurisdiction's Board Chair, Superintendent, and Secretary-Treasurer or Treasurer. The date of approval by the Board of Trustees should also be completed once obtained.

BUDGET HIGHLIGHTS, PLANS, ASSUMPTIONS AND RISKS

The lower section of Page 2 of the Budget Report provides space for school boards to describe their plans and assumptions. Completion of the Budget Summary section is mandatory. The section should summarize the underlying key budget assumptions, activities, and estimates used for the Budget Report. Please keep information brief, in point form, and consistent with the School Jurisdiction's Three Year Education Plan and Capital Plan.

These assumptions and activities include (but are not limited to) the following:

- School jurisdictions' key budget highlights, including key planned activities, commencement, completion or continuation of projects/programs/services;

BUDGET HIGHLIGHTS, PLANS, ASSUMPTIONS AND RISKS - Continued

- Assumptions for budgeted revenues by source, including student enrolments by grade configuration and associated grant revenues;
- Assumptions for key expense categories, including average salaries and benefits, major contract and service expenses, utilities, supplies and equipment, professional and contracted services;
- Explanation of budget variances as compared with the Fall Update 2014/2015;
 - Greater than 4% for Salaries & Wages and Benefits; and
 - Greater than 5% for other major expenses.
- Major cost items (where information is not disclosed elsewhere);
- Significant business and financial risks facing the jurisdiction presented to the board of trustees/directors and adopted as part of the budget package;
- Relative fuel/energy/utilities cost changes;
- Action taken to stay within budget; and
- Highlights of financial position.

These summarized budget assumptions must be consistent with student statistics (Page 7 of the BR) and staffing arrangements (Page 8 of the BR). Additional information and links to websites containing details underlying the budget or separate reports to Trustees on the budget may be referenced and attached to the budget summary.

BUDGETED STATEMENT OF OPERATIONS

REVENUES (BY SOURCE AND TYPE)

1. Alberta Education: Revenue on this line will mostly be received directly from Alberta Education but must also include Alberta Education's contribution to the post-1992 portion of the Alberta Teachers Retirement Fund on behalf of school jurisdictions. The portion of capital revenue recognized from Expended Deferred Capital Revenue originating from Alberta Education should also be included from cell "F33" of the "AOS" tab.

As a basis for total budgeted revenue from Alberta Education, school jurisdictions must use the latest rates provided in the *2015/2016 Funding Manual for School Authorities*, and update for budget announcements; previously deferred Alberta Education allocations planned for expenditures in 2015/2016; and Alberta Education funding not specifically outlined in the *Funding Manual* (i.e. secondment revenue, one-time and pilot project funding, etc.).

Key Announcements on Funding Support Under Budget 2015/2016

Funding for enrolment growth for the 2015/2016 school year will be re-instated and will be based on each board's September 30, 2015 funded enrolment count. All reductions to the 2014/2015 grant levels will be restored and school boards will continue to receive funding support for the final year of the Teacher Framework Agreement. Additionally, the previous restrictions related to the use of school board reserves and maintaining staffing levels have been removed.

BUDGETED STATEMENT OF OPERATIONS - Continued

REVENUES (BY SOURCE AND TYPE) - Continued

Base Instruction – Sections 1.1, 1.2 & 8.1

ECS to Grade 12 Base Instruction Rate

Grades	Base Rate	Class Size Base Rate	Base Instruction Funding Total
ECS	\$3,339.90	\$ 760.84	\$4,100.74
Grades 1-3	\$6,679.79	\$ 1,521.68	\$8,201.47
Grades 4-9	\$6,679.79	-	\$6,679.79
Grades 10-12 (CEU):			
Tier 1	\$190.85	-	\$187.48
Tier 2	\$190.85	\$12.83	\$203.69
Tier 3	\$190.85	\$36.18	\$227.03
Tier 4	\$114.50		\$114.50

- Base Instruction Funding is increased by 1.8%
- ECS Base Instruction Funding is increased by 1.8%
- Class size funding is increased by 2%
- Home Education Funding is increased by 1.8%
- All other grant allocations are maintained at the 2014/15 funding rates
- Please refer to the Fund Funding Manual for School Authorities for 2015/2016 Year for a comprehensive list of funding rates in Section 8.1 or the Alberta Education website at <http://education.alberta.ca/admin/funding/manual.aspx>.

Budgeted Revenue from Alberta Education

In accordance with *PS 3100.11*, funding received for school facilities should be treated as a liability by flowing through the deferred revenue account, *Unexpended Deferred Capital Revenue (UDCR)*, prior to acquisition. Supported funding for **school facilities** is related to projects approved by Alberta Education for new, additions to and replacement of schools. This includes traditional construction; Alberta schools alternative procurement (ASAP) projects; modernization of existing facilities; and the construction, transportation, re-location and set-up of modular or portable classrooms.

When construction of supported capital assets is complete and the assets are in use, the corresponding deferred capital contribution should be transferred from UDCR to *Expended Deferred Capital Revenue (EDCR)*. The amount of revenue that is recognized each year is equal to the amortization of the supported portion of the assets. Under PSAS, capitalized Infrastructure Maintenance Renewal (IMR) grants for school facilities are treated in a similar fashion as *supported capital grants*. Supported capital items acquired directly by Alberta Education on behalf of the school jurisdiction should be treated as though the jurisdiction itself acquired the capital asset by crediting EDCR directly.

BUDGETED STATEMENT OF OPERATIONS - Continued

REVENUES (BY SOURCE AND TYPE) – Continued

Under certain conditions, restricted capital contributions imposed by an agreement with an **external party** may, likewise, flow through *UDCR* when funds are initially received and then to *EDCR* when the asset is acquired. Revenue would then be recognized as the asset is being amortized. The school jurisdiction should use discretion when determining the

appropriate treatment for capital contributions. If an obligation or liability exists over the substantial life of the asset (i.e. the asset is controlled by the source of the funds), funds should be treated as supported (through *EDCR*). However, if after a school jurisdiction builds, improves, or acquires a capital asset after accepting external directed funding and the obligation is substantially discharged on completion of construction, the contribution may be recognized immediately.

- All other operating support from Alberta Education to school jurisdictions, including support for school facilities leasing and one-time funding announced in previous budgets, is to be included in the revenue from Alberta Education.
- Funding for Federal Francophone Education, Federal French Language, and funding provided under the Official Languages in Education Agreement is to be treated as revenue from Alberta Education as recommended by the Office of the Auditor General.

2. Other – Government of Alberta: All revenue sourced from other GOA ministries should be included in this line. A list of other ministries is included in Appendix B on Page 44 of the 2014 AFS Guidelines. This line also includes debenture interest on supported debenture debt paid by Alberta Treasury & Finance to the Alberta Capital Finance Authority (ACFA); revenue from Alberta Health Services, post-secondary institutions, as well as the portion of capital revenue recognized from *EDCR* originating from other GOA ministries from cell “F34” of the “AOS” tab.

3. Federal Government and First Nations: Total budgeted revenue is to include anticipated revenue from the Federal Government and First Nations for First Nations student tuition fees, or other applicable Federal grant programs *except funding for Federal Francophone Education, which should be treated as Alberta Education revenue.*

4. Other Alberta School Authorities: This line should report on revenue from any other Alberta School Authorities (i.e. those funded by Alberta Education for public, separate, francophone, or charter schools). Budgeted revenue should include funding expected from other jurisdictions for goods, lease payments, and services provided to out-of-jurisdiction students under agreement.

5. Out of Province Authorities: Revenues should include funding expected from jurisdictions out of Alberta for services provided to students from out-of-province (or Lloydminster). This line should report on revenue sourced from government / quasi-government departments and their associated agencies that are outside of Alberta, such as Saskatchewan school boards or universities that are not revenues sourced by the Federal Government.

6. Alberta Municipalities-Special Tax Levies: Total budgeted revenue should include tax revenue from additional requisitions for hamlets and special school tax/plebiscite levies. Revenue estimates from municipalities for activities such as rentals are to be excluded from this classification and instead reported as revenue from rentals of facilities.

BUDGETED STATEMENT OF OPERATIONS - Continued

REVENUES (BY SOURCE AND TYPE) – Continued

7. Property Taxes: Amounts expected by opted-out boards from property taxes should be included on this line. This will be the total amount of the requisition to collecting authorities and deducted from the amount of education funding received from Alberta Education.

8. Fees: Fee revenue is linked to the total fees from the Budgeted Schedule of Fee Revenue (see Page 12). This new schedule is now required due to the variety of fee types; the interest that the general public has in fees collected; and accountability required in the collection of user-fees. This detailed disclosure of fees will also be required in the Audited Financial Statements. Generally speaking, charges to parents and students (as defined under the *School Act*) should be classified as Fee Revenue if it is required for their chosen course load, or for extracurricular activities. See page 12 and 13 for examples of fees.

9. Other Sales and Services: Jurisdictions should budget for expected **ancillary revenues** received for sales of goods and services to third-parties, including parents and students. Generally speaking, charges to parents and students (as defined under the *School Act*) should be classified as Fee Revenue if it is required for their chosen course load, or for extracurricular activities. Examples of Other Sales and Services may include revenue related to adult education and continuing education, daycare, before-and-after school fees, international travel for students, sales of optional items such as yearbooks, clothing, ETS passes (i.e. items that could be purchased elsewhere but are sold for convenience and cost-savings to students), or cafeteria sales.

10. Investment Income: Dividends, interest, trust and other investment income from the investment of surplus funds should be budgeted with awareness of Section 3 of the *Trustee Act*. **This excludes interest earned on *Unexpended Deferred Capital Revenue (UDCR)* (which should be credited to UDCR) and unrecognized gains and losses on the fair value of portfolio investments.**

11. Gifts and Donations: Projected funds (cash) and goods and services (“in-kind”) received at either the central office or school level. Unless the receipt of gifts and donations are reasonably assured, they should not be budgeted. Contributed services that would not otherwise be purchased would not be reported as the fair value is not reasonably determinable.

12. Rental of Facilities: Rental revenue collected from third parties for the use of facilities owned or leased by the school jurisdiction. This may include short or longer-term agreements. Please note that rental revenues received by related parties should be reported as Other Government of Alberta Revenue, Other Alberta School Authorities, etc.

13. Fundraising: Discretionary funds raised in the community that fall under the control and responsibility of the school principal or individual school management should be budgeted as fundraising. Both fees and fundraising must be reported on a gross basis, with the use of funds and related fundraising expenses reported as expense.

BUDGETED STATEMENT OF OPERATIONS - Continued

REVENUES (BY SOURCE AND TYPE) – Continued

14. Gain on Disposal of Capital Assets: This line represents excess of funds received over net book value of board funded capital assets of which have been disposed. Where the net book value of capital assets exceeds proceeds, the loss on disposal must be recorded as an expense in both the Budgeted Statement of Operations and the Budgeted Allocation of Expenses (by Object). Gains or losses on the disposal of supported tangible capital assets are

not recorded. EDCR is debited for the book value of the disposed asset and UDCR is credited for the total proceeds.

15. Other Revenue: The budget should also include expected revenues from other sources that are not classified in any of the other categories including the portion of capital revenue recognized from EDCR originating from sources outside the Government of Alberta from cell “F35” of the AOS tab.

The Budget Report must report expenses by program on the Statements of Operations in accordance with PSAS. When completing the Budget Report, school jurisdictions should ensure allocations to each of the program budget areas are reasonable and that corresponding revenues for each line is also allocated to the respective programs for planning and control.

EXPENSES (BY PROGRAM)

The following section summarizes the six programs through which School Jurisdictions must report their revenues and expenses. For a more comprehensive list of which each program encompasses, please refer to Appendix C on Page 49 of the August 31, 2014 Audited Financial Statement Guidelines.

1. Instruction – Early Childhood Services (ECS)

2. Instruction – Grades 1-12: Activities directly or indirectly associated with student learning should be segregated between ECS and Grades 1-12. Where costs are shared between the two student populations, an allocation to each program should be performed based on a reasonable methodology representing the financial resources devoted to each.

Program revenues and expenses should be budgeted to reflect costs associated with the delivery of instruction for each of Early Childhood Services (ECS) and Grades 1 to 12, either in school, or through outreach, correspondence, or distance learning initiatives, including local administrative & operating costs. Instruction should also include system instruction support (SIS). SIS includes activities of certificated and non-certificated staff across the school jurisdiction dedicated to system-based instruction including:

- Support the implementation of instruction and curriculum;
- Coordinate in-service instruction to school staff;
- Assist teachers with program delivery;
- Implement system-wide change initiatives, such as curriculum, library, counselling, and testing; and
- Liability insurance related to instructional personnel.

BUDGETED STATEMENT OF OPERATIONS - Continued

EXPENSES (BY PROGRAM) - Continued

3. Plant Operations & Maintenance (POM): Activities that relate to the jurisdiction's responsibility for the construction, operation, maintenance, safety and security of all buildings should be classified as POM, including costs relating to the supervision of this program.

Costs associated with this program include:

- Remuneration expenses for the supervisor of operations and maintenance of school facilities and all clerical and support staff associated with this program;
- Repair, maintenance and security of school buildings, equipment and grounds including services, contracts and supplies;
- Costs related to cleaning and janitorial activities and supplies in school facilities;
- Costs of utilities for school and maintenance facilities;
- Liability insurance related to the proportion of maintenance personnel;
- Property insurance on school building and maintenance facilities;
- Amortization of school and shop facilities, and vehicles and equipment that was purchased with POM revenues, with a historic cost of \$5,000 or greater;
- Costs associated with maintenance supervisory staff involved in capital planning;
- Emergency Planning; and
- Facilities Planning and Development – The entire planning, development and construction cycle for capital building projects carried out by central office.

4. Transportation: Activities related to the transportation of students to, from and between schools, and boarding of eligible students away from home.

Costs associated with transportation include:

- Remuneration expenses for the supervision of student transportation and all clerical and support staff associated with the program, including bus aides;
- Conveyance of students to and from school whether contracted or board operated;
- Repair and maintenance of transportation vehicles or transportation facilities;
- Amortization of capital costs of transportation;
- Property, liability, and vehicle insurance on bus shops, barns and equipment; transportation personnel; and vehicles used for student transportation, respectively;
- Utilities for transportation facilities; and
- General costs associated with the transportation, including transportation systems.

The use of transportation services for field trips, co-curricular trips and athletic trips must be charged back to instruction.

5. Administration: The maximum allowable expenditure limit for System Administration and Board Governance is between 3.6% to 5.4% (inclusive), based on student enrolment and total operating expenses. Administration can be divided into two general categories.

Board Governance: Expenses related to the work of the elected body of trustees or board of directors responsible for all the activities of the jurisdiction. Reasonable cost estimates will include payments anticipated to be made for or on behalf of the board for such items as meetings, honoraria, travel, ASBA membership fees, and school board elections.

BUDGETED STATEMENT OF OPERATIONS - Continued

EXPENSES (BY PROGRAM) - Continued

System Administration: Expenses associated with the overall management, administration and educational leadership of the jurisdiction at the system or central office level are considered system administration, primarily the responsibility of the offices of the superintendent of schools, secretary-treasurer, related assistants, and support staff.

Administration expenses include all costs associated with the operations of the jurisdictional office, including those related to the business administration & financial operations, human resources and planning of the school system “at the district or system level”. Costs associated with school administration and instruction support or operational costs associated with the running of the school offices “at school level” should be considered part of instruction.

6. External Services: Programs associated with projects and activities that do not fall within regular program areas under the ECS to Grade 12 education mandated areas, including:

- Cafeteria (predominantly non-instructional in nature);
- Administration related to regional educational consulting services, regional consortia, etc;
- Courses and programs offered to adult learners;
- Unfunded pre-kindergarten and daycare services;
- International student services; and
- Other activities that do not fall into the regular program areas under the ECS – Grade 12 education mandate.

External Services must be on a cost-recovery basis and **must not be in a deficit position**. Allocation of funding from Alberta Education must be explained and should rarely be used. The most common examples include:

- Administration costs associated with Regional Collaborative Service Delivery banker boards;
- Secondment revenue paid to certificated staff for qualifying programs.

BUDGETED ALLOCATION OF EXPENSES (BY OBJECT)

The following section represents a high level chart of accounts through which School Jurisdictions must report their expenses. Please refer to Pages 19 - 20 of the August 31, 2014 Audited Financial Statement Guidelines for further information. Note that total expenses must agree with the expense totals in the Budgeted Statement of Allocations or an error message will display at the bottom of the page.

1. Salaries & Wages and Benefits: Salaries & Wages include the anticipated settlement costs on salary negotiations. Depending on the jurisdiction, benefits may include the employer share of amounts paid on the employees’ behalf for statutory contributions; medical and insurance benefits; allowances for sabbatical leave; advanced study & training; negotiable or board-authorized allowances such as automobile, subsidized housing, or relocation; and supplementary unemployment benefits. Benefits also cover retirement pensions, including contributions to Local Authority Pension Plan (LAPP), Alberta Teachers Retirement Fund (ATRF) and other pension plans. The Government portion of the ATRF contribution will be based on estimates, and reported as both Alberta Education revenue and benefits expense. The formula for estimating government contributions to ATRF is:

Total Certificated Teachers’ Salaries x 12.65% = Gov’t Contribution

*** Government Contribution Rate for 2015/2016; released by Alberta Teachers’ Retirement Fund Board**

BUDGETED ALLOCATION OF EXPENSES (BY OBJECT) - Continued

Salaries & Wages and Benefits must be reported as certificated salaries, certificated benefits, non-certificated salaries, or non-certificated benefits. Please refer to Page 18 for a listing of the various certificated and non-certificated staff categories.

2. Services, Contracts and Supplies: Estimated expenses are to include reasonable estimates of costs of services, contracts and supplies. These expenses may be grouped into the following sub-categories:

- **Supplies and equipment:**
 - Supplies, materials, furniture, equipment not subject to capitalization (<\$5,000);
 - Learning resources, including text books; student supplies; field trip expenses; library books and AV materials; and athletic, arts, CTS, & music equipment.
 - Office expenses, including dues, fees and memberships; postage; stationery, photocopy; printing; personnel OH&S expenses; staff & lunchroom supplies.
 - Technology expenses (hardware, software not subject to capitalization, including evergreening expenses, smartboards, license fees, & periphery equipment);
 - Vehicle expenses, including fuel, maintenance, parking, and lease payments.

- **Professional, technical and contracted services:**
 - Services to a jurisdiction rendered by professional/technical personnel, such as legal, actuarial, engineering, and accounting (including audit fees);
 - Other non-routine service contracts such as public relations, report-writing, research, special curriculum studies, media, or management consulting.
 - Contract expenses for non-employee personnel performing routine duties that could be performed by employees, such as computer analysts, nurses, behavioural specialists, occupational therapist, social workers, caretaking, psychologists, etc.

- **Utilities:**
 - Public utilities including electricity, sewer and water, and heating costs related to all jurisdictional building site areas as well as the expenditures for local improvements and frontage assessments levied by municipalities.
 - Telephone, fax, and cellular charges.

- **Other services, contracts and supplies:**
 - Advertising and sponsorships;
 - Travel and subsistence costs of the school jurisdiction including those for transportation, meals, accommodation, registration and conference travel costs for trustees and employees, and per diem payments for employees travelling on school business;
 - Maintenance and repair service expenditures, including the costs of agreements and contracts related to the upkeep of all buildings, grounds and equipment;
 - Insurance costs for all forms and types of insurance. As insurance coverage is applicable to the whole jurisdiction, it may be prorated among the programs that benefit from the necessary coverage. For liability insurance coverage, the premium expense should be prorated between the various programs and budgeted based on the number of full-time-equivalent (FTE) employees employed in each program area;
 - Rentals and lease of land, buildings and equipment for the temporary or long-term use of assets by the jurisdiction;
 - Tuition fee payments to private and out-of-province schools;
 - Cost of goods sold, fundraising expenses, etc.; or
 - Other services, contracts, or supplies not otherwise listed.

BUDGETED ALLOCATION OF EXPENSES (BY OBJECT) - Continued

3. Capital and Debt Services:

Amortization of Capital Assets: Total estimated expenses are to include reasonable estimates for amortization. Amortization expenses are to be reported separately between amortization of supported capital assets and unsupported capital assets.

- Supported capital assets are primarily school buildings, capital assets acquired through externally restricted capital contributions, donated capital assets, and supported portions on capital assets funded partially by the board. This figure will be equal to budgeted capital revenue recognized from cells “C33”, “C34”, and “C35” from the Projected Schedule of Changes in Accumulated Operating Surplus (Summary).
- Unsupported capital assets represent board funded capital assets.

Interest on Capital Debt: Estimated expenses are to include reasonable estimates for capital debt interest costs, split between supported debenture debt interest and unsupported debt interest.

- Supported debenture debt interest is incurred for school facilities fully supported by Alberta Finance. This amount should be included in “Other – Government of Alberta” revenue, as Alberta Treasury and Finance will pay this amount on behalf of the board.
- Unsupported debt includes board funded debenture debt, capital loans, and mortgages.

Other Interest Charges: Finance and interest charges unrelated to long-term capital debt. This includes monthly bank charges, chequing fees, overdraft interest, NSF fees, credit card processing fees, and other finance related expenses.

Loss on Disposal of Capital Assets: Excess of net book value of capital assets over proceeds received on the disposition of **board funded** capital assets. Where the proceeds are higher than the net book value of capital assets, the gain on disposal should be recorded in the revenue section of the Statements of Operations. Losses on the disposal of supported tangible capital assets are not recognized as EDCR is debited for the book value of the disposed asset and UDCR is credited for the total proceeds.

4. Other Expenses: This line item includes any expenses not specifically covered on any lines above.

BUDGETED SCHEDULE OF FEE REVENUE

Due to the increased variety of optional programming available to students, there are a greater variety of fees being charged to parents. In order to properly respond to inquiries related to fees being charged in schools and to facilitate accountability for fees in accordance with the proposed “School Fees Regulation”, both the Budget Report and Audited Financial Statements (AFS) will include additional fee-related reporting.

The purpose of this schedule is to capture all charges to parents of students (both mandatory and optional), whether they are recorded as fee revenue or other sales and services / other revenue. Please DO NOT report fees as “School Generated Funds” as this does not provide adequate detail regarding the intended use. Instead, allocate these funds into the appropriate categories provided, such as instructional supplies, field trips, lunchroom fees, etc.

BUDGETED SCHEDULE OF FEE REVENUE – Continued

The Budgeted Schedule of Fee Revenue includes the fees disclosed in the existing AFS that meet the intended definition of fees. Generally speaking, fees are those charged to parents and students (as defined by the *School Act*), given the course load and activities selected by students. Adult education, daycare, international travel, or sales of optional supplies or services (which are optional for all students) should not be reported as fees but as other sales and services. There may be some grey area or unavailability of data, in which in which case professional judgement and estimates may be required.

Fee information is required for each of the three columns. Please estimate fee allocation where information is not available. For budgeting purposes, please do not reclassify comparative numbers. For instance, if adult education revenue was previously classified as fees, please classify the comparatives as such in rows 21-25 in the fee schedule but classify as other sales & service for 2015/2016.

The comparative totals must agree with the Budgeted Statements of Operations - Fees revenue on Page 3 or an error message will appear in row 28 and/or 29. The total fees for Budget 2015/2016 will populate cell "G17" of the Statement of Operations automatically.

Fees are classified as follows:

- **Transportation fees:** Amounts charged under section 51 (3) of the *School Act*, which are for regular bus services to and from school;
- **Basic Instruction supplies text book rental and material fees:** Amounts charged under section 60 (2) (j) of the *School Act*. These fees are specifically for basic instructional materials and supplies and do not include fees for alternative programs or optional courses;
- **Technology user fees:** Amounts charged for use or rental of computers, iPads, or other electronic devices;
- **Alternative program fees:** Amounts charged under section 21 (4) of the *School Act*;
- **Fees for optional courses:** Amounts charged for additional materials or supplies associated with such course options as band, fine arts, or Career and Technology Studies;
- **Fees for students from other boards:** Fees received from students from other school jurisdictions within the province of Alberta (excluding Lloydminster). Note that fees received from other jurisdictions should be classified as Other School Authorities revenue on the Statement of Operations;
- **Tuition fees (international & out of province):** Fees received from parents of unfunded students;
- **Kindergarten & preschool:** Fees received from parents for unfunded Early Childhood Services (ECS) students, including full-day kindergarten but excluding daycare;
- **Extracurricular fees:** Fees for participation in clubs, sports teams, students unions, and other programs designed to broaden students' scholastic experience;
- **Field trips:** Fees collected for transportation, admission, accommodation, and other charges associated with field trips;
- **Lunch Supervision Fees:** Fees charged to students for use of supervised lunchroom facilities;
- **Other Fees:** Fees related to education programs not described or covered by the preceding fee categories should be put in lines 21-25. Please put a description in column C for each line. If possible, please avoid using the terminology "Other" or "School generated funds."

If any of the above fees have been previously recorded under "Other Sales & Services" or "Other Revenue", please ensure they are captured as fee revenue going forward.

BUDGETED SCHEDULE OF FEE REVENUE - Continued

Additional disclosure is required to identify any funds, collected from parents of funded students, that are recorded under Other Sales & Services / Other Revenue. For information purposes, these are to be disclosed as well. Some examples include:

- **Optional non-study programs:** Money collected for optional programs such as food programs or any other program/course that has not been captured as fee revenue.
- **Optional extracurricular participation:** Money collected for special events, participation in certain clubs or social groups, etc. (not included under fee revenue).
- **Student travel:** International travel options
- **Sales or rentals of other supplies/services:** Yearbooks, clothing items, optional supply orders, locks, etc. that have not been captured under fee revenue.

PROJECTED SCHEDULE OF CHANGES IN ACCUMULATED OPERATING SURPLUS (SUMMARY)

Total Accumulated Operating Surplus (AOS) represents the jurisdiction's residual interest in the assets (after deducting its liabilities). To fully understand the financial strength of a jurisdiction, information about the composition of total AOS is required. The Budgeted Schedule of Changes in AOS (Summary) provides this information by starting with the balances as of August 31, 2014 and summarizing each of the major transactions that affect AOS. Opening balances as of August 31, 2014 are pre-populated based on the jurisdiction's Audited Financial statements.

2014/2015 estimated impact to AOS: Rows 14 – 24 summarize projected changes to AOS for the school year ending August 31, 2015. The estimated impact to AOS as a result of activity during the 2014/2015 year should be as complete and accurate as possible based on information available at the time preparation. This includes board funded capital asset additions that will be in place by the end of the 2015 school year. Ideally, these figures should be close to the figures forecasted in the Budget Report for August 31, 2015. Any prior-period adjustments to the August 31, 2014 balances due to error or misstatement should be documented on row 13. Instances of prior-period adjustments should be very rare and explanations should be provided. School Jurisdictions are not required to budget for remeasurement gains & losses.

- **Projected balances for August 31, 2016:** To ascertain the budgeted AOS balances for August 31, 2016, school jurisdictions are to factor in budget estimates for the following:

Budgeted Surplus / (Deficit): Increases / (Decreases) Unrestricted Surplus – this figure is locked to reflect the annual surplus as summarized on the Budgeted Statement of Operations.

Projected Board Funded Capital Asset Additions: increases Investment in Capital Assets and decreases corresponding unrestricted surplus; operating reserves; or capital reserves.

Alberta Education recommends a capitalization minimum of \$5,000 per unit or item. Large expenditures (over \$5,000) for the initial installation of a computer network or a computer room/lab should be capitalized, and initial installation of equipment with an aggregated value of over \$5,000 in a new or modernized school building should be capitalized as equipment and amortized accordingly.

PROJECTED SCHEDULE OF CHANGES IN ACCUMULATED OPERATING SURPLUS (SUMMARY) - Continued

The Projected Board Funded Capital Asset Additions are to include all planned 2015/2016 amortizable capital asset additions that are considered 'unsupported' and planned to be sourced with funds that are NOT 'externally restricted capital contributions'. Infrastructure Maintenance and Renewal (IMR) funding is received for approved projects, but is considered externally restricted capital contribution if it relates to school facilities to be capitalized. IMR grants that are not spent on capital assets are to be expensed.

Budgeted Disposal of Unsupported Tangible Capital Assets: Proceeds on the sale of board funded tangible capital assets should be shown as an addition to Capital Reserves. The net book value of disposed assets should show as a deduction from Investment in Tangible Capital Assets. Any loss should be added to Unrestricted Surplus while any gain should be deducted from Unrestricted Surplus.

Budgeted Amortization of Capital Assets (expense) and Capital Revenue Recognized: the net of these amounts equals the estimated unsupported capital assets amortization, and will result in a reduction in the Investment in Capital Assets (ICA) and an increase in Unrestricted Surplus (US). Amortization of capital allocations will have the opposite effect.

Note that a breakdown of capital revenue recognized *by source* (Alberta Education; Other Government of Alberta; or Other Sources) is required. These figures should be included in the respective revenue categories (Alberta Education or Other-Government of Alberta, or Other Revenue for example) in the Budgeted Statements of Operation. In addition, the addition of cells "F33, F34, F35" is linked to Supported Amortization of Capital Assets cell "G64" on the Budgeted Statement of Operations.

Budgeted Changes in Endowments: Depending on the nature of the change in Endowments, changes may flow directly through AOS or through the Statement of Operations. Potential changes include endowment income, endowment expenses, or additions to Endowments.

Budgeted Unsupported Debt Principal Repayment: repayments of unsupported debt principal decreases US, and increases ICA.

Projected Reserve Transfers (Net): relates to planned transfers of funds approved by board resolution into or out of operating or capital reserves. School jurisdictions will show increases to the operating and/or capital reserves for surplus funds restricted for future expenditures and transfers from the appropriate reserves to finance board-funded purchases. A board may not increase or create reserves if US is or would become negative as a result of the transfers into reserves. Transfers from capital reserves to operating reserves or Unrestricted Surplus are not permitted without prior ministerial approval.

Projected Assumptions/Transfers of Operations relates to the assumption of another entity's AOS or a transfer out of the reporting entity's AOS to another separate entity. This line is most typically used when a jurisdiction assumes the operations and AOS of a private school or private ECS operator.

If the board's August 31, 2016 ASO is projected to be lower than that on August 31, 2015, a warning will display on Line 39, prompting that an explanation and breakdown of the ASO utilization is required on pages 9 and 10.

PROJECTED SCHEDULE OF CHANGES IN ACCUMULATED OPERATING SURPLUS (SUMMARY) - Continued

TEXT BOXES are provided and at the bottom of the Budgeted Schedule of Changes in Accumulated Operating Surplus (Summary) and on the next tab (AOS2) to capture boards' key planned activities impacting the jurisdiction's AOS. The following information is required for both 2014/2015 and 2015/2016 school years:

- 1) The reasons for any significant anticipated changes to Investment in Capital Assets; Endowments; Unrestricted Surplus; Operating and Capital Reserves;
- 2) A breakdown of all planned Board-funded tangible capital asset acquisitions by category;
- 3) The reasons for any decline in Accumulated Surplus from Operations (ASO) beyond what is permitted as at August 31, 2015 or planned uses after August 31, 2016.
- 4) Any additional information that may be useful in understanding the board's current or future financial position.

PROJECTED STUDENT STATISTICS

The student statistics schedule provides details on actual and projected full-time-equivalent (FTE) enrolment that drives revenue and expense estimates and other budget report factors. The term "Eligible Funded" within this student statistics schedule denotes enrolment that meets conditions for funding from Alberta Education (as outlined in the *Funding Manual*), and is to include FTE projections for children as young as 3 ½ years enrolled and eligible for Early Childhood Services programs for English as a Second Language and Francisation. The notes at the bottom of the schedule provide details as to what is to be included within the student statistics categories.

School jurisdictions should ensure that all applicable enrolment statistics areas within this schedule are completed and consistent with prior years; that the enrolment forecasts are reasonable and up-to-date with the best information available at the time of this Budget Report preparation; and are as at September 30th for each year.

Student statistics are expressed as full-time-equivalents units. If the division offers only half-time kindergarten, FTE's should be adjusted to reflect this.

PROJECTED STAFFING STATISTICS

The staffing statistics schedule provides details on actual and projected full-time-equivalent (FTE) personnel driving revenue and expense estimates and other budget report factors. The staffing information is to be based on board employees and board contracted-out services subject to employer-employee relationships, excluding any staff on secondment or on leave without pay for education, sabbatical or extended leave. School jurisdictions are to ensure that all applicable staffing statistics areas within this schedule are completed; that the staffing forecasts are reasonable and up-to-date with best information available at the time of this Budget Report preparation; and are as at September 30th for each year.

The Projected Staffing Statistics report contains a pre-populated "Fall Budget 2014/2015" and a simplified input field has been added for an explanation of changes not directly correlated with enrolment.

In cell "E16", indicate whether an average standard cost was used to derive the certificated salary figure. If an average standard cost is used, please indicate the cost figure in cell "E17".

PROJECTED STAFFING STATISTICS - Continued

The non-certificated staff section assumes a similar format as the certificated section. Note, however, that non-instructional is further segregated into Plant Operations & Maintenance, Transportation, and Other so that Alberta Education can evaluate where staffing changes are made. Please estimate between the categories if historical data is not available.

Certificated Staff: This denotes possession of a valid Alberta teaching certificate or equivalency. In determining your teacher full-time-equivalency (FTE) counts, include teachers paid on the teacher collective agreement salary grid-including principals, counsellors, department heads, and home school coordinators; also include those that have chosen to opt out but must still have a teaching certificate for their duties; and exclude teacher secondments or those on education, sabbatical or extended leaves without pay.

School Based Certificated Staff: These FTE counts are to include personnel possessing teacher certification required for providing direct instruction to students or performing their duties and functions at the school level, including certificated teaching, learning support, and school-based administration staff. Applicable school based certificated personnel include teachers, principals, assistant/vice principals, administrators, department heads, counsellors, consultants, computer technicians, clinicians, coordinators, librarians, etc., having teacher certification.

Non-School Based Certificated Staff: These FTE counts are to include personnel possessing teacher certification required for performing their duties and functions at the system or central office level. Examples include certificated teaching, learning support, and central office or system based administration staff providing system wide support services to teachers, students and others. Applicable non-school based certificated personnel include superintendents, deputy superintendents, directors, coordinators, consultants, computer technicians, psychologists, clinicians, librarians, etc., having teacher certification.

Instructional Non-Certificated Staff: These FTE counts are to include personnel providing instruction and instruction support for schools under the ECS-Grade 12 instruction program not requiring Alberta teacher certification to perform those functions; including school administration, school based instruction support, and system instruction support. Applicable non-certificated instructional personnel include school secretaries, clerks, teaching assistants, counsellors, librarians, technicians, etc. Staffing counts relate to personnel working under the ECS-Grade 12 Instruction Program.

Non-Instructional Non-Certificated Staff: These FTE counts are to include personnel not requiring Alberta teacher certification to perform their job functions/duties and not providing instruction and instruction support for schools under the ECS-Grade 12 instruction program. Applicable non-instructional personnel would include those FTE staff allocations to Operations and Maintenance, Transportation, Board Governance & System Administration, and External Services offered above and beyond regular ECS-Grade 12 instruction. Jurisdictions are to exercise judgement in determining FTE allocation between instructional and non-instructional for those superintendent office and secretary-treasurer office staff whose position, function, and responsibility areas mainly fall under "board governance & system administration".

UTILIZATION OF ACCUMULATED SURPLUS FROM OPERATIONS (ASO)

School boards are asked to detail any planned usage of Accumulated Surplus from Operations (ASO) for the 2015/16 school year.

- Where boards anticipate a decline in Accumulated Surplus from Operations during the 2015/16 school year, identify the reasons and strategy on the use of the reserves.

Page 9 of the Budget Report consists of a text box in which further information should be listed regarding the utilization of Accumulated Surplus from Operations. Details on contractual obligations, risk factors, etc. should be listed. Additional pages may be attached, if required.

UTILIZATION OF ACCUMULATED SURPLUS FROM OPERATIONS - DETAILED BREAKDOWN

School jurisdictions are asked to provide a detailed breakdown of the planned uses of ASO on Page 10 of the Budget Report in line with the transition strategy and narrative provided on page 9. The form is limited to 25 expenditure types and should be completed as follows:

- **Explanation:** The nature of each expense should be described in this column. The explanation should be brief and fit on the line with further detail on page 9. Expenses should be listed in order of priority to board and management;
- **Contract Date:** If a contractual obligation exists, please provide the date the contract was signed;
- **Recurring:** From the drop-down menu, select whether this expenditure is expected to be “one-time” or a recurring annual expenditure;
- **Capital:** From the drop-down menu, explain whether the expenditure will be capitalized for accounting purposes. If operating, the next two columns are required to be completed. If capital, DO NOT COMPLETE “PROGRAM” OR “OBJECT” COLUMNS;
- **Program:** If the expenditure is operating in nature, select to which program the expenditure would be charged. If the expenditure straddles more than one program, divide the expenditure into separate lines according to program;
- **Expenditure by Object:** If the expenditure is operating in nature, select to which expenditure by object the expenditure would be charged. If the expenditure straddles more than one expense object, divide the expenditure into separate lines according to expense object.