

MINISTRY OF EDUCATION

SCHOOL YEAR 2020-21

SCHOOL DIVISION BUDGET SUBMISSION INSTRUCTIONS

March 2020

Saskatchewan 

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Introduction

According to legislation, school division budgets must be approved by the Minister of Education.

The Education Act, 1995 states:

280 (1) *In accordance with this Act and the regulations, every board of education and the conseil scolaire shall prepare and submit to the minister, for the minister's approval, estimates of revenues and expenditures required for the purposes of the school division or the division scolaire francophone, as the case may be, for the following fiscal year.*

(2) *Unless the minister agrees otherwise, a board of education or the conseil scolaire shall not incur any expenditures for a fiscal year until the estimates of revenues and expenditures for that fiscal year have been approved by the minister.*

(3) *For the purposes of subsection (2), the minister may:*

(a) approve the estimates of revenues and expenditures mentioned in subsection (1); or

(b) issue a directive to the board of education or the conseil scolaire that submitted the estimates of revenues and expenditures requiring that board of education or the conseil scolaire to make any changes that the minister considers appropriate or in the public interest.

(4) *If a directive is issued to a board of education or the conseil scolaire pursuant to clause (3)(b), the board of education or the conseil scolaire shall comply with the directive within the period specified in the directive.*

(5) *The minister's approval of the budget estimates of a board of education or the conseil scolaire pursuant to this section does not limit or otherwise hinder the minister's power to impose terms and conditions on, and issue written directives with respect to, grants made by the minister to the board of education or the conseil scolaire pursuant to this Act.*

Review and Approval

As in prior years, the ministry will be performing a review of school divisions' budgets, before obtaining ministry approval. This process will start once the school division's budget has been approved by its board; therefore, as part of this process, school divisions are required to provide information regarding the board motion that approved the budget.

2020-21 Process Changes

The 2020-21 template and instructions are similar to prior years; but include a number of changes related to improvements from the previous year and announcements made on budget day. The ministry will continue providing school divisions with a template that includes pre-populated prior year and budget day amounts. A summary of the changes to the template is provided below and detailed information is provided in the instructions.

- On the 'Data Entry – Chart of Accts' sheet, the following changes have been made:
 - Column M has been formatted to not accept amounts with decimal places. As including cents can lead to unnecessary rounding issues, only whole numbers will be accepted within the cells of this column.
- On the 'Final Budget Template' sheet, the following changes have been made:
 - The employee future benefits expense and employee future benefits expected payments amounts included within this sheet have been pre-populated by the ministry. These amounts have been taken from the school division's actuarial report, Section 2 Accounting Results projections for 2020/2021.
- On the 'COA Validations' sheet, the following change has been made:
 - A validation to compare the total employee future benefits expenses included in the 'Data Entry - Chart of Accts' sheet to the amount of employee future benefits expenses on the 'Final Budget Template' sheet has been added to ensure that the school division has included the full amount of expenses, as projected by the actuarial report.
- On the 'Sch. 3 Op Grant Rec' sheet, the following change has been made:
 - In row 11, a row for expensed PMR projects amount has been added, and populated by the ministry. PMR is no longer to be included within Schedule 4 - Capital Grants.
- On the 'Sch. 4 Capital Grant Rec' sheet, the following change has been made:
 - There is no longer a row for expensed PMR projects, as these are now to be included within Schedule 3 as Operating Grants.
- On the 'Sch. 5 Reg. 16 Calculation' sheet, the following change has been made:
 - The tuition rate calculation is now Regulation 16, as it was previously Regulation 22.

Ministry Evaluation Template Completion Instructions

Below is a detailed description of each of the sheets included in the Ministry Evaluation Template.

Note: It is essential that school divisions use the template provided when preparing the 2020-21 budget. Failure to use the updated template will cause technical problems in the data upload process to SGSE. The new template includes the most current version of the Chart of Accounts (COA) - <https://publications.saskatchewan.ca/#/products/76883>.

Budget Export Sheet

This sheet will be populated with information from the data entry sheet. This sheet is reserved for **MINISTRY USE ONLY** and therefore it has been locked from manual entry.

Data Entry – Chart of Accts Sheet

In column M of this sheet, school divisions enter their budget amounts using the appropriate GL account numbers. To provide school divisions a point of reference, prior year ministry approved budget values have been pre-populated in column N. **Rows and columns in this sheet should not be moved, added, or deleted as it can cause issues when exporting information.** It is important to consider the following when entering budget amounts:

- Select your school division name from the drop down list in cell B1.
- Use positive amounts for all expenses (i.e. debits).
- Use negative amounts for all revenues (i.e. credits).
- For negative amounts, use the minus sign (-) at the beginning of the amount. Brackets for negative amounts are not valid.
- Do not include '\$' signs.
- SGSE does not recognize dashes or blank cells. Please use zeros instead.
- The accounts added to the bottom of the sheet (rows 674 – 802) are only to be used to budget for restructuring activities. These amounts will pull into the restructuring revenues or expenses categories on the 'Final Budget Template' sheet.

	B	C	D	E	F	G	H	I	J	K	L
1	Select School Division Name										
2	2020/2021										
3	NOTE:										
4	Balances for each account should be entered as follows:										
5	Debit balances are entered as positive numbers										
6	Credit balances are entered as negative numbers										
7	Please do not use commas or brackets										

Legend:

- Data is linked to the financial statements
- Data is totalled and the total is linked to the financial statements
- Total only - do not enter data

Final Budget Template Sheet

- On this sheet, the following information has been pre-populated by the ministry:
 - Prior year's minister approved budgeted revenues and expenses from column N of the data entry sheet.
 - Prior year's minister approved additional information.
 - Employee future benefits expenses and expected payments from information within the most recent actuarial report.
- Figures for the current year are populated from column M of the data entry sheet and from other sheets within the template.

Variance Analysis:

The 'Final Budget Template' sheet calculates the variances between last year and current year budgeted revenues and expenses (columns J and K). As in prior years, the ministry requires additional information on significant variances. A significant variance is a change (increase or decrease) of \$50,000 and 5% compared to the previous year. Based on this threshold, column L of the template identifies variances that school divisions must provide additional information for. Please provide the required explanations on the 'Variances and Use of Reserves' sheet.

Net Excess (Deficit) Cash for the Year:

If a school division has budgeted "net excess cash for the year" in row 58 of the sheet, it is required to provide additional information regarding the future use of such excess in the 'Variances and Use of Reserves' sheet.

If a school division has a budgeted "net cash deficit for the year" in row 58 of the sheet, it is required to provide dollar values to show how that deficit will be financed at the bottom of the sheet (use blue cells) and provide additional information in the 'Variances and Use of Reserves' sheet (see section below).

The listing of options for allocation of the deficit includes:

- Section 286 reserves
- Unused PMR funding from previous years
- Designated assets
- Unrestricted surplus
- Other

Variances and Use of Reserves Sheet

Variance Analysis (Revenues and Expenses):

In this sheet, each budgeted revenue and expense row will be automatically populated with the year over year variances for each Function. Column F will indicate whether a variance explanation is required. For those items, school divisions will provide variance explanations in column G.

Final Cash Surplus (Deficit) Position:

School divisions are required to provide additional information below the green highlighted row (row 28) as applicable. Column C will indicate whether additional information is required and what that additional information should include. School divisions are required to provide additional details whether there is a final cash surplus or deficit.

Within this section, school divisions must further specify for what type of transactions the amounts from column B relate to. All amounts in column B should be allocated between capitalized (column D) and/or expensed (column E). Column F contains a calculation check to ensure that the amounts in column B have been fully allocated and should have a balance of \$0.

Row 38 in this section calculates the sum of the Capitalized, Expensed, and Check columns. No further explanation is required in Column G detailing these totals.

In column G, the school division will provide further details of the use of the reserves/surplus. Here, the school division will provide specific detail of the reserves the amounts are coming from or being added to. As well, the school division should list the specific purposes, programs, purchases, or projects the reserves will be used to fund now (reserves being used) or in the future (reserves being added to).

Chart of Accounts (COA) Validations

Amortization Expense:

This validation compares the total budgeted amortization expense entered on the data entry sheet to the total amortization expense entered on Schedule 1. If these two amounts equal on row 11, no further work is required. If there is a difference between these two amounts, the school division is required to adjust accordingly to have them match.

Employee Future Benefits Expense:

This validation compares the total budgeted employee future benefits expense entered on the data entry sheet to the total employee future benefits expense entered on the Final Budget Template sheet. If these two amounts equal on row 22, no further work is required. If there is a difference between these two amounts, the school division is required to adjust accordingly to have them match.

Board Motion Sheet

On this sheet, school divisions are required to provide details regarding the board motion that approved the budget.

- Date of Board Motion (column A)
- Motion Number (column B)
- Board Members Making Motion (column C)
- Copy of Board Motion Wording (column D)

When having the board approve the school division budget, it is suggested that the approval is “pending any significant changes”. Using this wording will likely avoid any unnecessary re-approvals by the board in the event of changes required during the ministry review process.

Sch. 1 - TCA Information Sheet

On this sheet, school divisions are required to enter:

- *TCA purchases (row 9)* – these acquisitions are classified by asset class.
- *Expected proceeds from disposals (row 12)* – enter the proceeds that are expected from budgeted sales of existing TCA.
- *Amortization expense (row 15)* – this is the amortization expense for the year for new and existing TCA, classified by asset class. The total should match the school division's budgeted amortization expenses entered in the data entry sheet.
- *Gain on disposal of TCA (row 16)* – enter the gains from sales of TCA. Gains are the difference between the proceeds from sales and the net book value (cost of the assets – accumulated amortization) of the TCA sold. This should agree with the school division's budgeted gain on disposal coded in the data entry sheet.

Capital Purchases:

In the bottom of this schedule (starting on row 22), school divisions provide the breakdown of capital purchases of land, land improvements, buildings, short-term buildings and assets under construction; as well as the funding sources being used for these budgeted purchases.

Projects should be listed individually. For these projects, column B, 'Ministry Approved?', requires school divisions to state whether or not the project being listed has received approval from the ministry. A drop down list is included to provide school divisions three options to choose from:

- Yes
- No
- N/A – less than \$200K

The policy guiding the necessary approval criteria can be found on the Government of Saskatchewan website at: <https://publications.saskatchewan.ca/#/products/92570>. Generally, self-funded projects under \$200,000 would not require ministry approval; all others would.

The funding sources of these projects should be allocated between columns I to N, as follows:

- For the portion of any project funded by the Ministry:
 - *2020-21 Ministry Capital Grants (column I)* – Include the anticipated capital grants to be recognized as revenue for the ministry approved projects within 2020-21. Do not include any funding that will be accounted for prior to the start of the 2020-21 school year.
 - *Capital Grants Recognized Prior to 2020-21 (column J)* – Include in this column the grants that will be recognized in revenue prior to 2020-21 (i.e. as of August 31, 2020) but will be used to acquire/construct asset(s) in 2020-21. These amounts will already be sitting in the school division's accumulated surplus balance as of August 31, 2020. Do not include grants that are recognized in revenue prior to 2020-21 used to acquire/construct asset(s) that are completed prior to the start of the 2020-21 school year (eg. relocatables). Note that the grant and corresponding capital asset for these may not appear on either the previous or the current budget, depending when the funding was approved and the asset was acquired/constructed.

- For the portion of any project self-funded by the school division:
 - *Capital Loan Proceeds (column K)* – Include here the cash received or to be received from the acquisition of debt to help fund the school division’s share of the project. This column should only contain amounts if the acquisition of debt has been approved by the ministry.
 - *Section 286 Capital Reserves (column L)* – Include here the use of these reserves to fund all or a portion of the school division’s share of eligible projects.
 - *Deferred Revenue (column M)* – Include here the use of deferred revenue for applicable projects. These deferred revenues include federal capital tuition fees or proceeds from sale of school buildings.
 - *Other Sources (column N)* – Report here any other sources of funding such as designated assets or unrestricted reserves. Please provide an explanation of these sources of funding in the box (row 41) below this table.

Reconciling checks are built into this sheet on row 39 and column P. All balances in this row and column must be \$0.

Sch. 2 – Debt Sheet

In this sheet, include all applicable types of debt (i.e. debentures, capital loans, capital leases) and related information (i.e. lender, objective, interest rate, complete dates, etc.). If there are changes related to the information provided in the previous year’s budget, please explain the change and the reasons for such change below the “Debt Summary” section.

Budgeting for new debt is allowed only if the school division has obtained the ministry’s approval to acquire that debt.

Within the ‘Has the ministry approved it?’ row (row 61) of the ‘Capital Leasing’ section, the drop down list includes three options to choose from:

- Yes
- No
- N/A – less than \$75K for approval. Generally, capital leases under the threshold of \$75,000 would not require ministry approval, all others would.

Sch. 3 – Op Grant & EPT Rec Sheet

The objective of this sheet is to provide a reconciliation between the operating grant allocated on budget day and the corresponding school division budgeted revenues. The reconciliation provided in this sheet includes:

- *Operating grant (announced on Budget Day) (rows 9-12)* – This section includes the recognized expenses, tuition fee revenue, PMR funding and adjustments included in the recognized funding report received by the school divisions on budget day. These amounts have been pre-populated by the ministry and have been locked from manual entry.
- *Revenues budgeted by school division (rows 16-21)* – This section includes the revenue accounts that school divisions use to budget the revenues from ministry operating grants. These figures are populated by the data entry sheet and have been locked from manual entry.
- *Property taxation revenue* – This section includes the EPT revenue budgeted for by the school division. The figure is populated from the EPT total on the data entry sheet. This amount will be added to the operating grant revenues budgeted by the school division.

- *List of Items Making up the Difference (rows 28-36)* – School divisions are required to provide a listing of the items that make up the difference between the sections described above as calculated in row 25.

Please note that school divisions may budget to receive ministry grant revenue that is not yet officially approved by the ministry at the time of the school division's budget submission as long as it is reasonable, a practical amount can be estimated (eg. based on last year's amount), and there is support to show that the revenue is very likely to be received.

Sch. 4 – Capital Grants Rec Sheet

The objective of this sheet is to provide details of capital and maintenance projects that are expected to be financed by ministry capital grants. In this reconciliation, school divisions provide a list of projects that are financed using ministry capital grants.

- *Ministry Capital Grants Revenues (rows 8-10)* – This section includes the revenue accounts that school divisions use to budget revenues from ministry capital grants. These amounts are populated by the data entry sheet.
- *2020-21 Ministry Capital Grants used for TCA Purchases (row 13)* – This section includes the total 2020-21 ministry capital grants revenue that will be used to acquire capital assets included in 'Sch. 1 - TCA Information'. The figure is populated from column I of 'Sch. 1 - TCA Information'.
- *List of Items Making up the Difference (rows 19-26)* – School divisions are required to provide details of all projects that are financed by ministry capital grants but do not meet the criteria for capitalization. These amounts should make up the difference when comparing the two sections described above as calculated in row 14, resulting in row 27 to be zero.

Sch. 5 – Regulation 16 Tuition Fee Calculation

This template is pre-populated with information entered in the data entry sheet and therefore partially locked from manual entry. School divisions are only required to complete the cells highlighted in green as applicable to their school division.

- *Prekindergarten Expenses (row 21)* - Include any amounts included in Complementary Services Expenses (row 12) that relate to Pre-K programming and are not already pre-populated in rows 18 to 20. The sub-total of this group (Excluded Expenses – row 23) may be equal to but not higher than the total Complementary Services Expenses in row 12.
- *Cost Recoveries* – In rows 31 to 34, please enter revenues included in the submitted budget that are expected from third parties (not from the Province of Saskatchewan or the Federal Government) to cover budgeted expenses included in rows 7 to 11, and Complementary Services Expenses that are not part of the excluded expenses row 23.
- For each balance entered in the green cells, provide additional information in the space provided at the bottom of the template (rows 41-45).

As the intention of the Reg. 16 tuition fee calculation is to set a tuition fee rate, please do not include budgeted tuition fee revenues to be collected from students in the K-12 education system as a cost recovery.

Deadline and Contact Information

If you have any questions regarding the ministry's evaluation template, please contact:

- Sarah Majkut at (306) 787-3958 or sarah.majkut@gov.sk.ca
- Osamede Ogundele at (306) 787-5631 or osamede.ogundele@gov.sk.ca

The deadline for the school divisions to submit their **approved budgets** and the 2020-21 Final Budget for Ministry Evaluation template file is **Friday, June 26, 2020, by 5:00 pm**; however, earlier submissions are encouraged. The completed electronic excel file of the 2020-21 Final Budget for Ministry Evaluation template should be delivered by email to Kathy Deck at kathy.deck@gov.sk.ca.