

## Interpreting financial data

School financial data provide valuable information about a school's capacity to support educational outcomes for its students.

In April 2009, education ministers resolved that financial information for each Australian school would be included from the 2010 release of the *My School* website onwards.

The Australian Curriculum, Assessment and Reporting Authority (ACARA) established the Finance Data Working Group (FDWG) to develop a methodology to support a nationally consistent system for the reporting of school level financial data. The FDWG consists of a representative of each of the government education departments and a representative from the Catholic and independent sectors as well as from ACARA. The methodology developed by the FDWG focused on providing comparable data across individual schools.

ACARA also appointed an independent accounting firm to provide accounting expertise and advice regarding the collection and reporting of school financial data.

The methodology and data collected were reviewed and advice provided to ACARA to confirm that, with the exception of a small number of specific limitations, the methodology supports the education ministers' objective to disclose comparable recurrent income and capital expenditure information by school nationally.

Details of the limitations are provided in the Letter of Accounting Advice available on the More information page.

### Data presented on the website

The *My School* website reports information on each school's recurrent income and capital expenditure for each calendar year, starting with 2009 data.

The School finances page on *My School* in 2014 includes total cumulative capital expenditure for each school that has data for a minimum of three consecutive calendar years.

Information on recurrent income is presented as both a total amount and as income per student. The per student calculations use enrolment figures collected from the annual school census which provides a snapshot of student numbers on census day and are supplemented with additional enrolment information, where appropriate, in respect of children below Year 1 minus 1 who have contributed income to the school. The per student calculations presented provide additional contextual information on the relative size of the school. It should not be assumed that each category of income reported on *My School* relates to every student at the school.

Each school's capital expenditure will generally reflect its building program expenditure over the reported calendar year. This incorporates factors such as the school's age, upgrade works and targeted capital works programs and enrolment growth profile. A significant influence on a school's capital expenditure over 2009–11 may include funding from the Australian Government's Building the Education Revolution Program.

### Comparing school data

The financial resources available to schools are directly influenced by the characteristics of the school (such as its location and student profile), its programs and operations. Caution should be taken in using this information to make direct funding comparisons between schools. The ACARA FDWG Financial Data Reporting Methodology paper, available on the More information page, provides detailed information about factors that should be taken in to consideration when viewing this data.

Further information can be found on the Frequently Asked Questions fact sheet available on the More information page.

## School finance glossary

This glossary provides an explanation of the terms used on the School finances page of the *My School* website. Terms on the page are arranged in order of appearance.

### INTRODUCTORY SECTION

#### *Full-time equivalent enrolments relating to recurrent income and capital expenditure*

This is the number of full-time equivalent (FTE) enrolments reported in the financial data. This number may be different to the number of FTE enrolments shown on the school profile page for some schools where, for example, the financial data include funding for pre-school students who are not included in the student enrolment number.

### NET RECURRENT INCOME SECTION

#### *Recurrent income*

Income received by the school, which is available for expenditure relating to the ongoing operating costs of schools (for example, teaching and non-teaching staff salaries, school operating costs).

#### *Australian Government recurrent funding*

Income sourced from funding provided by the Australian Government for recurrent purposes.

#### *State/territory government recurrent funding*

Income sourced from funding provided by the state or territory government for recurrent purposes.

#### *Fees, charges and parent contributions*

Income received from parents for the delivery of education services to students.

#### *Other private sources*

Income received from other sources – donations, interest on bank accounts, profits on trading activities and profits from sale of assets. It includes some private income received for capital purposes and from school and community fundraising activities.

#### *Total gross income (excluding income from government capital grants)*

Amount of recurrent income received by a school from the Australian Government and state and territory governments, gross income from fees, charges, parent contributions and other private sources.

#### *Total net recurrent income*

Amount of income received by a school from the Australian Government and state and territory governments from fees, charges, parent contributions and other private sources available for recurrent purposes.

#### *Per student income*

Per student income figures divide the relevant income figure by those school student numbers provided by the school as at the time of the school census (July–August).

### DEDUCTIONS SECTION

#### *Deductions*

Income used to invest in capital infrastructure to improve school facilities and not available to fund recurrent expenditure. It is deducted from total gross income to arrive at net recurrent income.

#### *Income allocated to current capital projects*

Amount of gross income received by a school, which has been spent on a capital project in the current year being reported.

### *Income allocated to future capital projects and diocesan capital funds*

Amount of gross income received by the school, which has been allocated to a future capital project.

### *Income allocated to debt servicing (including principal repayments and interest on loans)*

Amount of gross income that has been allocated to service capital loans.

## CAPITAL EXPENDITURE SECTION

### *Capital expenditure*

Expenditure incurred by a school, or on behalf of a school by the school system (where appropriate), to buy or improve assets such as equipment, property or buildings.

### *Australian Government capital expenditure*

Amount of capital expenditure funded by the Australian Government.

### *State/territory government capital expenditure*

Amount of capital expenditure funded by state and territory government.

### *New School Loans*

Amount of capital expenditure funded by capital loan drawdowns in the current year being reported.

### *Income allocated to current capital projects*

Amount of gross income received by a school, which has been spent on capital projects in a current year being reported.

### *Other (capital expenditure)*

Amount of capital expenditure funded through other private sources including retained earnings from previous years.

### *Total capital expenditure*

Total expenditure incurred on capital works and services in the calendar year.