

PSAB 3150 - TANGIBLE CAPITAL ASSETS

PRESENTATION TO GENERAL COMMITTEE
May 26, 2008

What is PSAB 3150?

- In June 2006, Public Sector Accounting Board (PSAB) approved the revisions to Section 3150 of the Public Sector Accounting Handbook
- Compliance requires that effective January 1, 2009:
 - All current Tangible Capital Assets (TCA) must be inventoried & valued at their historic cost.
 - the useful life of each asset, or asset class, must be determined and amortize from in service date.
- Tangible Capital Asset are non-financial assets having a physical substance that:
 - are held for use in the production & supply of goods and services;
 - have a useful economic lives extending beyond an accounting period;
 - are used on a continuing basis;
 - and are not for resale in the ordinary course of operations.

Tangible Capital Asset



Source: City of Hamilton, 2005 Life-Cycle State of the Infrastructure Report on Public Works Assets

Implications of PSAB 3150?

- After January 1, 2009 only projects which meet the criteria for tangible capital assets can be capitalized and amortized. All other expenditures must be included in the Operating Budget and be expensed in the period in which they occur.
- TCA inventory, including conveyed assets, must be kept current in an Asset Register.
- TCA will be added to the Asset Register and amortization will begin when an asset is put into service.
- All expenditures which are directly related to putting a TCA into service must be capitalized as part of the asset value.
- Compliance is mandatory for an unqualified audit opinion on the Town's 2009 Financial Statements

PROJECT STATUS

1. Planning Phase - complete

a) Project team established – meets bi weekly

- Reps. from department which produce or procure assets
- Team members:
 - Sandra Skelcher, Kishor Soneji - Finance
 - Bob Penner, Gil Verbeek – Asset Management
 - Bob Nicholson, Dereje Tafesse - Operations
 - Yanhong Du – Waterworks
 - Sugun Rao – ITS
 - Jamie Bosomworth – Development Service

b) Preliminary capitalization thresholds have been established along with inventory requirements

PROJECT STATUS

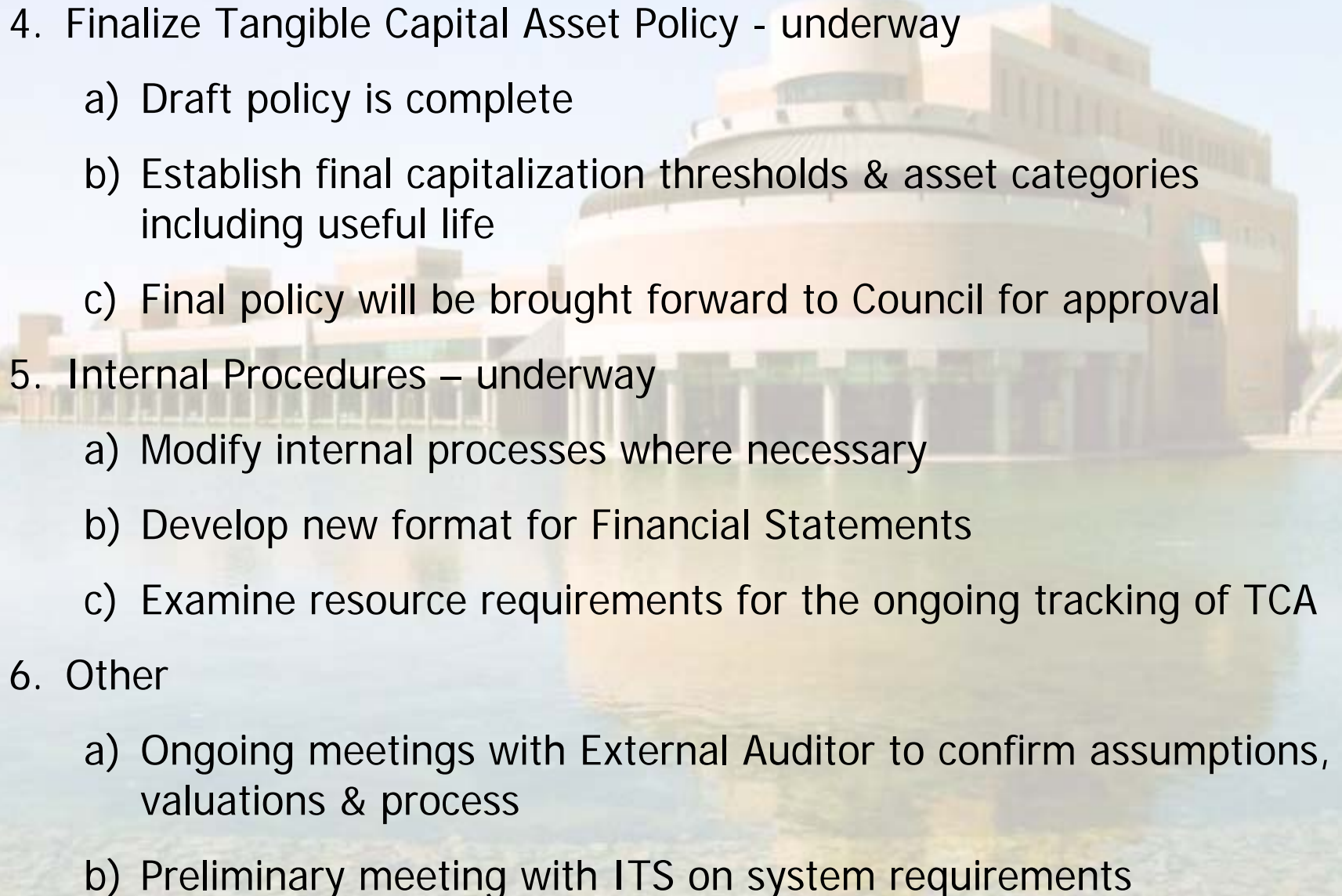
2. Current Inventories – significantly complete

- As of April 2008 the majority of inventories are complete
- Outstanding inventories will be completed by year-end

3. Historic Valuation - underway

- Internal staff working on valuations
- Actual expenditures will be used where available all others will be current replacement discounted to original purchase
- External resources will be used for some valuations (example: buildings, bridges)

PROJECT STATUS

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4. Finalize Tangible Capital Asset Policy - underway
 - a) Draft policy is complete
 - b) Establish final capitalization thresholds & asset categories including useful life
 - c) Final policy will be brought forward to Council for approval
 5. Internal Procedures – underway
 - a) Modify internal processes where necessary
 - b) Develop new format for Financial Statements
 - c) Examine resource requirements for the ongoing tracking of TCA
 6. Other
 - a) Ongoing meetings with External Auditor to confirm assumptions, valuations & process
 - b) Preliminary meeting with ITS on system requirements

POST JANUARY 2009 ISSUES

- Address ongoing resource requirements
- Implement Town wide procedures for tracking the addition/disposal of TCA
- Restating 2009 Budgets to be PSAB 3150 compliant
- Implementing an ITS solution to track & amortize TCA