

Tangible Capital Assets Project Newsletter

October 2007

Number 5

Future Key Dates

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January 2008

Liaison Committee
November 8, 2007
December 13, 2007

Alberta Association of
Municipal Districts and
Counties
Fall Convention
November 19—22, 2007

Alberta Urban
Municipalities Association
Fall Convention
November 28—30, 2007

Alberta Government
Finance Officers Association
Regional Training Sessions
January 2008

Local Government
Administration Association
Annual Conference
Red Deer, AB
March 2008

Making a Case for Tangible Capital Assets

Planning and project work has begun in earnest by municipalities across Canada to meet the new local government accounting standard by 2009. At the same time, many municipal stakeholders are debating the merits of determining and recording the value of their tangible capital assets.

The new accounting standard requires that each municipality in the country take a complete inventory of its assets, determine the depreciated value of each asset, and record the amount in their annual financial statements.

A principal reason for the full reporting of tangible capital assets in municipal financial statements is to close a gap in the financial information available to municipal staff and elected officials. The ability to make effective decisions will be enhanced with knowledge about the costs of using assets and fully maintaining them over their useful life. Better information will help decision makers to assess municipal sustainability and the need for future infrastructure replacement or improvement.

Deteriorating infrastructure and effective asset management is an international concern. Countries such as the United States, Australia and New Zealand recognize the issue and have undertaken similar accounting initiatives at the local government level.

Although implementing this initiative is a daunting task for municipalities, the sooner steps are taken to make a start, the greater the chances of successfully meeting the 2009 deadline.



Tangible- can be touched

Capital- lasts over time

Asset- has measurable value

Things You Should Be Doing Now

Brief New Councillors
Establish Project Timelines
Contact Your IT Provider
Talk to Your Auditor

You asked about....

“Can my municipality allocate funds from the Municipal Sustainability Initiative for costs related to the TCA project?”

The Municipal Sustainability Initiative (MSI) may be of interest to municipalities as they plan and implement projects related to tangible capital assets.

Implementation costs of infrastructure management systems, including the following, are normally eligible for MSI capital project funding:

- collection and input of infrastructure data
- purchase and/or development of infrastructure management systems, including both hardware and software, to assist in infrastructure planning and management, and
- system-wide reviews where such reviews will have an impact on capital infrastructure expenditures.

Municipal infrastructure operating costs, including the following, are normally eligible for MSI operating funding:

- collection and input of infrastructure data
- resource costs, such as staff costs and overall project management costs, and
- support costs, such as software maintenance contracts and technology support.

Additional information, including MSI guidelines and application documents, can be found on the Municipal Affairs and Housing website at www.municipalaffairs.gov.ab.ca.

Contact Municipal Affairs and Housing at (780) 427-2225 if you have any questions.

Dial 310-0000 to call toll-free within Alberta.

Web Links

Government Finance Officers Association of Alberta

www.gfoa.ab.ca

Alberta Tangible Capital Asset Project Website

www.MEnet.ab.ca/TCA

Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO)

www.amcto.com/db/assetmgmt.asp

Ontario Municipal Benchmarking Initiative

www.ombi.ca

Public Sector Accounting Board (PSAB)

www.psab-ccsp.ca

TCA Toolkit – It is critical to start your implementation now. The electronic toolkit includes everything you need to begin, such as sample policies and some guidance on how to prepare an implementation plan.

The toolkit is available at www.MEnet.ab.ca

Project Status Update

The Western Canada Government Finance Officers Association recently hosted a very successful conference. Two hundred and fifty delegates attended sessions on a variety of topics including the TCA project. Materials from the conference are available on the conference web page at www.calgary.ca. Congratulations to the City of Calgary for hosting a great event.

The Alberta Government Finance Officers Association is now making plans for the second phase of training on the new accounting requirements for tangible capital assets. Mark your calendars for January 2008 for small group workshops throughout the province.



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