

# Tangible Capital Assets Project Newsletter

January 2008

Number 6

## Future Key Dates

Newsletter No. 7  
April 2008

Liaison Committee  
February 14, 2008  
March 20, 2008  
April 10, 2008

Local Government  
Administration Association  
Annual Conference  
Red Deer, AB  
March 12 – 14, 2008

Alberta Association of  
Municipal Districts and  
Counties  
Spring Convention  
Edmonton, AB  
March 17 – 19, 2008

Municipal Administration  
Leadership Workshop  
Mountain Refresher  
Kananaskis  
May 7 – 10, 2008

## Provincial Funding Announced for the Tangible Capital Assets Project

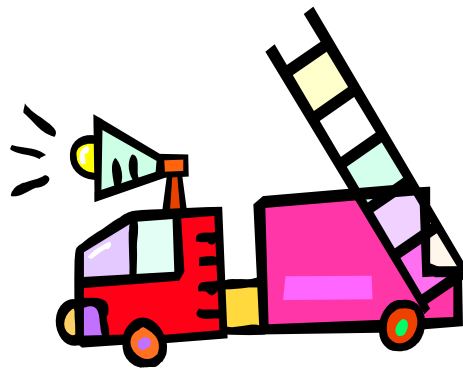
### \$5 Million Allocated to Help Municipalities

Municipal Affairs and Housing will provide a one time grant to municipalities for the Tangible Capital Assets (TCA) Project under the Strategic Projects component of the Municipal Sustainability Initiative.

The funding will help to offset some of the costs related to the project work, including extra staff time and training, consulting and audit fees, and software upgrades.

Funding will be provided to municipalities with populations under 20,000. The grant will include a base amount of \$7,000 and a \$2.83 per capita allocation. Summer villages will receive a base amount of \$3,500 plus the per capita allocation.

Municipalities will soon receive further information by mail about the grant specifics.



### Things You Should Be Doing Now

Attend an information session  
Finalize a capital policy  
Assess progress to date  
Review and adjust timelines

### Legislative Update

Concerns were raised at the outset of the Tangible Capital Asset Project about the ability of municipalities to comply with the budget and deficiency provisions in the *Municipal Government Act*. Non-cash items, including the full amount of annual amortization, are not required to be funded by cash according to the accounting standard.

KPMG Consulting prepared a discussion paper to assist the ministry in reviewing the current provisions in view of the accounting standard changes. The report has now been circulated to stakeholder representatives through the TCA liaison committee members and they have indicated their support in principle for the transitional provisions as suggested in the report.

## You asked about....

### “When do I record a tangible capital asset for a multi-year capital project?”

Major capital projects are constructed or developed over more than one calendar year. For accounting purposes, the costs to date are recorded each year as work-in-progress. Amortization of the asset would start in the year that the asset is placed into service.



### “What adjustments would be recorded when an asset is still in use beyond its original useful life estimated for accounting purposes?”

Assets may remain in service past the useful life that was estimated when the asset was acquired or constructed. For example, a vehicle may have an estimated life of five years but still be on the road after seven years. Generally the asset would remain on the books as fully amortized and the accumulated amortization would be recorded as well.

If the recorded useful life is adjusted upwards for an asset, the remaining unamortized cost of the asset would be expensed over the new useful life.

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

Alberta Chapter

[www.gfoa.ab.ca](http://www.gfoa.ab.ca)

Alberta Tangible Capital Assets Project Website

[www.MEnet.ab.ca/TCA](http://www.MEnet.ab.ca/TCA)

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

[www.amcto.com](http://www.amcto.com)

Ontario Municipal Benchmarking Initiative

[www.ombi.ca](http://www.ombi.ca)

Public Sector Accounting Board (PSAB)

[www.psab-ccsp.ca](http://www.psab-ccsp.ca)

**TCA Toolkit Update** – Recommended Guideline #6, Asset Valuation Dates, is now posted on the TCA project website. It provides information on unique situations when there may be some uncertainty in determining the date of valuation for existing or future assets.

Check the toolkit at [www.MEnet.ab.ca](http://www.MEnet.ab.ca) for ongoing updates and revisions.

## Project Status Update

The Alberta Chapter of the Government Finance Officers Association (GFOA) has just completed its second series of regional training workshops. Ten sessions were organized and hosted by GFOA members, and were attended by more than 200 municipal representatives. The small group format was focused on budget and financial statement changes and transitional issues. Municipalities were also able to share their progress to date with others.

The workshop materials are available on the TCA project website.



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