

Government Finance Officers Association  
of the United States and Canada

# Committee Highlights!

Committee on Canadian Issues (CCI)

Kelowna, British Columbia • January 26 - 27, 2007

Co-chairs Len Brittain and Paul Macklem welcomed the committee to Kelowna for the 17th meeting since the committee's inception in San Francisco in 1998 (the ninth held in Canada). The committee met for two complete days of business on January 26 - 27.

The meeting started with presentations on asset management and emergency preparedness. Carole Beal, the assistant deputy minister for Infrastructure Canada, updated the committee with information on asset management in regards to stewardship and lifecycle management. Paul Macklem and other representatives from the City of Kelowna provided presentations and insight on the city's emergency preparedness response and recovery from the city's significant fire. The committee was also briefed on the activities of GFOA's Executive Board, including the GFOA Executive Board's position on GASB's ongoing performance measurement project. GFOA's longstanding position on performance measurement is that it is beyond the scope of GASB, which establishes authoritative guidance on financial reporting for state and local governments in the United States.

### New Committee Members

Betty Holsten Boyer, Janet Hope, Diana Lokken, Edward Hankins, and John Martin have joined the committee. Betty Holsten Boyer is the manager for financial planning and review for the City of Winnipeg. Janet Hope is the director of the municipal finance branch for the Ministry of Municipal Affairs and Housing. Diana Lokken is the general manager of corporate services for the Capital Regional District. Edward Hankins is the director of policy risk and treasury for the Regional Municipality of York. John Martin is the city treasurer and chief financial officer for the City of Moncton.

### Standards Task Force

A major objective of the Standards Task Force, chaired by Robert Bishop, is to assist the committee in adopting recommended practices that are applicable in Canada. The committee approved the following five recommended practices, which can be accessed on the Canadian section at [www.gfoa.org](http://www.gfoa.org) when you click on the Canadian flag, along with other previously approved recommended practices (see page 2).

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## COMMITTEE ON CANADIAN ISSUES (CCI)

Len Brittain — CCI Co-Chair, *Toronto, ON*  
Paul Macklem — CCI Co-Chair, *Kelowna, BC*  
Robert Bishop — *City of St. John's, NF*  
Betty Holsten Boyer — *Winnipeg, MB*  
Lori Craig — *Cochrane, AB*  
Bruce Fisher — *Halifax, NS*  
Roger Galipeau — *Montréal, QB*  
Mark Gilbert — *Nova Scotia Municipal Finance Corporation*  
Edward Hankins — *Regional Municipality of York, ON*  
Janet Hope — *Ministry of Municipal Affairs and Housing, Toronto, ON*  
Diana Lokken — *Capital Regional District, BC*  
Vivian Lund — *Regina, SK*  
John Martin — *Moncton, NB*  
Christina Parkins — *Alberta Municipal Affairs*  
Roger Rosychuk — *Edmonton, AB*  
Michael Ruta — *Winnipeg, MB*  
Eric Sawyer — *Calgary, AB*  
Ed Sykora — *British Columbia*  
Kerry Tarasoff — *Saskatoon, SK*  
Stan Westby — *District of Powell River, BC*

GFOA Staff Members: Stephen Gauthier  
Jim Phillips

**The next CCI meeting is scheduled  
to take place in Anaheim on  
June 9, 2007.**

## Committee on Canadian Issues — Cont'd. from page 1

### Professional Development Task Force

Christina Parkins and Vivian Lund, the new co-chairs of the Professional Development Task Force, briefed the committee on the recruitment of speakers, discussion leaders, and moderators from Canada for the GFOA annual conference.

The committee also has decided to provide a Canadian-specific session, in addition to the Canadian discussion group, for the GFOA annual conference in Anaheim. The session will focus on the soon-to-be-effective reporting requirements for tangible capital assets that will have a major impact on local governments in Canada.

### Advocacy & Communications Task Force

Roger Rosychuk, the co-chair of the Advocacy & Communications Task Force, updated the committee on the initiatives for GFOA's Canadian newsletter, the *Canadian Finance Matters*. A theme will be established for each newsletter. For the Spring 2007 newsletter, the theme will be how governments are implementing the tangible capital assets accounting.

The task force also will examine the potential of increasing a link with other organizations in Canada that may have a common interest.

### New GFOA Recommended Practices approved by the Committee on Canadian Issues as being applicable to Canadians

*Preparing Popular Reports (revised January 2007)*

*The Need for Periodic Inventories of Tangible Capital Assets (revised January 2007)*

*Use of Cash Flow Forecasts in Operations*

*Acceptance of Credit Cards*

*Revenue Policy: Cash Receipts Controls*

To see the complete texts of all the recommended practices, go to the GFOA's Web site:

<http://www.gfoa.org/committees/canadian/>

To increase the familiarity of the members of the CCI, the profiles of many of the committee members have been included in the Canadian section on GFOA's Web site.

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## GFOA Annual Conference Anaheim, California June 10-13, 2007

### Getting in Touch: Canadians Grapple with Tangible Capital Assets

Tuesday, June 12, 2007 / 1:55 p.m. – 3:35 p.m.

This session will examine the practical challenges of complying with the new requirement of the Public Sector Accounting Board (PSAB) to report tangible capital assets in the financial statements. The first part of the session will consider the practical lessons to be drawn from the experience of U.S. governments that faced this same challenge several years ago. The second portion of the program will be devoted to a case study of the City of Winnipeg's implementation effort.

*Moderator:* **Paul Macklem**, Director of Financial Services, City of Kelowna, BC

*Speakers:* **Michael Nielsen**, Director, Government Fixed Asset Services, Inc., Chicago, IL; **Michael Ruta**, Corporate Controller, City of Winnipeg, MB

### Discussion Group: Canadian Update

Tuesday, June 12, 2007 / 3:50 p.m. – 4:50 p.m.

Members of the Committee on Canadian Issues will lead the discussion on challenges that face the committee, its future objectives, and its most recent accomplishments. Accounting for tangible capital assets and financing infrastructure will also be brought forward for discussion. The discussion group will provide Canadian finance officers the opportunity to discuss their ideas and concerns with committee members.

*Discussion Leaders:* **Mark R. Gilbert**, CEO, Nova Scotia Municipal Finance Corporation, Halifax, NS; **Christina Parkins**, Manager, Financial Advisory Services, Alberta Municipal Affairs, Edmonton, AB

For more details on GFOA's 101st Annual Conference, see [www.gfoa.org/conference/2007](http://www.gfoa.org/conference/2007).

# Tangible Capital Assets

## The OMBI *Municipal Guide to Accounting for Capital Assets*

By Ron Gibson and Calvin Barrett

*The Ontario Municipal Benchmarking Initiative (OMBI) is a partnership of 15 municipalities in the Province of Ontario that has adopted the mission of promoting service excellence in municipal government. OMBI was established by the chief administrative officers and city managers of some of Ontario's largest municipalities, as well as several smaller ones. Member municipalities include the cities of Greater Sudbury, Thunder Bay, Hamilton, London, Toronto, Windsor, and Ottawa, the County of Brant, the District of Muskoka, and the Regional Municipalities of Halton, Niagara, Peel, Durham, York, and Waterloo. These OMBI municipalities, which represent more than 72 percent of the province's population, are working together to identify and share performance statistics and operational best practices.*

### How does a municipality prepare for major changes in accounting standards?

Given our focus on benchmarking and municipal performance, our Ontario Municipal Benchmarking Initiative (OMBI) municipalities were in a unique position to examine the issues involved in accounting for capital assets in the municipal sector. Currently, municipalities in Ontario prepare their financial statements in accordance with generally accepted accounting principles (GAAP) established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

In late 2002, PSAB released the research report *Accounting for Infrastructure in the Public Sector*,<sup>1</sup> which recommended that municipalities should record and report their infrastructure assets in their financial statements, including information on the condition of those assets.

PSAB subsequently established a task force that produced an Associate's Exposure Draft recommending how local governments should report capital or physical assets in their financial statements.

### Development of The OMBI Guide

In March 2005, OMBI published the *Municipal Guide to Accounting for Capital Assets—Version 1 (Interim Report)*, which, consistent with the PSAB research report, provided early direction on how municipalities might account for capital assets.

In June 2006, PSAB approved revisions to standard PS

<sup>1</sup> *Accounting for Infrastructure in the Public Sector* (Toronto: The Canadian Institute of Chartered Accountants, 2002).

3150 on accounting for, and reporting on, tangible capital assets (TCA). The revised standard extends the requirements for TCA to Canada's local governments, with implementation by 2009 (the federal, provincial, and territorial governments already have had to report TCA under this standard since April 2005). This timeline provides only a short transition period for municipalities to implement appropriate accounting and reporting systems.

Concurrently, in 2005 and 2006, OMBI and its Treasurers Group had embarked on phases II and III as outlined in the *Guide Version 1*. That is, piloting the *Guide* in a selection of representative municipalities and incorporating the lessons learned into an updated guide. The pilot municipalities of Brant, Thunder Bay, Muskoka, York, Niagara, and Hamilton have now completed those pilots and OMBI is publishing the resulting case studies in a separate document.

The Treasurers Group established a subcommittee on tangible capital assets to undertake phases II and III of the project. That subcommittee has met many times over the past two years and invested considerable effort in developing this TCA implementation guide to ensure our approach meets the PSAB standards for reporting tangible capital assets in financial statements. The approach incorporates and integrates material already developed by OMBI and PSAB for the identification, classification, valuation, amortization, and reporting of TCA. The goal of this effort—*Guide Version 2*—is to further develop the original guide to assist municipalities in implementing a consistent method of accounting for TCA.

This new guide updates the original *Guide Version 1*, and provides links to the approved accounting standard PS 3150. It gives municipal financial officials and operational managers practical information and tools to inventory and value the TCA of the municipality. It is based on both the prescribed standard and the experience of the six pilot sites.

The stated goals of the guide are to provide information and tools to:

- Develop TCA inventories (i.e., define what assets a municipality controls).
- Apply initial dollar values to those TCA inventories (i.e., determine the opening recorded value of a municipality's TCA in accordance with PS3150).
- Amortize the TCA over their remaining useful lives (to determine what costs to include in the cost-per-unit-of-service measures).

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- Present considerations for the development of a municipal TCA Policy to manage TCA accounting in each municipality.

The *Guide* also covers the following related topics:

- Asset classification, division of assets, and aggregation;
- Thresholds for asset capitalization;
- Disposals and write-downs; and
- Reporting considerations

**Appendices to the *Guide***

Appendix A: Summary and definitions of primary asset categories

Appendix B: Matrix of typical municipal assets classed by function

Appendix C: Typical useful lives for selected municipal assets

**Pilot Studies**

This volume presents the reports or case histories of the six municipalities that undertook to be pilots for inventorying and valuing tangible capital assets along the lines being promulgated by the Canadian Institute of Chartered Accountants' (CICA) Public Sector Accounting Board (PSAB). The six pilot study municipalities are:

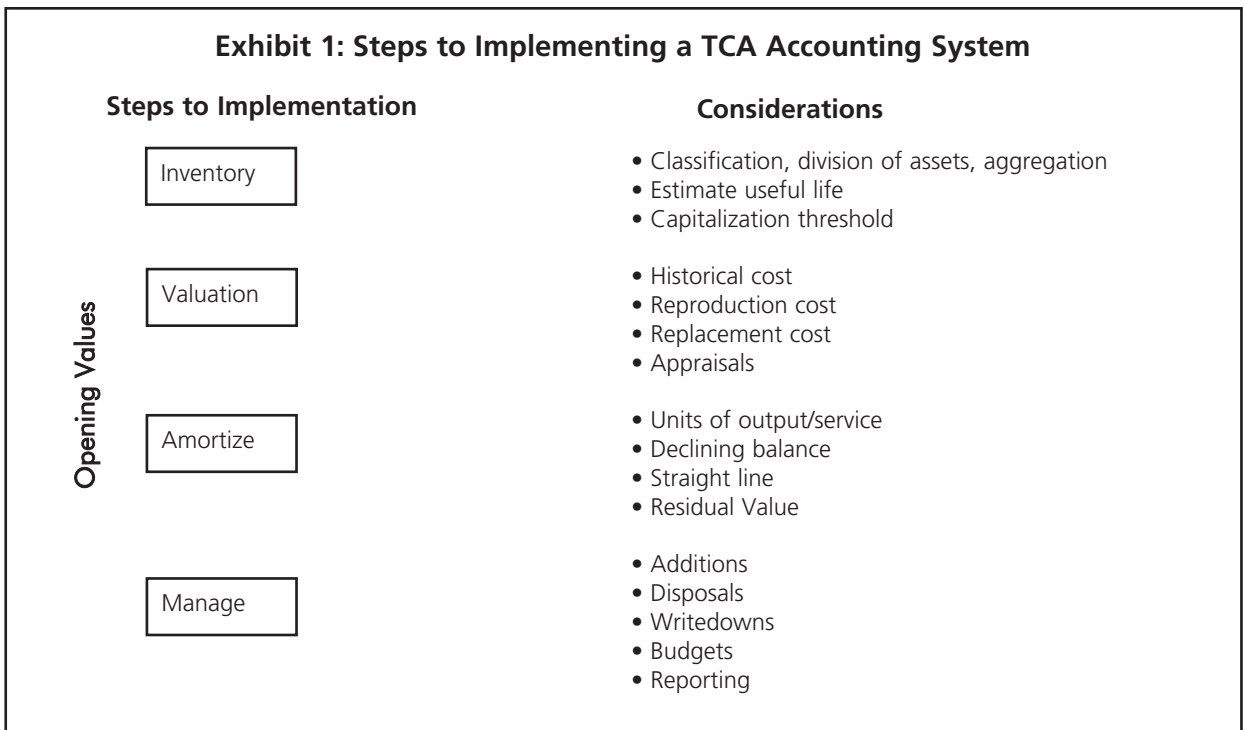
- County of Brant
- City of Hamilton
- District of Muskoka
- Regional Municipality of Niagara

- City of Thunder Bay
- Regional Municipality of York

While the *Municipal Guide* is designed to provide the background and general methodology for the accounting changes, the pilot studies provide the practical experiences of six municipalities that used the earlier version of the *Guide* to inventory and value their tangible capital assets. The pilot studies shed light on the organization and staffing necessary to implement this change, the types of information required and where to get it, and how one might address the key questions that will arise, such as:

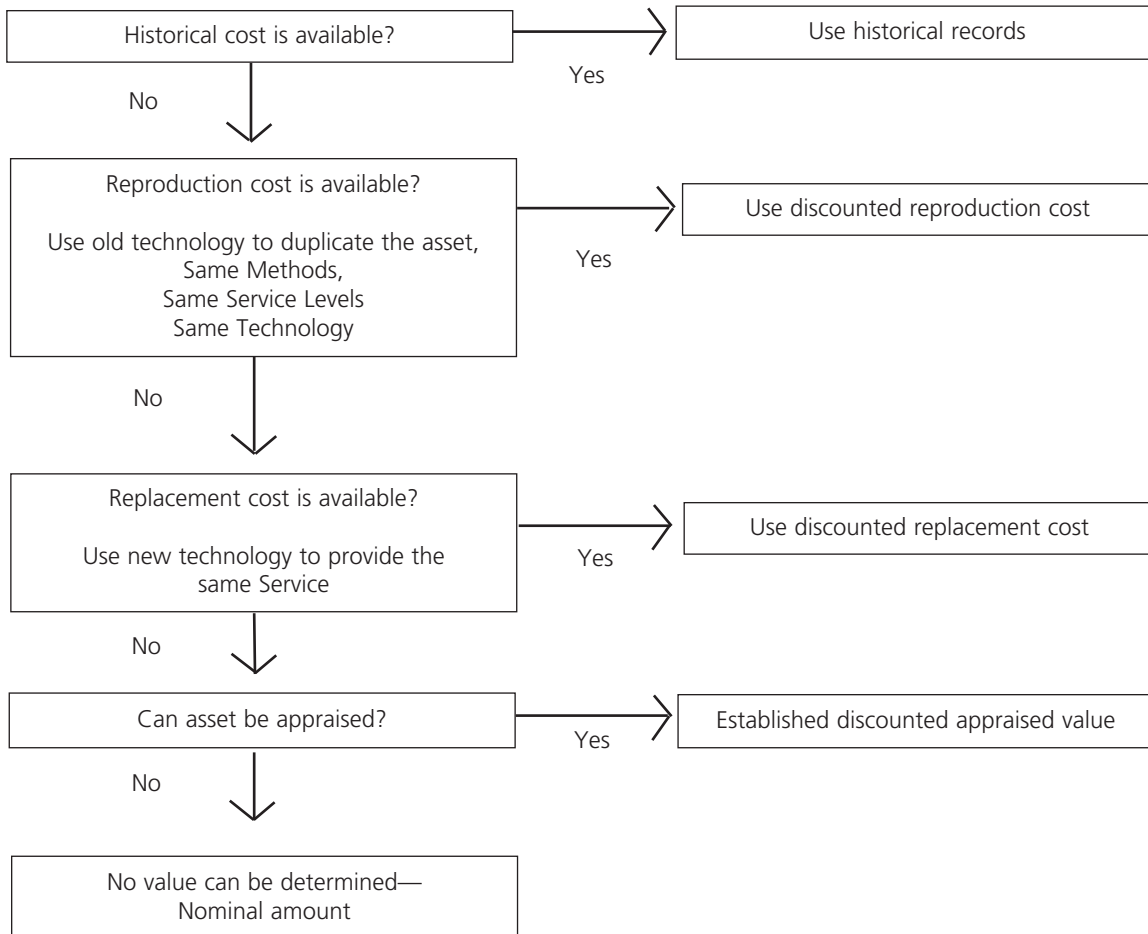
- What is a capital asset?
- What is included, and what isn't?
- What are appropriate thresholds for inclusion?
- When is grouping appropriate?
- When is aggregation or disaggregating of assets appropriate?
- What is the cost of a capital asset?
- Is the historical cost known?
- Have there been changes or upgrades?
- If there are no records, how can a reasonable "historic cost" be determined?
- Is the approach taken acceptable to the municipal auditor?
- What is an appropriate amortization schedule?

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**Exhibit 2: Valuation Method Decision Tree**

OMBI has created a valuation decision tree to guide municipalities in the process of completing the initial valuation of the TCA.



- What is the useful or effective life of the asset?
- How does the value of the asset decline over time?
- Will there be a residual or disposal value?

Coming up with practical answers to these and many other questions has proven to be a sometimes challenging and often tedious task. While the basic methodology of accounting for tangible capital assets is not ‘rocket science’ (private sector firms have been doing this for many, many years), it is a major change for municipalities in Canada. One of the first steps involved due diligence research to see what had been done in other parts of the world, including the GASB Statement No. 34 experience in the United States.

While reviewing these approaches was helpful, the pilot sites quickly learned that there was often no one best way to meet the requirements of a particular standard and

that considerable flexibility and teamwork was necessary to ensure that solutions were sensitive to the unique circumstances of the municipality and the range and type of assets in question.

At the same time, the process of collaboration between pilot sites helped establish a strong support network. This proved invaluable in sharing background research, identifying options, and sharing lessons learned on both theoretical and practical matters of accounting policy, including decisions on asset thresholds, categorization of assets, and establishing assets’ useful lives, to name just a few.

Pilot site managers are quick to point out that their work should not be considered a detailed, step by step “how-to” guide. It simply captures the experiences and approaches in their respective municipalities with regard to complying with the change in the PSAB standards. They

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## OMBI Guide — Cont'd. from page 5

strongly emphasize the need to involve and consult with your local auditor throughout the process of inventorying and valuing municipal tangible capital assets.

### Additional Resources and Training

The *OMBI Guide* and pilot studies will be an important source of information and will be featured prominently at upcoming training seminars being developed in cooperation with the Municipal Finance Officers Association (MFOA), Association of Municipal Clerks and Treasurers of Ontario (AMCTO), and other partners such as the Ontario Good Roads Association (OGRA), and the Ontario Public Works Association.

### Next Steps

Work continues in assessing the impact these pending changes in accounting for tangible capital assets (and additional changes to financial reporting requirements)

will have on municipalities, and especially their implications for budgeting and municipal finance. OMBI also wants to learn how to best incorporate these changes in accounting for tangible capital assets in its cost allocation model for comparative benchmarking of the cost and performance of municipal services delivered by its member municipalities.

More information is available on the OMBI Web site at [www.ombi.ca](http://www.ombi.ca).

*Ron Gibson, OMBI director, has been a municipal employee with the Regional Municipality of Niagara for more than 20 years and has served with Ontario Municipal Benchmarking Initiative since 2001. Calvin Barrett, director of financial services and development financing for the Region of Waterloo, Ontario, is the Chair of the Tangible Capital Assets Sub-committee of the Treasurers Group, OMBI.*

## Committee on Canadian Issues — Cont'd. from page 2

### Other Business

The committee reexamined its strategic plan to enhance the current service levels provided to GFOA's Canadian members.

The committee reviewed over various suggestions for topics for the Canadian discussion group on Tuesday at the annual conference. The Canadian discussion group will cover significant topics on financing infrastructure and the tangible capital assets reporting requirements of PSAB 3150.

Ed Hankins will join Roger Rosychuk as the co-chair on the Advocacy & Communications Task Force.

### Acknowledgement of Members

The committee thanked Stan Westby for his outstanding contributions to the committee.

This was Stan Westby's final CCI meeting due to other professional obligations. The committee recognized Stan's many contributions, which includes being past co-chair of the committee. Stan Westby was also a founding member of the committee.

### Adjournment

There being no further business before the committee, the meeting was adjourned. The next CCI meeting is scheduled to take place on Saturday, June 9, 2007, in Anaheim, in conjunction with GFOA's annual conference.

*If you are interested in participating in the GFOA's Committee on Canadian Issues, contact James Phillips at:*

*[jphillips@gfoa.org](mailto:jphillips@gfoa.org) or 312.977.977, ext. 251.*

## Check Out the Canadian Page of GFOA's Web Site

Just double-click on the Canadian flag on [www.gfoa.org](http://www.gfoa.org) to find the Canadian page. Among other items you will find on this page are:



- recommended practices approved by the Committee on Canadian issues as being applicable to Canadians (in both English and French)
- the latest issue of *Canadian Finance Matters*
- background information on the Canadian Award for Financial Reporting (CANFR)
- Committee on Canadian Issues information

# Tangible Capital Assets

## The Case for PS 3150: Part I

By Dan Cowin

We have had a number of calls from members asking for the rationale for accounting for tangible capital assets. To help our members understand the case for PS 3150, and to help you explain it to your councils, we have prepared this overview. It draws heavily from a research report commissioned by the Canadian Institute of Chartered Accountants (CICA) in 2002 entitled *Accounting for Infrastructure in the Public Sector*.<sup>1</sup> Although the study relates to infrastructure as defined by the Study Group, their findings relate to all tangible capital assets of local governments.

The objective of the report was to explore alternatives for accounting and reporting on infrastructure and to determine what information about infrastructure could and should be provided by governments. The study group identified 10 tasks that would comprise its terms of reference. Among other things, the study group sought to:

- Summarize the reasons for, and the purpose of, reporting infrastructure in a government's financial statements
- Determine whether current accounting practices meet the information needs, and
- Consider what information should be generated and reported about infrastructure assets in order to provide accountability to a government's financial statements about how assets are being managed.

### The Problem

The study group concluded: "Information about stock, its condition, and the costs associated with using infrastructure is not being provided."<sup>2</sup> The report recognized that many governments have detailed engineering information systems, but there are significant gaps in the financial information needed by staff and politicians to make proper

decisions with regard to resource allocation. The lack of knowledge about the costs of using assets and fully maintaining them limits council's ability to make important financial decisions or to know if existing financing policies are appropriate and adequate. The report notes that a lack of knowledge of the costs related to infrastructure will make it difficult for governments to:<sup>3</sup>

- Assess overall spending priorities
- Establish infrastructure spending priorities
- Determine the sufficiency of tax and user fee rates
- Assess accountability for the resources provided
- Make judgments about performance
- Assess financial sustainability, flexibility, and vulnerability
- Make cost comparisons

### The Need

The study group concluded that governments need improved information to make sound financial decisions, particularly information related to the use and maintenance of public assets. To achieve the goal of improved information, the study group recommended that:<sup>4</sup>

- Infrastructure should be reported as an asset.
- The cost of using infrastructure should be reported.
- Infrastructure should be depreciated over its useful life.
- Information about infrastructure condition should be provided.

### Benefits

The study group felt that its recommendations would help address financial information gaps. The group identified a number of benefits in having better information with regard to the stock of infrastructure.<sup>5</sup>

- Provides a proper context and inventory against which maintenance, renewals, replacement, funding, financing, and rate setting decisions can be debated
- Establishes a common basis of measurement, allowing for enhanced comparability
- Provides a useful starting point and basis for evaluating the condition of infrastructure on a regular basis and for highlighting changes in its condition over time
- Is useful in identifying the local government's flexibility in responding to a community's changing service demands
- Helps decision makers assess the long term sustainability

<sup>1</sup> CICA, *Accounting for Infrastructure in the Public Sector*, (Toronto, 2002). Although this work was commissioned by the CICA, the views expressed are not necessarily endorsed by the CICA. The views of the Report are those of the study group that wrote the report.

<sup>2</sup> *Ibid.*, p 11.

<sup>3</sup> *Ibid.*, pp .12-15.

<sup>4</sup> *Ibid.*, pp. 3-4.

<sup>5</sup> *Ibid.*, p 30.

<sup>6</sup> *Ibid.*, pp. 33-35.

<sup>7</sup> Water Strategy Expert Panel, Watertight: *The Case for Change in Ontario's Water and Wastewater Sector*, Toronto, 2005. The report argues that over the next 15 years there will be an investment gap in water and wastewater of approximately \$18 billion based on historic investment rates. The report argues that many jurisdictions are not on a full cost recovery basis for water and wastewater services.

<sup>8</sup> Section 1200.015 of the PSAB handbook states: "Public Sector Accounting Standards and Guidelines need not be applied to immaterial items. Materiality is a matter of professional judgment in the particular circumstances. Materiality may be judged in relation to the reasonable prospect of its significance in the making of assessments and judgments by the users of financial statements. A material item would be expected to affect assessments of and judgments on government financial operations and management."

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## The Case for PS 3150 — Cont'd. from page 7

ty of existing debt loads, current program costs, and the need for future infrastructure replacement or improvements

- Contributes to the evaluation of contingencies related to infrastructure by understanding the type of infrastructure a local government has and, thus, identifying types of unexpected events that could arise from those systems

The study group also felt that its recommendations would provide better information on service costs that would have a number of benefits. Specifically, municipal managers and councils would be better able to:<sup>6</sup>

- Understand service costs
- Choose among various service delivery methods
- Assist in cost reduction initiatives
- Establish full cost fees and charges<sup>7</sup>
- Establish budgets and analyze variances
- Benchmark activities and assess performance
- Improve accountability for allocation and use of resources

### PSAB 3150

**Stock:** PS 3150 does not incorporate all of the recommendations made by the study group. It does not, for example, require that information on deferred maintenance be included as part of the information on infrastructure condition. However, it does require that certain types of basic information on the stock, use, and condition of infrastructure be provided.

PS 3150 will require an inventory and valuation of all assets owned by the municipality and the various entities that are consolidated within its financial statements. There are some exceptions, including:

- Certain Crown lands not purchased by the municipality
- Works of art or historical treasures
- Intangible assets (e.g., goodwill, trademarks, copyright)
- Assets related to government business enterprises, which are accounted for on a modified equity basis

In addition, assets will not be included where they do not have a material impact on the finances of the municipality, even though they meet the definition of an asset provided in PS 3150.<sup>8</sup>

For a complete definition of capital assets see the PSAB handbook section PS 3150.05a, which is also replicated on page 10 of the revised *OMBI Guide*.

**Use:** PS 3150.09 requires that tangible capital assets be

recorded at cost. Section 3150.22 states that “the cost, less any residual value, of a tangible capital asset with a limited life should be amortized over its useful life in a rational and systematic manner appropriate to its nature and use by the government.” The annual depreciation, which is reported as an expense on the statement of operations (PS 3150.23) is a proxy for the degree to which assets are consumed in a given year. The study group recognized the limitations of using historic depreciated costs, especially for infrastructure with long useful lives. This issue will be discussed further in Part II.

**Condition:** Although PS 3150 does not require a detailed asset management plan and condition rating for tangible capital assets, it does require that the value of assets reflects any betterments or improvements that would extend their life. It also requires write-downs for assets where the service life has been impaired in some fashion. The topic of betterments and write-downs are dealt with in OMBI’s *Municipal Guide to Accounting for Tangible Capital Assets, Version 2*. We will soon deal with these topics in upcoming *Newsletters* as well as in the spring training sessions being planned with the AMCTO and OMBI. The concepts of betterments and write-downs are important to keep in mind and understand as you gather information about your assets.

### Upcoming Newsletters

Our next *Newsletter*, *The Case for PS 3150 Part II*, will review the debate about using historic costs versus renewals accounting or the use of replacement costs.

If you have questions about PS 3150 that you think should be addressed in upcoming *Newsletters* please forward them to Dan Cowin at MFOA (dan@mfoa.on.ca). We cannot guarantee to deal with every question put to us, but we will make every effort to deal with as many as possible.

### Resources

1. CICA, *Accounting for Infrastructure in the Public Sector*, (Toronto, 2002). (Note: this report is not available on the Internet. Follow the link for a high-level summary and to order the document online).
2. CICA, *Accounting for Infrastructure in the Public Sector: Executive Summary*, (Toronto, 2002)
3. Tim Beauchamp, *The Infrastructure Web*, in CA Magazine.com, (June-July, 2002)
4. Tim Beauchamp, *Accounting for Infrastructure—Research Report*
5. CICA, *Reporting Model and Tangible Capital Assets*, (Toronto)
6. Martha Jones Denning, *Governments are Different* in CA Magazine.com, (December 2000).

*Dan Cowin is executive director of the MFOA.* 

# Tangible Capital Assets

## PSAB 3150—Tangible Capital Asset Implementation in the Town of Cochrane, Alberta

By Lori Craig

Whether or not municipalities are ready, the new standard for accounting for tangible capital assets is coming, and it is coming fast.

The municipality of Cochrane is approximately 30 kilometers west of the City of Calgary, nestled in the beautiful foothills of Alberta. The municipality was incorporated as a village in 1903 and reached town status in the early 1980s. While Cochrane has maintained its town status, this vibrant community is really a small city with a population of approximately 14,000 residents. Cochrane has experienced much development in the last 10 to 15 years and has witnessed explosive population growth over this period, including annexation of some 1,225 hectares (3,000 acres) from the neighboring rural municipality. This has resulted in many additions, upgrades, and renovations to all existing infrastructure, from new water treatment plants and reservoirs, sewage pipelines, equipment upgrades to acquisition of numerous kilometers of rural standard roads.

Given the extensive growth and the probability of continued double digit percentage growth rates, the administration of the Town of Cochrane realized the necessity to develop a solid asset management plan that would carry the municipality into the future.

In 2005, the municipality accessed the Province of Alberta Municipal Sponsorship Grant program and received grant dollars for the purposes of initiating an Asset Management Plan. A Web-based software program was purchased and inventory of all of the municipality's above-ground assets was commenced in collaboration between the Operational Services and Finance departments of the municipality. An inventory of the below-ground assets utilizing the municipality's GIS mapping systems has also been undertaken. By the close of 2007 it is anticipated that all of the municipality's tangible capital assets will, at least, be inventoried.

In fall of 2006, the Province of Alberta and the Board of Directors for the Alberta GFOA were actively involved in developing a process that would assist municipalities across Alberta achieve success in implementation of PSAB 3150—TCA by 2009. Alberta Municipal Affairs is currently leading the TCA project and numerous successes have been achieved to date. Through the advice and guidance of the consultant services of HJC Consulting Inc. and three separate task forces with representation from municipalities across the province, three separate guidelines have been developed and approved by the Alberta GFOA Board. These documented guidelines include, 1) asset classification (major and minor classes), 2) useful life and amortization methods, and 3) capitalization thresholds. All three

guidelines suggest provisions for both the larger and smaller municipalities and rural districts. Copies of these guidelines can be accessed through the Alberta GFOA Web site at [www.gfoa.ab.ca](http://www.gfoa.ab.ca)

In addition to the three specific guidelines, there has been documentation provided relative to the preparation of a TCA Implementation Plan, resource requirements for implementation, and development of an implementation budget.

In the spring of 2007, the Alberta GFOA Board hosted five separate information workshops in various municipalities across Alberta. These workshops brought all updated TCA information, guidelines, and documentation to the more than 400 workshop registrants who attended.

There is still much work to be done in Alberta to achieve success with the PSAB requirement by 2009, but under the careful guidance of Alberta Municipal Affairs and the Alberta GFOA, Alberta municipalities will have a good solid footing for success.

Where does Cochrane go from here? What appears to be a daunting and mammoth project is already underway. Our asset management plan and inventorying of assets will continue throughout the year. The finance department will start to map out a TCA implementation plan in consultation with municipal auditors. By the end of 2007 we will have our fleet and municipal buildings totally inventoried and valued based on the guiding documents provided by Alberta Municipal Affairs and the Alberta GFOA. Our implementation plan will provide a solid road map for successful implementation and compliance of PSAB 3150 by the 2009 deadline.

*Lori Craig, CMA, is director of corporate services for the Town of Cochrane, Alberta (403-851-2510; [lori.craig@cochrane.ca](mailto:lori.craig@cochrane.ca)).*

## Employment Ads

Advertising rates for Employment Opportunity listings are \$150 per position/insertion for active GFOA members; \$250 per position/insertion for associate members; and \$500 for nonmembers. All ads must be prepaid. Order forms to place an ad are required and can be downloaded from GFOA's Web site. Please send ads paid by check and credit card to GFOA, Dept. 77-3076, Chicago, IL 60678-3076. To ensure that your ad is received, please fax a copy of all ad materials to 312/977-4806. Ads also will be posted to GFOA's Web site ([www.gfoa.org](http://www.gfoa.org)) and the Canadian section on GFOA's Web site for a period of two weeks.

# Tangible Capital Assets

## Capital Assets in British Columbia

### *Tangible Capital Assets* (GFOA BC ISSUE PAPER)

#### Capitalization Thresholds Issue Statement

With the new Public Sector Accounting Board (PSAB) Tangible Capital Asset (TCA) regulations taking effect on January 1, 2009, all local governments will have to record a depreciation expense on their financial statements for all new and existing TCAs.

The purpose of this paper is to highlight key issues municipalities could consider with regard to setting asset capitalization thresholds. This threshold will assist local governments in determining which asset purchases to capitalize and depreciate and which to treat as current year expenses.

As this paper is only a guide, all municipalities should consider adopting asset capitalization policies. While the threshold amount might change depending on a local government's size, adopting similar capitalization policies will provide for consistency and comparability throughout the province.

#### Definition of a Tangible Capital Asset

Tangible capital assets are non-financial assets having physical substance that:

1. Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
2. Have useful economic lives extending beyond an accounting period;
3. Are to be used on a continuing basis; and
4. Are not for sale in the ordinary course of operations.

In its strictest interpretation, the new PSAB requirements would necessitate that municipalities capitalize all assets meeting the above definition (regardless of value); however, in order to add a degree of practicality to the requirements, it will typically be necessary for municipalities to set capitalization threshold limits.

#### Topics for Consideration

- The higher the thresholds, the less tracking that will be involved (i.e., smaller threshold means more assets to report on and track).

Additionally:

- If the threshold is set too low, the effort required to set up and maintain the capital asset accounting system could be too costly
- The right threshold level is a balance between the accurate presentation of asset information, and the

cost to acquire and maintain that information.

- The size of a municipality is also a determining factor in setting the capitalization threshold levels. What is relevant for one might be immaterial for another.

To aid in comparability, municipalities of similar sizes could choose to adopt threshold levels based on annual revenues (which is consistent with the GASB 34 model in the U.S., as well as the private sector), as follows:

- Under \$10M - \$5,000 capitalization threshold
- \$10M to \$75M - \$10,000 capitalization threshold
- \$75M+ - \$25,000 (or higher based on auditor's recommendation).

The OMBI *Guide* also includes suggestions in this regard.

Discussing the level of threshold that is appropriate for your municipality with your auditor before you begin inventory collection work is important.

- Grouping/pooling of assets
  - Local governments should also be aware of the impact that pooling of assets might have. For example, when the value of an individual item is less than the threshold level, but when several are acquired in a single purchase or when the costs are aggregated, they make up a significant group that exceeds the threshold level, the municipality could capitalize the asset. An example of the latter might be the purchase of office furnishings. Individually, the items may be below the threshold level, but in aggregate, they could be treated as a capital asset.
  - Most importantly, make sure to discuss with your auditors if grouping or pooling of assets to determine if is appropriate.

#### Implementation

- Review the municipality's existing capitalization threshold policies (if they exist) and determine whether they are appropriate or need to be modified.
- Review existing data systems and business processes to determine how your municipality will address the threshold requirements.
- Draft operational guidelines/policies and test them in order to consider the operational impact the threshold levels will have on each service area's operating budget.
- Refer to the Ontario Municipal Benchmarking Initiative website ([www.ombi.ca](http://www.ombi.ca)) and the Governmental Accounting Standards Board (Statement 34) in the U.S. ([www.gasb.org](http://www.gasb.org)) for further background information.
- Post your decision on the GFOA discussion forum so

*(continued on page 11)*

## Capital Assets in BC — Cont'd. from page 10

that GFOA members can compare with their own decisions.

### Disclaimer

The concepts, models, suggestions, and comments made in this document are for discussion purposes only. No representation is made by GFOA of BC or its members as to the adequacy or compliance with any current or proposed accounting standards. Readers are encouraged to consult professional advice on these issues.

### **British Columbia Municipal Readiness for Tangible Capital Asset Accounting—Survey Report**

The GFOA of British Columbia conducted a study in July and August 2006 to determine the level of awareness and readiness of British Columbia municipalities for tangible asset accounting (PS 3150). The information gathered from the survey will help the GFOA BC to focus its activities to help BC municipalities as they work through the transi-

tion to the PS 3150 standard in 2009. You can access the survey results at [http://www.gfoabc.ca/upload/dcd126\\_TCA\\_survey\\_results\\_.doc](http://www.gfoabc.ca/upload/dcd126_TCA_survey_results_.doc).

### **Mindy Smith Appointed as TCA Coordinator**

The GFOA of British Columbia, in its ongoing effort to assist local governments, has reached into the municipal ranks for leadership on the tangible capital assets issue.

The Ministry of Community Services has provided funding for the GFOA of BC to contract an individual to coordinate educational activities around Tangible Capital Assets. We are happy to announce that the GFOA has arranged with the City of New Westminster for Mindy Smith to work 50 percent of her time in this position for the next six months.

*Special thanks to Paul Macklem, director of financial services, City of Kelowna (250-862-3339, ext. 8571; [pmacklem@kelowna.ca](mailto:pmacklem@kelowna.ca)) for forwarding these articles in regards to the GFOA of BC.* 🌐

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## GFOA of British Columbia Annual Conference

The GFOA of British Columbia had an exciting list of presenters for their annual conference in Penticton from May 30 to June 1, 2007.

### Keynote Address

We are very excited and pleased to present Mike Harcourt to deliver a very powerful presentation that will speak to us both professionally and personally. As the former mayor of Vancouver and Premier of British Columbia, Mike Harcourt helped the province earn its reputation as one of the most livable places in the world.

His focus on conservation and sustainable development has played a significant role in promoting quality of life. After retiring from politics, Harcourt made headlines in 2002 when a devastating six-metre fall left him partially paralyzed. We will hear about the challenges he faced in overcoming a spinal cord injury and his battle in learning to walk again.

Throughout it all is the story of a man with incredible determination and great vision, both in his personal life, and his political career. Listeners will be inspired to look at new ways of planning for the future of our communities and our environment, and encouraged to imagine what can be accomplished with perseverance and hard work.

### **Professional Development Day Tangible Capital Assets Implementation May 30, 2007 • 8:30 a.m. - 4:30 p.m.**

The regulations are established and approved; local government groups are forming throughout the province to

discuss implementation strategies. The GFOA is developing tools and training programs for finance professionals as they take this initial step in the journey to address asset management.

This session on TCAs will focus on the practical aspect of implementation including, policy development, inventory considerations, valuation, amortization, assets management, timelines, and an audit perspective. Real life experiences will be presented throughout the day to illustrate the upcoming challenges for local governments.

### Other sessions on May 31 - June 1, 2007, include:

**Role of Senior Governments on Municipal Infrastructure.** Municipalities are not facing the “Infrastructure Gap” alone. Speakers from the Ministry of Community Services & Infrastructure Canada will explain how they intend to support us. We will get to understand who is responsible for what area and what sort of support is available from senior governments.

**Collector's Forum.** A regular feature of our conferences, the Forum will deal with current issues affecting taxes, assessments and collections. Pat Kendal of LYA will talk on legal issues and a representative from BC Assessment will be on hand. This is an informal session and topics of interest can be raised by participants on the day.

**Presenting Financial Information to Elected Officials.** Much of the work we do involves presenting budgets and financial reports to elected officials with varying degrees of financial understanding. The Panel of Mike Harcourt,

*(continued on page 17)*

# PSAB Update *(March 2007)*

By Terry Corrigan

## International Public Sector Accounting Standards Board Comes to Canada

On September 6, 2006, the International Federation of Accountants' (IFAC) announced its decision to base the International Public Sector Accounting Standards Board (IPSASB) in Toronto, Canada. The IPSASB will have four professional staff in Canada, including two former PSAB principles; Stephenie Fox as its technical director and Barry Niak as technical manager.

## Projects Underway

### Financial Instruments

#### Reasons for project:

Presently, guidance in the Public Sector Accounting (PSA) Handbook in respect of accounting for derivative financial instruments is limited to their application in hedging foreign currency items. Derivative financial instruments are increasingly being used by governments to manage other financial exposures such as interest rate exposures. The scope of the project provides for consideration of public sector reporting implications of the breadth of guidance offered by the recently approved CICA *Handbook—Accounting Sections* addressing the reporting of financial instruments and related hedge accounting provisions.

#### Activities to date:

- March 2007: PSAB approved Statement of Principles to be issued in June 2007. Look for it on PSAB Web site, Documents for Comment.
- June 2006: PSAB approved developing a second Statement of Principles building on those in the Associates' Statement of Principles. It also will consider hedge accounting and measurement of non-derivative financial instruments.
- June 2006: Staff request for information on aspects of hedging risks by governments issued. Submissions are requested by August 18, 2006.
- January 2006: PSAB approved Public Sector Guideline PSG-6, *Including Results of Organizations and Partnerships Applying Fair Value Measurement*. It also approved a Statement of Principles for the recognition and measurement of derivatives for associates' comment.

#### Next steps:

PSAB expects to reach the following key steps at the dates indicated:

- March 2007 Statement of Principles approved (Financial Instruments)
- November 2007 Exposure Draft approved
- September 2008 Final PSA Handbook Section approved

#### Further information staff support:

Bob Correll, CA  
Phone no.: +1 (416) 204-3460

## Government Transfers

#### Reasons for project:

This project was started to develop amendments to Section PS 3410, *Government Transfers*, to address application and interpretation issues raised by the government community. The major issues in the project include:

- Resolving the debate over the appropriate accounting for multi-year funding provided by governments;
- Clarifying the nature and extent of the authorization needed to be in place for a transfer to be recognized;
- Clarifying the degree to which stipulations imposed by a transferring government should impact the timing of recognition of the transfer by both the transferor and recipient governments; and
- Addressing the appropriate accounting for capital transfers received under an expense-based accounting regime.

#### Activities to date:

- March 2007; PSAB approved a Re-Exposure Draft in May 2007. Look for it on PSAB Web site, Documents for Comment.
- November 2006: PSAB considered responses to the Exposure Draft and asked the Task Force to re-examine the application of the liability definition to government transfers.
- June 2006: PSAB approved an Exposure Draft, *Government Transfers*.
- March 2006: PSAB reconsidered its decision from the January 2006 meeting and approved developing an Exposure Draft wholly consistent with its conceptual framework. As decided in January 2006, explanatory material will still be prepared.
- January 2006: PSAB approved developing an Exposure Draft substantially based on the proposals in its second Associates' Draft. PSAB also asked the task force to prepare material explaining the reasons for the board's approach.
- June 2005: PSAB approved a second Associates' Draft.
- March 2004: PSAB approved an Associates' Draft.
- October 2003: PSAB held a Transfers Forum at the Hilton Hotel Pearson Airport, Toronto.
- October 2002: PSAB approved a Statement of Principles proposing revisions to Section PS 3410, *Government Transfers*, for Associate comment. An issues paper to

*(continued on page 13)*

Effective Date of New Standards*	
Standard	Effective Date
<b>April 1, 2006:</b>	
INCLUDING RESULTS OF ORGANIZATIONS AND PARTNERSHIPS APPLYING FAIR VALUE MEASUREMENT, Public Sector Guideline PSG-6	Fiscal years beginning on or after April 1, 2006.
Transitional provisions to GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section PS 1150	Fiscal years beginning on or after April 1, 2006 (only for local governments currently required by legislation to prepare their financial statements in accordance with a basis other than GAAP).
<b>January 1, 2007:</b>	
LOCAL GOVERNMENT TANGIBLE CAPITAL ASSETS, Public Sector Guideline PSG-7	Fiscal years beginning on or after January 1, 2007.
SEGMENTED DISCLOSURE, Section PS 2700	Fiscal years beginning on or after April 1, 2007.
<b>April 1, 2008:</b>	
Transitional provisions to GOVERNMENT REPORTING ENTITY, Section PS 1300	From fiscal years beginning on or after April 1, 2005, until fiscal years beginning on or after April 1, 2008.
<b>January 1, 2009:</b>	
FINANCIAL STATEMENT PRESENTATION, Section PS 1200	Fiscal years beginning on or after January 1, 2009, for local governments only. Earlier adoption is encouraged.
ACCOUNTING FOR TANGIBLE CAPITAL ASSETS, Section PS 3150	Fiscal years beginning on or after January 1, 2009 for local governments only. Earlier adoption is encouraged.
<b>Statement of Recommended Practice</b>	
PUBLIC PERFORMANCE REPORTING, SORP 2	Not applicable
*This summary of recently issued Public Sector Accounting Board (PSAB) pronouncements has been prepared for information purposes only. Reference should be made to official handbook material for the text of final PSAB pronouncements.	

accompany the Statement of Principles was also approved.

**Next steps:**

PSAB expects to reach the following key steps at the dates indicated:

- March 2007      Re-exposure Draft approved
- November 2007      Final PSA Handbook material approved

*Further information staff support:*

Martha Jones Denning, CA  
Phone no.: +1 (416) 204-3288

**Tax Revenue**

**Reasons for project:**

The original Revenue Project was intended to address a strategic gap in government GAAP in Canada—most notably the absence of a definition of revenue for governments in the CICA Public Sector Accounting (PSA)

*(continued on page 14)*

## PSAB Update — Cont'd. from page 13

Handbook. That project proposed to address the accounting for numerous revenue types covering both exchange and non-exchange transactions.

Developments in accounting for government transfers resulted in PSAB starting a separate Government Transfers Project to address this issue. Further, PSAB's review of its government reporting model (see the Reporting Model and Tangible Capital Assets project summary) resulted in a proposed definition of revenue.

However, the accounting and reporting guidance for government revenues, specifically various types of taxes, remains outstanding. PSAB intends to use the work being done by the International Public Sector Accounting Standards Board (IPSASB) on revenues from non-exchange transactions in determining how to account for tax revenues.

### Activities to date:

In November 2006, PSAB discussed responses to the ITC.

At its meeting in March 2006, PSAB approved an Invitation to Comment (ITC), *Tax Revenues*.

Salient features of the ITC are as follows:

- It proposes to adopt the definitions and standards in the IPSASB Exposure Draft 29, *Revenue from Non-Exchange Transactions (Including Taxes and Transfers)* (ED 29), for tax revenues in Canada.
- It provides a link to ED 29 on the IPSASB's Web site.
- It summarizes the main features of ED 29.
- It does not seek comment on the transfers proposals in ED 29 (PSAB has a separate project on this).
- Comments received will be sent to the IPSASB (unless confidentiality is requested).

In January 2006, the IPSASB issued ED 29.

In December 2005, the IPSASB approved ED 29.

In July 2005, the IPSASB considered a revised version of a proposed public Exposure Draft.

In January 2004, the IPSASB issued an Invitation to Comment (ITC), *Revenue from Non-Exchange Transactions (Including Taxes and Transfers)*.

### Next steps:

- June 2007                      Exposure Draft approved
- November 2007                Final PSA Handbook Section approved

*Further information staff support:*  
Martha Jones Denning, CA  
Phone no.: +1 (416) 204-3288

## Assessment of Tangible Capital Assets

### Reasons for project:

The objective of the project is to issue a Statement of Recommended Practice that would:

- Assist governments in reporting information about major assets that is useful in evaluating the government's financial condition and financial and non-financial performance;
- Improve comparability and reliability of financial and non-financial information about major assets within and across governments; and
- Establish specific definition, measurement, presentation recommendations for providing supplementary information about major assets.

### Activities to date:

March 2007: PSAB approved Statement of Principles to be issued in April 2007. Look for it on PSAB Web site, Documents for Comment.

November 2006: PSAB approved scope of the project, deliverables and project plan.

### Next steps:

PSAB expects to reach the following key steps at the dates indicated:

- March 2007                      Statement of Principles approved
- September 2007                Exposure Draft approved
- March 2008                      Statement of Recommended Practice approved

### Further information staff support:

Staff Contact: Terry Corrigan, CA  
Phone no.: +1 (416) 204-3474

## Indicators of Government Financial Condition

### Reasons for the project:

The objective of this project is to issue a new Statement of Recommended Practice (SORP) that would recommend indicators of financial condition for each level of government.

Given the recent approval of the Statement of Recommended Practice SORP-2, *Public Performance Reporting*, it is likely that public sector entities will have a heightened interest in assessing their current performance reporting practices. Providing recommendations about specific indicators that could be used to support a user's understanding of reported performance could increase the level and quality of disclosure in an entity's public performance report.

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# Canadian Participants in GFOA's Awards Programs

## Canadian Award for Financial Reporting (CANFR)

### *CANFR Winners*

GFOA's Canadian Award for Financial Reporting (CANFR) is designed to encourage the highest standards of financial reporting for Canadian governments.

Jurisdictions interested in receiving more information about the award or individuals interested in serving as reviewers for the program should contact Jim Phillips in GFOA's Chicago office (312/977-9700; [JPhillips@gfoa.org](mailto:JPhillips@gfoa.org)).

Congratulations to the following jurisdictions for receiving the CANFR for fiscal years ended in 2005: Calgary, AB; Edmonton, AB; Grande Prairie, AB; Lethbridge, AB; County of Lethbridge, AB; Medicine Hat, AB; Parkland County, AB; St. Albert, AB; Abbotsford, BC; Capital Regional District, BC; Coquitlam, BC; Kelowna, BC; Corporation of the District of Maple Ridge, BC; New Westminster, BC; Port Alberni, BC; Corporation of the City of Port Coquitlam, BC; Port Moody, BC; Richmond, BC; Sunshine Coast Regional District, BC; Surrey, BC; Victoria, BC; West Vancouver District, BC; Yellowknife, NT; Corporation of the City of Brampton, ON; Burlington, ON; Regional Municipality of Durham, ON; Kitchener, ON; Corporation of the Town of Markham, ON; Mississauga, ON; Niagara Region, ON; Corporation of the Town of Oakville, ON; Regional Municipality of Peel, ON; Regional Municipality of York, ON; Regina, SK; and Whitehorse, Yukon Territory.

### *CANFR Reviewers*

Volunteers are very important to the process of designating the award winners and GFOA would like to recognize those reviewers who dedicate many hours to the CANFR program: Timothy G. Beauchamp, director, Public Sector Accounting, Canadian Institute of Chartered Accountants, Toronto, ON; Mark Beauparlant, manager, financial services, Finance Division, City of Mississauga, ON; Bernie Chandler, senior manager, Deloitte & Touche, Toronto, ON; Robert Correll, principal, Canadian Institute of Chartered Accountants, Toronto, ON; Terry Corrigan, principal, Canadian Institute of Chartered Accountants, Toronto, ON; Melissa de Witt, manager of client services, Nova Scotia Municipal Finance Corporation, Halifax, NS; Harold Hurlen, manager of administrative services, Township of Langley, BC; Glen Jarbeau, finance director, City of Spruce Grove, AB; Archie G. Johnston, audit partner, KPMG LLP, Burnaby, BC; Normand Lefebvre, deputy chief accountant, City of Montreal, QB; Helen Leskiw, finance business partner, Corporate Services, City of Edmonton, AB; David L. Muir, partner, Collins Barrow, Ottawa LLP, Ottawa, ON; Jake Sorba, director of finance, Corporation of the District of Maple Ridge, BC; and Betty Wong, controller & manager of financial services, City of Burlington, ON.

## Popular Annual Financial Reporting Awards

GFOA's Popular Annual Financial Reporting program is designed to encourage governments to prepare and issue annual financial reports specifically tailored to meet the needs of citizens and others without specialized expertise in accounting and financial reporting. These reports are intended to supplement, rather than replace, comprehensive annual financial reports.

The following Canadian jurisdictions have received GFOA's Popular Annual Financial Reporting Award, in addition to the Canadian Award for Financial Reporting, for the fiscal year ending in 2005: Capital Regional, BC; City of Coquitlam, BC; City of Grand Prairie, AB; City of Yellowknife, NT; and District of Maple Ridge, BC

Jurisdictions interested in receiving more information about the award should contact Jim Phillips in GFOA's Chicago office (312/977-9700; [JPhillips@gfoa.org](mailto:JPhillips@gfoa.org)).

## Distinguished Budget Presentation Awards

GFOA's Distinguished Budget Presentation Awards program is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens. Jurisdictions or individuals interested in receiving more information about the award should contact John Fishbein in GFOA's Chicago office (312/977-9700; [JFishbein@gfoa.org](mailto:JFishbein@gfoa.org)).

Congratulations to the following Canadian jurisdictions receiving the GFOA Distinguished Budget Presentation Award: Edmonton, AB; Lethbridge, AB; Abbotsford, BC; Coquitlam, BC; Kelowna, BC; Port Coquitlam, BC; Surrey, BC; Whistler, BC; Manitoba Lotteries Corporation; Winnipeg, MB; Yellowknife, NT; Burlington, ON; Markham, ON; Mississauga, ON; Oakville, ON; Peel, ON; Regional Municipality of Halton, ON; Regional Municipality of York, ON; and Montréal, QB.

The following Canadians served as reviewers for the budget awards program: Vivienne Wilke, general manager, Finance, Technology and Human Resources Department, City of Surrey, BC; Karen Sinclair, revenue manager, City of Abbotsford, BC; Steve Zorbas, director of finance and treasurer, City of Burlington, ON; Steven Fairweather, director of financial services, City of Cambridge, ON; Elisabeth Lewis, financial analyst, City of Burlington, ON; Joel Lustig, director, Financial and Client Services, Town of Markham, ON; and Margaret Murphy, associate director, Current and Capital Budgets, Regional Municipality of Niagara, Thorold, ON. 🍁



Longview Alberta

## Taking the Long View

While the farmers and ranchers at Longview, Alberta manage the current year's hay crop and cattle herd, they are also looking ahead to national and global economic trends, commodity prices and the impact of world events on local and international markets. Governments, too at all levels must look beyond today's horizons to plan programs and spending to meet future needs. Government Finance Officers have a key role to fulfill to meet these challenges. They need to take the long view and resist responses that satisfy the temptation for the "quick-fix" and short-term pain for short-term gain. Today's Government Finance Officer needs to demonstrate and inspire long-term strategic thinking to mitigate the events and circumstances that arise, while articulating business solutions that will stand the test of time.

The focus of the 2007 GFOA Western Canadian Conference is *Taking the Long View*. Key-note speakers and presenters alike will focus on the long-term vision and strategies necessary to adapt to a rapidly changing world in our roles as public sector finance officers.

Government Finance Officers Association



GFOA 2007 Western Conference  
2007 September 12-14  
Palliser Hotel, Calgary, Alberta Canada  
The City of Calgary Official Host

***Come early to Calgary in September and bring your partner!***  
*Foothills turning gold against the majestic Rocky Mountains...*

- ✚ Stay in Calgary's historic Fairmont Palliser hotel...
- ✚ Take-in the Spruce Meadows Masters (*September 5 thru 9*)
- ✚ Enjoy world-class shopping and dining...
- ✚ Step out on the new Calgary Tower observation deck...

Broaden your horizons. Meet with your colleagues. Learn about the latest challenges in finance and government. Come to enjoy some friendly old-fashioned Western hospitality!  
Delegates will enjoy golf on Tuesday, September 11.

Visit The City of Calgary's website: [www.calgary.ca](http://www.calgary.ca)

and follow the links City Hall/Business Units/Finance & Supply/GFOA

## PSAB Update — Cont'd. from page 14

### Activities to date:

- September 2006: PSAB approved a Project Proposal.

### Next steps:

PSAB expects to reach the following key steps at the dates indicated:

Period	Activity
● June 2007	Statement of Principles approved
● September 2007	Exposure Draft approved
● March 2008	Final SORP approved

### Further information staff support:

Staff contact: Ed Archer, CMA  
Phone no.: +1 (416) 204-3475

### On the Horizon

- Accounting for Environmental Liabilities
- Introduction to the Public Sector Accounting Handbook

### More Information

You can check out these projects and other activities of PSAB on the CICA Web site. Also, you can now become involved in the process of developing accounting standards and recommended practices earlier. While previously, only associates were provided with statements of principles, PSAB has recently approved that these documents will now be open to for public comment through the Web site. Look for them under “Documents for Comment” on the PSAB Web page.

One of the best ways to stay current with what is happening is to subscribe to the Canadian Institute of Chartered Accountant’s (CICA) e-mail “tickler” service—it’s free and available to anyone, whether you are a member or not. Just go to the CICA Web site (or use the link on the GFOA CCI Web page) and click on the “Stay Informed” button. Once you are registered, you will be automatically informed whenever there is an update on the Web site.

*Terry Corrigan is a principal at the Canadian Institute of Chartered Accountants, Toronto, Ontario.* 🇨🇦

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## GFOA of BC Annual Conference

— Cont'd. from page 11

Bob Shaw, and Robin Hicks, all of whom have served on municipal councils, will give us feedback on the sort of presentations that work for the various levels of understanding

**Recruiting and Retaining Staff.** One of the biggest issues facing local government today is finding and keeping qualified staff. Experts in the field including Jim Craven, a well-known recruiter, Nick Gubbay from Mercer, and George Duncan from the City of Richmond, will share their ideas on how to find and keep the best people.

**Financial Implications of Boundary Extensions.** Expanding municipal boundaries is a complicated issue and one of the questions that is always asked is “how will this impact on tax rates?” Derek Trimmer from the ministry has put together a panel of practitioners and consultants with experience in this issue to educate us in this area.

**Performance Measurement.** While most municipalities have complied with the minimum requirements of the community Charter, few would claim to have used this tool to the fullest and most beneficial extent. Dr. Jim Mc David from UVIC School of Public Administration will

bring us up to date with the state of practice around the world. He will talk on how performance measurement is linked to management, accountability, and program evaluation.

**GFOA without Borders.** Government financial officers are needed in developing countries around the world. Penny Bruin who has worked with municipalities in South Africa and Dianne Lokken who has been part of an exchange program will talk about their experiences. The presentation will be illustrated with amazing pictures.

**Economic and Investment Update.** Douglas Porter, a top Economist with BMO will give us the outlook for the economy interest rates in the year ahead, while an Investment advisor from Philips Hager North will tell us how to react to the news.

*Special thanks to Sam Weller, executive director of the Government Finance Officers Association of British Columbia, for contributing this information.* 🇨🇦