

School Board & School Authority Tangible

Capital Asset Guide revisions

Release no. 2

May 2008

This release should be retained and filed.

This release's purpose is accomplishing five purposes:

- A) Clarify the meaning of paragraph .34 which states that 'Tangible capital assets should be recorded at cost'- Boards are not to offset the cost of the asset where external sources of funding are received
- B) Modify the first-time equipping asset class so that it includes items other than furniture & equipment
- C) Adding the recommended approach on how to calculate amortization expense
- D) Making corrections to various areas of the guide that were incorrect
- E) Adding a third factor that boards should consider when deciding whether to review negative changes to remaining service life of buildings:
 - upon receiving approval for Prohibitive to Repair funding

Revisions have therefore been made to the following areas:

OWNED TANGIBLE CAPITAL ASSETS - MEASUREMENT

Added 2 new paragraphs to expand what 'cost' means (paragraphs 34a and 34b)

OWNED TANGIBLE CAPITAL ASSETS - ASSET CLASSES

Added new asset category and removed it under the category of furniture & equipment (paragraphs 44a – 44d).

USEFUL LIFE OF ASSETS AND CHANGES THEREIN

Added as a third factor for reviewing negative changes to remaining service life of buildings when a board receives prohibitive to repair funding

APPENDIX B – ESTIMATED USEFUL LIVES & CAPITALIZATION THRESHOLDS

Added new asset category to table of useful lives & thresholds and removed it under the category of furniture & equipment

APPENDIX C – TANGIBLE CAPITAL ASSET LISTING

Removed the restriction on the first-time equipping asset class limiting it to furniture & equipment items only

Corrected the decision tree where it says that 'NO' the item does not meet the criteria of a tangible capital asset

APPENDIX G – REVISION OF USEFUL LIFE / WRITEDOWN

In Illustrative Example 1, added entry for 2009/10 and corrected entry for 2010/11

APPENDIX I – FINANCIAL STATEMENT DISCLOSURE AFTER FULL IMPLEMENTATION OF PS 3150

Added new asset class to list of classes for disclosure

APPENDIX J – ESTABLISHING OPENING BALANCES: WHERE TO START?

Added new asset class

Removed first-time equipping from detailed example provided

Offered approach to determining opening balance for first-time equipping

APPENDIX L – AMORTIZATION EXPENSE CALCULATION

Added new appendix to provide the details of the recommended approach to calculate amortization expense