

Ministry of Education
Transfer Payments and
Financial Reporting Branch

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2005: SB7

MEMORANDUM TO: Superintendents of Business

FROM: Wayne Burtnyk
Director
Transfer Payments and Financial Reporting

DATE: May 10, 2005

SUBJECT: Reporting Entity Project - Valuation of Capital Assets

Boards were informed, in memorandum 2005:B1 dated January 25, 2005, that the Ministry of Education is providing funding of \$8.85M over 3 years to school boards and school authorities to assist them in implementing the processes and procedures to provide the information required for consolidation in the Province's financial reporting entity.

The purpose of this memorandum is to request the first level of information that will be required for the capital valuation of school board land and buildings. The ministry will not be valuing furniture and equipment or other capital assets at this time.

Valuation Approach

The valuation approach that has been developed will require differing levels of information depending on the age or original acquisition date of the building or land. The ministry will be using a stratified approach to valuing property based on:

- 1 Historical costs for buildings and land acquired since the beginning of 1998.
- 2 Historical costs where available for buildings and land acquired prior to 1998 (this could be from capital grant plan documents or other sources)
- 3 Appraiser estimates of land and building costs for buildings originally constructed in 1965 or later where historical cost is not available.
- 4 Nominal values for land purchased prior to 1965 and an estimated construction cost for buildings originally constructed prior to 1965.

More detail on the valuation approach is available in a background paper on the TPFRR website. We would encourage you to take the time to read the document.

Initial Verification of Inventory

As a first step in this project, the ministry needs to identify all land and building assets owned by the school boards as well as those on capital leases. Also, as time is short, it is important that we start identifying those properties that will likely have a cost estimate done by an appraiser. These are the land and buildings acquired after 1965 where we do not have historical cost data.

Attached to this memorandum is an asset inventory list of all land and buildings (school buildings and other buildings) for your board from the current SFIS database.

You are asked to review this listing to ensure that it includes:

- All buildings owned or leased by the board.
- All land owned or leased by the board
- An acquisition date for each asset.
- An indication as to whether historical cost is likely to be available.

You are requested to review the list, add any missing land or building assets, indicate the year of acquisition and the anticipated availability of historical cost information. We would like confirmation of the completeness of the asset inventory list by May 31, 2005.

Appendix A includes instructions, definitions and additional detail on the type of assets that should be included.

Later steps in this project will require historical cost information where available and some additional detailed information for those assets that will have appraiser estimated cost. The latter will include more detailed and descriptive information relating to the buildings and land.

If you have any questions on the type of information that needs to be included, please contact Doreen Lamarche at (613) 225-9210 x. 113 or at Doreen.lamarche@edu.gov.on.ca or Charles Brousseau at (416) 325-8585 or at charles.brousseau@edu.gov.on.ca



Wayne Burtnyk

cc: Directors of Education

Attachment.