

Ministry of Education
Transfer Payments and
Financial Reporting Branch

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Ministère de l'Éducation
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2009: SB7

MEMORANDUM TO: Senior Business Officials

FROM: Andrew Davis
Director
Transfer Payments and Financial Reporting

DATE: March 9, 2009

SUBJECT: Update on Implementation of Tangible Capital Asset (TCA)
Reporting

I am writing to provide further information about tangible capital asset reporting. The ministry previously announced that school boards would be required to fully adopt Public Sector Handbook Section PS3150 beginning with the school year September 1, 2008 to August 31, 2009. This early adoption of PS3150 was to assist in meeting the TCA reporting requirements for the provincial year-end March 31, 2010.

Due to uncertainties surrounding the reporting of government transfers which is currently under discussion with PSAB, the ministry has decided to postpone the presentation of TCA on the face of the School Boards Audited Financial Statements until the PSAB deadline, which for school boards will be the 2009-10 financial statements. However, TCA balances will be required in the audited notes of the 2008-09 financial statements.

As a result the reporting requirements for TCA will be as follows:

- 1) School boards will continue to expense tangible capital assets when acquired for the 2008-09 school year for purposes of reporting in their audited financial statements;
- 2) School boards will be required to continue to submit TCA activity reports in Excel on land and building assets for the periods leading up to full implementation in 2009-10 for the following cycles:
 - September 2008 to March 2009
 - September 2009 to March 2010
- 3) School Boards will upload a detailed TCA data file (land and buildings) into EFIS starting with the year ending August 2009 as part of the regular requirements for submitting financial results in EFIS.

- 4) School boards will be required to include a note in their August 2009 audited financial statements to meet the disclosure required by accounting guideline PSG-7. Instead of presenting TCA on the face of the financial statements this note will be required to include all TCA closing balances (not only land and building assets, but also all other tangible capital asset classes such as furniture, equipment, computer hardware, computer software, vehicles, etc.) and be included as part of the **audited notes** to the 2008-09 financial statements. This necessitates the calculation of amortization expense by school boards at August 31, 2009.

The changes to the presentation of TCA in the audited financial statements should have minimal impact on the existing timelines school boards are currently working towards. School boards are encouraged to continue with the implementation of their tangible capital asset systems if these systems are not already in place (and in particular, addressing the requirements for the data upload into EFIS), as well as progressing with the audit work on TCA opening balances.

If you have any questions on the above, please contact Sangita Barman at (416) 325-8584 or at Sangita.Barman@ontario.ca or Doreen Lamarche at (613) 225-9210 x.113 or at Doreen.Lamarche@ontario.ca.

Thank you for your co-operation.



Andrew Davis

cc: Directors of Education
School Board auditors