

Appendix A

PURPOSE

There are 4 purposes of this Excel package, as follows:

1. To report any capital expenditure (land and buildings only) activity from April 1st 2005 to August 31, 2005 that meets the capitalization requirements under existing PSAB Handbook Section 3150 (for Senior Level Governments).
2. To report your capital lease activity as of August 31, 2005.
3. To report your leasehold improvement activities on operating leases as of August 31, 2005.
4. To report your construction projects as of March 31, 2005 and August 31, 2005.

INSTRUCTIONS FOR LOADING YOUR BOARD'S INFORMATION INTO THE EXCEL FILE

*If you would like to view the information in French, press the “Français” toggle switch on the tab entitled “Cover” **BEFORE** loading your board's information. If you do not activate the toggle switch at first, some of the pre-populated fields will appear in English.*

PLEASE NOTE that once you have activated the “Français” toggle switch, you can not switch back to English.

On the tab entitled “Cover” where it says board number, select from the drop down menu your board's 5 digit numbers. Once the number has been selected, the board's name will appear at the line entitled “Board Name: Once you are satisfied that you have selected the correct board, press the <LOAD> button on the top right of that page. This will activate the loading process of your board's information.

INSTRUCTIONS FOR COMPLETING THE EXCEL PACKAGE AND SUBMITTING TO THE MINISTRY

In order to fulfill the above requirements, we would like you to review the attached excel spreadsheet and do six things:

Step 1 – Additions to land and building assets

From your general ledger, analyze your capital expenditures incurred during the period of April 1, 2005 to August 31, 2005. If the expenditures relate to land or building assets – assets that are already in use and the expenditure was made on assets owned by the board

AND they should be capitalized in accordance with PSAB Handbook Section 3150, please enter the expenditure on the appropriate schedules – Schedules 15A to 15C.

Please ensure all following columns have been completed:

- Asset Name (column B), where it has not already been pre-populated;
- Asset ID # (column C), where it has not already been pre-populated;
- Type (column D) – applies to Schedules 15A and 15B only;
- \$ additions to Gross Book Value (column I – Schedule 15A, column G – Schedule 15B, column F – Schedule 15C);
- Purchased from whom (column J – Schedule 15A, column H – Schedule 15B, column G – Schedule 15C); and,
- Please specify, if from an internal source (column K – Schedule 15A, column I – Schedule 15B, column H – Schedule 15C), where necessary

NOTE: Existing asset information in each schedule has been pre-populated from the data contained in the web-based application CAPEdu. Where assets were not reported or confirmed in the web-based application, the related information will be missing from this spreadsheet. If you need to report capital activity to assets that are not listed on this spreadsheet, you are to add rows to the bottom of the particular schedule. Please make sure when you are adding rows that you are in one of the two open rows at the bottom of the page or else the formatting will not get picked up automatically.

Step 2 – Disposal of land and building assets

From your general ledger, analyze any disposals of land and building assets. Please enter the related proceeds of disposition on the appropriate schedules – Schedules 16A to 16C. Please ensure the following columns have been completed:

- Disposal (Full or Partial) (column D);
- Proceeds of disposition (column E);
- Sold to whom (column F); and,
- Please specify, if from an internal source (column G), where necessary

Step 3 – Additions to Construction-in-Progress Projects

From your general ledger, analyze all of your building construction projects. Please enter the related activity on these projects on Schedule 15D. Please ensure the following columns have been completed:

- Asset Name (Column B);
- Asset ID # (Column C);
- Type (Column D);
- Historical cost – opening balance \$ (Column E) – for ongoing projects that started prior to April 1, 2005 **ONLY**;
- Additions to CIP \$ (Column F); and,
- Amounts Transferred Out \$ (Column G).

NOTE: Existing construction projects in this schedule have been pre-populated from the data contained in the School Facilities Inventory System (SFIS) database. Where construction projects were not reported in SFIS, the related information will be missing from this spreadsheet. If you need to report capital activity, to projects that are not listed on this spreadsheet, you are to add rows to the bottom of this schedule. Please make sure when you are adding rows that you are in one of the two open rows at the bottom of the page or else the formatting will not get picked up automatically.

Step 4 – Disposals of Construction-in-Progress Projects

From your general ledger, determine if you have sold / disposed any of your building construction in progress projects before the asset was completed.

NOTE: This will be rare.

Please enter the related disposal information on Schedule 16D. Please ensure the following columns have been completed:

- Disposal (Full or Partial) (Column D);
- Proceeds of Disposition \$ (Column E);
- Sold to Whom (Column F); and,
- Please specify, if from an internal source (column G), where applicable.

Step 5 – Lease activity

From your general ledger, analyze your lease payments during the period of April 1, 2005 to August 31, 2005. We are asking once again that you **ONLY** report those leases on land and building assets. Please refer to PSAB Public Sector Guideline PSG-2 and CICA Handbook Section 3065 in order to determine the type of lease that you have. There are two types of lease activities.

A) Capital Leases: If you have a capital lease on building and / or land assets, please enter details of the lease on the appropriate schedules – Schedules 17A and 17B.

Please ensure all following columns have been completed:

- Asset Name (Column B);
- Asset ID # (Column C);
- Initial Capitalized Amount (Column D);
- Lease Term (in months) (Column E);
- Lease Expiry Date (month/yr) (Column F);
- Guaranteed Residual Value, if any (Column G) where applicable;
- If a bargain purchase option exists, what is the economic useful life of the asset? (Column H) where applicable – Schedule 17A only;
- Betterments (Column I – Schedule 17A, Column H – Schedule 17B);
- Leased from whom? (Column I – Schedule 17A, Column J – Schedule 17B);
- and

- Please specify, if from an internal source (Column K – Schedule 17A, Column J – Schedule 17B), where applicable.

B) Operating Leases: If you have an operating lease on buildings and / or land assets and you are incurring expenditures on these leases that have enduring capital nature, please enter details of the leases & related expenditures on the appropriate schedules – Schedules 17C and 17D.

Please ensure all following columns have been completed:

- Asset Name (Column B);
- Asset ID # (Column C);
- Amount Expended on Leasehold Improvements as of March 31, 2005 \$ (Column D);
- Lease Term (in months) (Column E);
- Lease Expiry Date (month/yr) (Column F);
- In-year Leasehold Improvement Expenditures \$ (Column G);
- Leased from whom? (Column H); and
- Please specify, if from an internal source (Column I), where applicable.

Step 6 – General procedure

After having completed steps 1 through 6, complete the contact information on the cover page as well as the certification from the Superintendent of Business.

Finally, save the updated Excel file with the following naming convention:

- For district school boards: DSB_#####_inyearcapital_0405. For example, DSB_66079_inyearcapital_0405
- For school authorities: SA_#####_inyearcapital_0405. , For example, SA_15008_inyearcapital_0405

Then return it to the Ministry of Education by December 30th, 2005. Please submit your completed excel spreadsheet to the following e-mail address:

Reporting.Entity@edu.gov.on.ca.

LINK TO SCHEDULE 20 (FIVE-MONTH STUB PERIOD REPORTING) IN EFIS
– for district school boards only

According to page 3 of the instruction document for reporting revenues and expenses for the five-month period (April 1 to August 31, 2005), school boards are asked to report capital expenditures related to land and building in Schedule 20 (Line 2.1 under Capital Expenditures). Capital expenditures reported in Schedule 20 with respect to land and building should agree to the combined total additions and betterments reported in Schedules 15A, 15B, 15C, 15D, 17A and 17B. Since Schedule 20 is due on November 30th, which is prior to the due date of this capital asset reporting, we ask that you provide your best estimate in Schedule 20 of what you believe would represent your capital

expenditures relating to land and building assets. If your actual expenditures differ after completing this 5 month reporting of capital expenditures, we will adjust your figures reported in Schedule 20 internally at the ministry.

INQUIRIES

Any questions relating to the completion of this spreadsheet can be directed to Doreen Lamarche at (613) 225-9210 x. 113 or at Doreen.lamarche@edu.gov.on.ca or Nadya Bekker at (416) 327-9061 or at Nadya.bekker@edu.gov.on.ca.

COLUMN DESCRIPTIONS

Asset Name: Name that is given to the asset by the school board or school authority. Where possible, the asset name has been pre-populated from information in stage 2 of the web-based application. Where the field has not been pre-populated for you, we ask that you put in a meaningful asset name.

Asset ID #: There are three possible asset identifier numbers as follows:

1. Owned assets (excluding portables) – those reported on Schedules 15 & 16. In these cases, the asset ID # is composed of the asset's SFIS number, campus ID and tag # in the following manner (xxxxx-xxxxx-x) = SFIS-CAMPUS-TAG.

Please note that pre-populated SFIS # that are bigger than 30000 and Campus # bigger than 90000 are created for the sole purpose of the CAPEdu project and will be subject to change once you obtain valid numbers from Business Services Branch. Where you are adding a new asset that does not have an SFIS ID # and Campus ID#, enter zeros in the corresponding area and we will create one for you. With reference to the tag #, please enter the default of 1. For example, you have a school with SFIS # 10599 and no other information. It would get entered as 10599-00000-1. If you don't have any components of the ID for the asset, it would get entered as 00000-00000-1.

2. Owned assets (portables, portapaks, relocatable classroom modules and other building assets with an economic useful life of 20 years) – those reported on Schedules 15 & 16.

We would like you to use the following ID convention = “board or school authority number-type – sequential number for the asset (5 digit convention) - 20.

The digit “20” will indicate to us that it is an asset with an economic useful life of 20 years.

For the sequential number, we ask that you start with 00001, and increase the number by 1 'till you have reported all of your assets under this class.

For example, Halton District School Board would look as follows for their 1st portable: 66133-00001-20. If there was a second portable, it would be 66133-00002-20.

3. Leased assets – those reported on schedule 17. We would ask you to use the following identification system: “board or school authority number – sequential number for the lease (5 digit convention) - 9.

The digit “9” will indicate to us that it is a leased asset.

For the lease number, we ask that you start with 00001, and increase the number by 1 'till you have reported all of your leases.

For example, The Limestone District School Board would look as follows for their 1st lease: 66206-00001-9. If there was a second lease, it would be 66206-00002-9.

Type: Type refers to the type of asset. There are multiple types of assets depending on the asset class as follows:

Buildings:

- 40 = buildings amortized over a 40 year period
- 20 = buildings amortized over a 20 year period
- R = buildings permanently removed from service

Note: On the building screen, the type has been pre-populated with “40” as most buildings will fall under this category. You are to change it where necessary.

Land:

- L = regular land asset
- R = land asset permanently removed from service

Note: On the land screen, the type has been pre-populated with “L” as most land assets will fall under this category. You are to change it where necessary.

Gross Book Value – Opening Balance / Historical Cost – Opening Balance as of March 31, 2005: This is not applicable for the 2004-05 reporting period for all screens OTHER THAN construction in progress.

Once the estimated historical cost for school board and school authorities have been determined through the use of the book value calculator, as of March 31, 2005, it will be

added to the activity reported in the \$ additions to gross book value column in order to compute the opening balance in your 2005-06 financial statements.

For construction in progress assets, you are being asked to report the capital investment in the building assets that were not available for use as of March 31, 2005 but where you had incurred expenditures as of March 31, 2005 (eligible capital expenditures in accordance with Handbook Section 3150 incurred to date). These expenditures get reported on the bottom portion of the spreadsheet. Any new construction projects STARTED after April 1, 2005 get reported on the upper portion of the spreadsheet.

Asset write-down: This is not applicable for the 2004-05 reporting period.

Boards and school authorities will be asked to report if an asset has suffered a partial of full impairment in the value starting in the 2005-06 fiscal year. Boards must be able to demonstrate that the impairment of the tangible capital asset's service potential is permanent in nature, and a reasonable estimate of the amount can be made.

Remaining Service Life: This is not applicable for the 2004-05 reporting period.

Identifies the estimated period over which the tangible capital asset is expected to be used by the board. Stated differently, it is the asset's estimated useful life less the years that have been amortized to date. The remaining service life will be calculated by the use of the Book Value Calculator, as of March 31, 2005. This number will be drawn down each year by 1 unless directed otherwise by you in the column entitled "change in useful life".

Change in Useful Life (+ or -): This is not applicable for the 2004-05 reporting period.

Gives school boards the opportunity to indicate when the remaining service of the asset has been altered from what the accounting records show. Estimating useful lives of tangible capital assets is a matter of judgement based on experience and should be applied on a consistent basis. As a general practice, the expected useful lives of tangible capital assets should be reviewed regularly (every five years) and revised when appropriate.

\$ Additions to Gross Book Value / \$ Additions to CIP: The column where school boards will enter the capital investments in a particular asset that meets the definition under PSAB Handbook Section 3150.

For assets still under construction, school boards will report any expenditures incurred on the asset from April 1st to August 31st that meet the capitalization requirements under PSAB Handbook Section 3150.

Purchased from Whom / Sold to Whom / Leased from Whom: If a board or school authority is purchasing a new asset / selling an asset or leasing an asset, you are being asked to identify whether the purchase / sale or lease was from / to a party outside of, or within, the government reporting entity (GRE). You must select from the drop down menu and you have two choices:

E = external party outside of the GRE

I = internal party within the GRE

This will enable the Ministry to eliminate any possible inter-entity gains or losses within the government reporting entity (GRE).

If you are unsure of which organization make up the GRE, please refer to the column entitled “Please specify, if from an internal source” in order to see the complete listing.

Please specify, if from an internal source: If the purchase / sale or lease of the asset was from within the GRE, the boards will be asked to identify which organization from the drop down menu.

\$ Amount Transferred Out: This is applicable to the construction in progress screen only. When the asset has moved from the construction stage to being available for use, the asset now qualifies as a tangible capital asset and therefore needs to be moved from the Construction in Progress (CIP) screen to the building screen. We ask that you report the amount that you are transferring out of CIP in this column. This column should represent all of the investments made in this asset up to this point. You must also report the asset as a new asset on the building screen. The amount that you have reported under this column, should mirror the amount being reported in the column \$ Additions to Gross Book Values of the building screen.

Disposal (Full or Partial): In most cases, when a board or school authority disposes of an asset, they would dispose of the complete asset. This would be a full disposal. There are certain circumstances however that could indicate the disposal is of a partial nature. For example, if you have a land asset comprising of 10 acres and you dispose of 6 acres only, you have just created a partial disposal. We don’t expect boards to have many partial disposals. If you are reporting a partial disposal, we will be contacting you in order to ensure that we are calculating your gain/loss on disposal properly.

Proceeds of Disposition \$: The proceeds that you are receiving on the disposition of your asset.

NOTE: Where you are disposing of a land asset that has land improvements on it which is also part of the sale (ie. Not removing the land improvement prior to the sale), you are

to remove from Schedule 16C, the COST of the related land improvement and you are not required to apportion a part of the proceeds of the land sale to the land improvement class.

For example, you had incurred land improvements of \$15,000. You then sold the land asset for \$1,000,000. You would record \$15,000 in the proceeds of disposition column on Schedule 16C and \$1,000,000 as Proceeds of Disposition on Schedule 15B.

Initial Capitalized Amount \$: The value of the leased tangible capital asset at the inception of the lease. It represents the present value of the minimum lease payments excluding the portion thereof relating to executory costs (costs related to the operation of the asset = insurance, maintenance cost and property taxes).

Lease Term (in months): Duration of the lease; also includes periods representing renewals or extensions of the lease at the lessor's option.

Lease Expiry Date (month/year): The month and year the lease is terminating.

Guaranteed Residual Value, if any: The residual value is the estimated fair value of the leased property at the end of the lease term. The amount of a guaranteed residual value is the (1) certain or determinable amount at which the lessor has the right to require the lessee to purchase the asset or (2) the amount the lessee or the third-party guarantor guarantees the lessor will realize.

If a bargain purchase option exists, what is the economic useful life of the asset: A bargain purchase option is an option given to the lessee to purchase the equipment at the end of the lease term at a price that is fixed sufficiently below the expected fair value, so that, at the inception of the lease, purchase appears to be reasonably assured. If a bargain purchase option exists, the board is asked to indicate the economic useful life of the asset.

We are asking that you use our 3 asset life categories:

- 40 = for buildings that should be amortized over 40 years;
- 20 = for buildings that should be amortized over 20 years; and,
- TBD = for land improvements (to be determined).

Betterments \$ / In-year leasehold improvement expenditures \$: Dollar value of the expenditures relating to the alteration or modernization of the leased asset that appreciably prolongs the item's period of usefulness or improves its functionality between April 1st and August 31st, 2005.

When to record it on the capital lease screens? Betterments made to an asset subject to a capital lease.

When to record it on the leasehold improvements screens? Investments made to an asset subject to an operating lease.

Amount Expended on Leasehold Improvements as of March 31, 2005 \$: Expenditure incurred, prior to April 1, 2005, relating to the alteration or modernization of an asset that appreciably prolonged the item's period of usefulness or improved its functionality.

For example:

You entered into a 5 year lease in April 2002 in order to provide continuing education services. The lessor is the Ministry of Training, Colleges and Universities. Prior to taking occupancy, you needed to create some offices (partitions, walls, doors, etc) and the cost was \$250,000. In May 2005, you needed to replace the carpeting in the building as it was all ripped. The carpeting replacement cost \$20,000. This lease is not a capital lease since it does not meet any of the capital lease criteria per PSAB Handbook PSG-2 Guideline. How does this lease get treated?

This is a building operating lease, therefore it MIGHT need to be reported on Schedule 17C (we need to analyze the situation further).

The inception date of the lease was April 2002 and since this date is prior to March 31, 2005 it MIGHT need to be reported at the bottom of the spreadsheet (we need to analyze the situation further).

The board incurred costs of \$250,000 to create some office spaces. This cost would meet the criteria of an expenditure with enduring capital nature (please refer to the Handbook & Ministry draft policy). Therefore, this lease needs to be reported at the bottom of the spreadsheet on Schedule 17C.

The items you need to report are the following:

- Asset Name (make sure you name it something meaningful)
- Asset ID # (make sure you follow the naming convention noted above)
- Amount Expended as of March 31, 2005 = \$250,000
- Lease term (in months) = 60
- Lease expiry date (mm/yy) = April/07
- In-year leasehold improvements = blank (carpeting is a maintenance item. If the expenditure had been of enduring nature it would have been included here).
- Leased from whom = I
- Please specify, if from an internal source = 0030, Training Colleges & Universities