

January 19, 2009

## **Circular to Municipal Councils and Town Clerks**

### **Subject: Compliance with Public Sector Accounting Board Standards**

The Department of Municipal Affairs (the Department) is continuing in its efforts to provide support to municipalities in complying with Public Sector Accounting Board Generally Accepted Accounting Principles (PSAB GAAP). Phase Two of Government's plan to aid municipalities was completed in December 2008, and the planning for Phase Three has begun.

#### **Phase Two**

Phase Two included the development and distribution of a Tangible Capital Asset (TCA) Valuation Manual, Reference Manual and launch of the PSAB resource website ([www.ma.gov.nl.ca/ma/psab](http://www.ma.gov.nl.ca/ma/psab)). Also, 22 province-wide information sessions were held from October to mid-December covering several topics such as Environmental Liabilities, Landfills, Controlled Entities, Government Partnerships, etc. The sessions were attended by 225 of the 282 municipalities and Inuit Community Governments.

#### **Phase Three**

Phase three is currently being researched and developed, and will include topics such as financial statement presentation and disclosure requirements, as well the conversion of the 2009 budget into a PSAB budget for financial reporting. The Department will once again work in cooperation with the Municipal Training & Development Corporation (MTDC) to offer related information sessions, which are slated to take place in the Fall of 2009. Details on the sessions will follow in the coming months.

#### **Financial Statement Reporting for 2008**

In preparation of the 2008 Financial Statements, due on June 30, 2009, municipalities are required to provide a note of its PSAB compliance efforts, particular regarding TCAs. The Department issued a news release on August 4<sup>th</sup> advising that the Local Government Gas Tax Agreement between municipalities and the Province requires municipalities to be PSAB compliant by March 31, 2009. In cases where they are unable to comply by this date, "a note in the financial statement identifying the municipalities plan and where they are in the plan to become PSAB compliant will be acceptable." See the Appendix distributed on January 19<sup>th</sup> regarding 2008 FINANCIAL STATEMENTS & 2009 BUDGET for a sample note disclosure.

## **Municipal Work Plan**

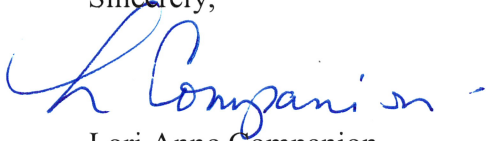
The Department established a guideline to assist municipalities with prioritizing their work effort in the Summer of 2008. Each municipality should establish their own work plan to outline how and when the work will be completed. The work plan should include the following:

- Assessment of the priorities established by the PSAB Working Committee and applicability to the municipality;
- Prioritization of internal activities based on the applicability of the issues; and
- Delegation of specific responsibilities to municipal staff with target completion dates.

A template for a Municipal Work Plan has been provided in the attached Appendix. This work plan is for the use of the municipality and is not required to be submitted to the Department. However this work plan may assist municipalities with creating a note for their 2008 financial statements to become PSAB compliant.

If you require any further information on PSAB implementation, including reference materials or copies of any past circulars, please visit the PSAB website at [www.ma.gov.nl.ca/ma/psab/](http://www.ma.gov.nl.ca/ma/psab/), call toll-free 1-877-729-4393 or email [PSAB@gov.nl.ca](mailto:PSAB@gov.nl.ca).

Sincerely,



Lori Anne Companion  
Assistant Deputy Minister,  
Municipal Support and Policy

cc: Auditing firms  
Eastern Regional Office (Tel. # 709-729-0259)  
Central Regional Office (Tel. # 709-256-1050)  
Western Regional Office (Tel. # 709-637-2332)  
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## Appendix

### Template for Municipal Work Plan

Activity <i>(Listed in order of priority)</i>	Applicable	Staff Responsible	Completion Date
Establish Accounting Policies			
Complete TCA Listing			
Complete TCA Valuation			
Identify all Controlled Entities and Government Partnerships - Assess whether or not control exists - Assess their compliance with PSAB GAAP and impact if not compliant			
Identify all <b>significant</b> Controlled Entities and Government Partnerships with your auditor's assistance			
Identify Potential Environment Liabilities			
Identify all Accruals and Other Liabilities, such as severance, pension, landfill closure costs, etc.			
Complete all Opening Balances where applicable: - Record value for TCA - Record accumulated amortization - Municipal Reporting Entities - Environment Liabilities - Accruals, etc.			
Record Asset Additions and Disposals for 2008 & 2009			
Calculate and Record Amortization for 2008 & 2009			
Record Environment Liabilities, Accruals, etc			
Consolidate Controlled Entities			