

PSAB

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What are Statements of Recommended Practice?

Statements of Recommended Practice (SORPs) address specific aspects of reporting on financial condition and financial and non-financial performance. PSAB issues SORPs to enhance decision-making and accountability by improving the understandability of reports issued in the public sector.

SORPs do not form part of GAAP. They are not prescriptive, but offer general guidance to encourage and assist public sector entities in effectively reporting relevant information that is useful in evaluating the entity's financial condition at the financial statement date and its financial and non-financial performance during the reporting period.

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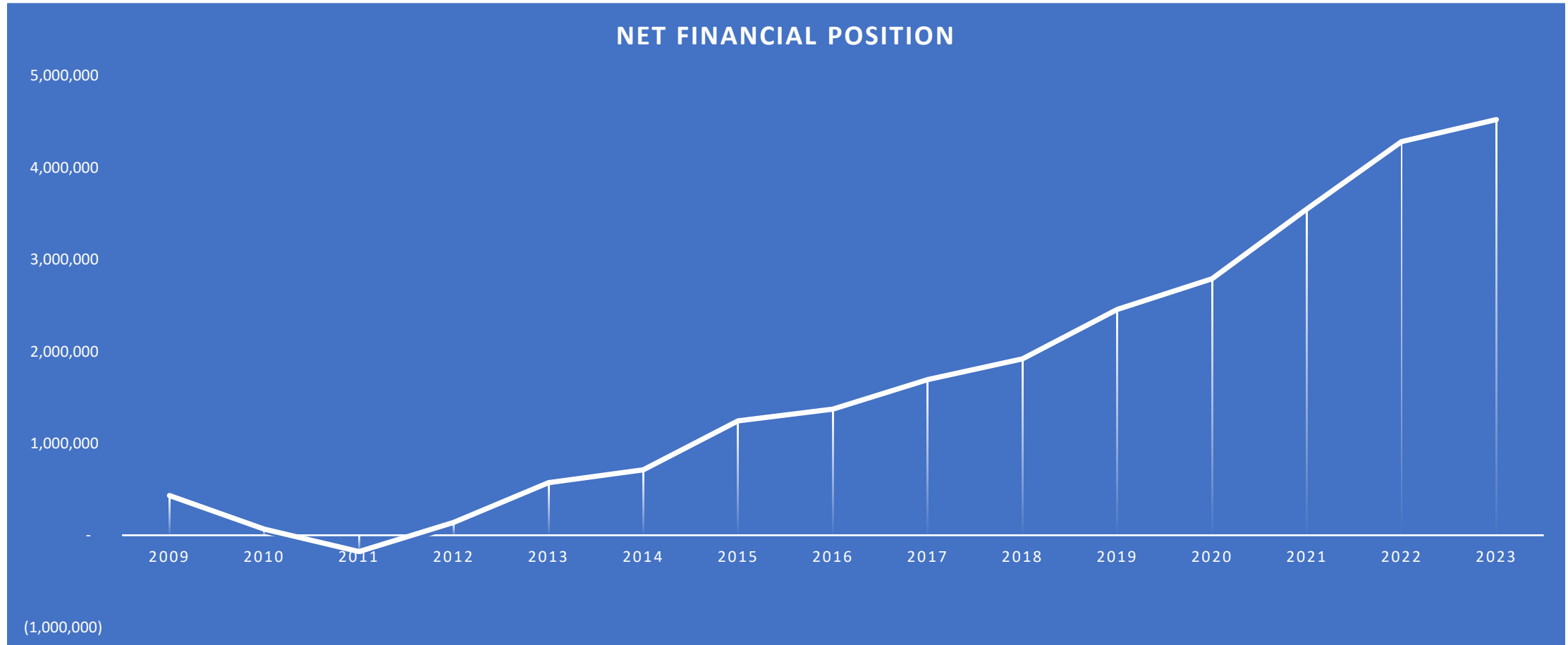
SORP-4: Indicators of Financial Condition

Sustainability: The degree to which a government can maintain its existing financial obligations.

Flexibility: The degree to which a government can change its debt or tax burden on the economy within which it operates.

Vulnerability: The degree to which a government is dependent on sources of funding outside its control or influence.

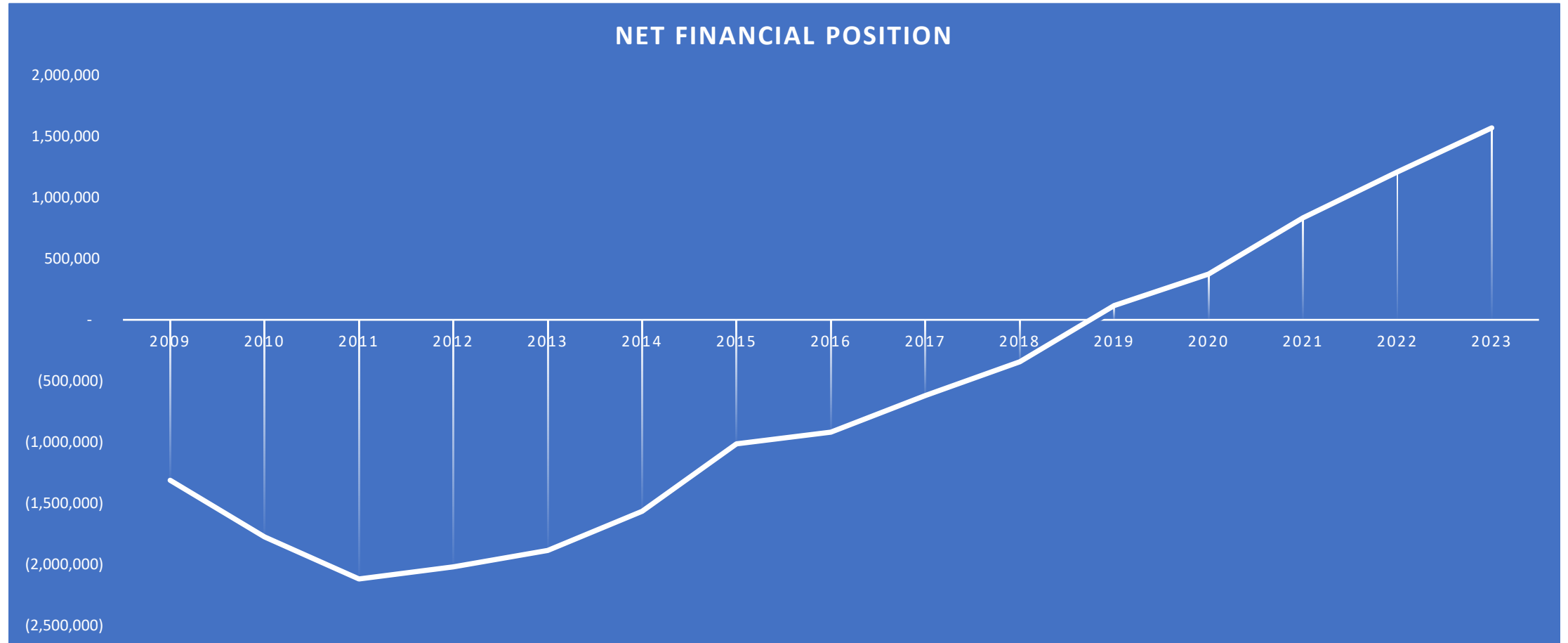
Sustainability Net Financial Position



Sustainability



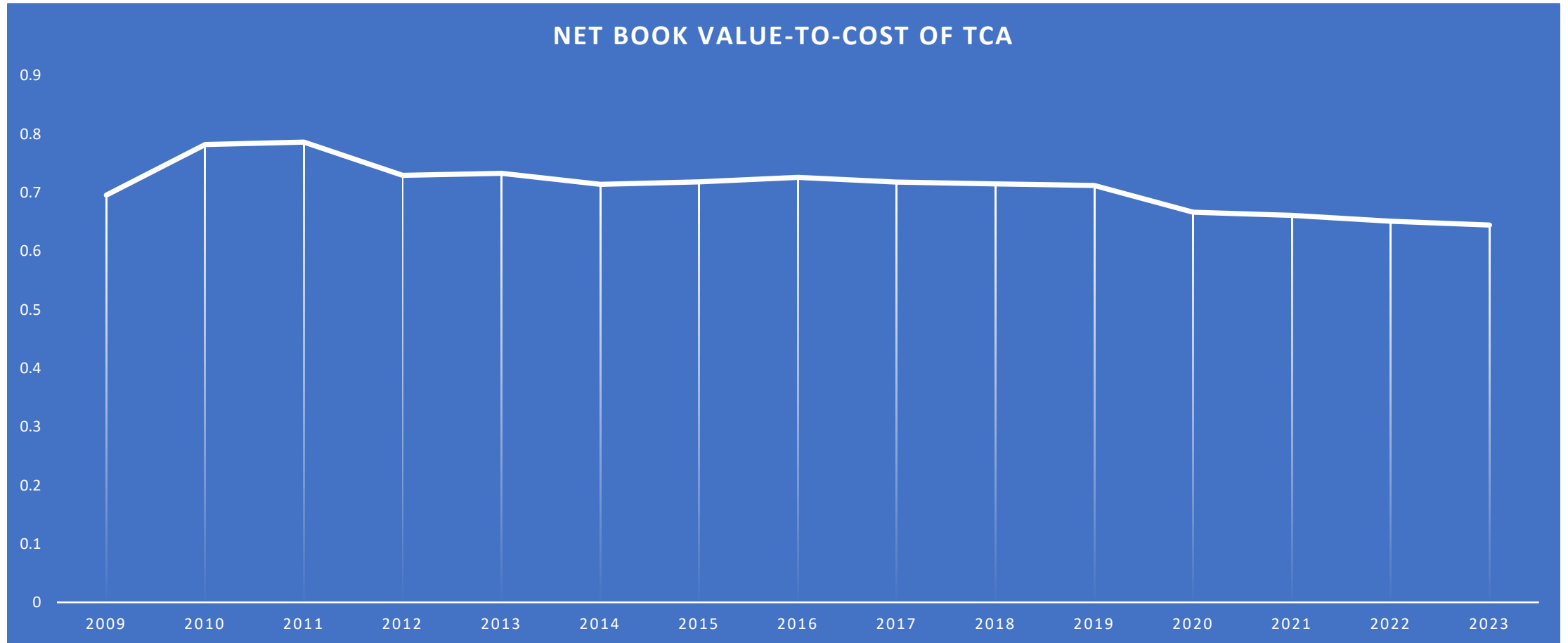
Net Financial Position without Enmax



Flexibility



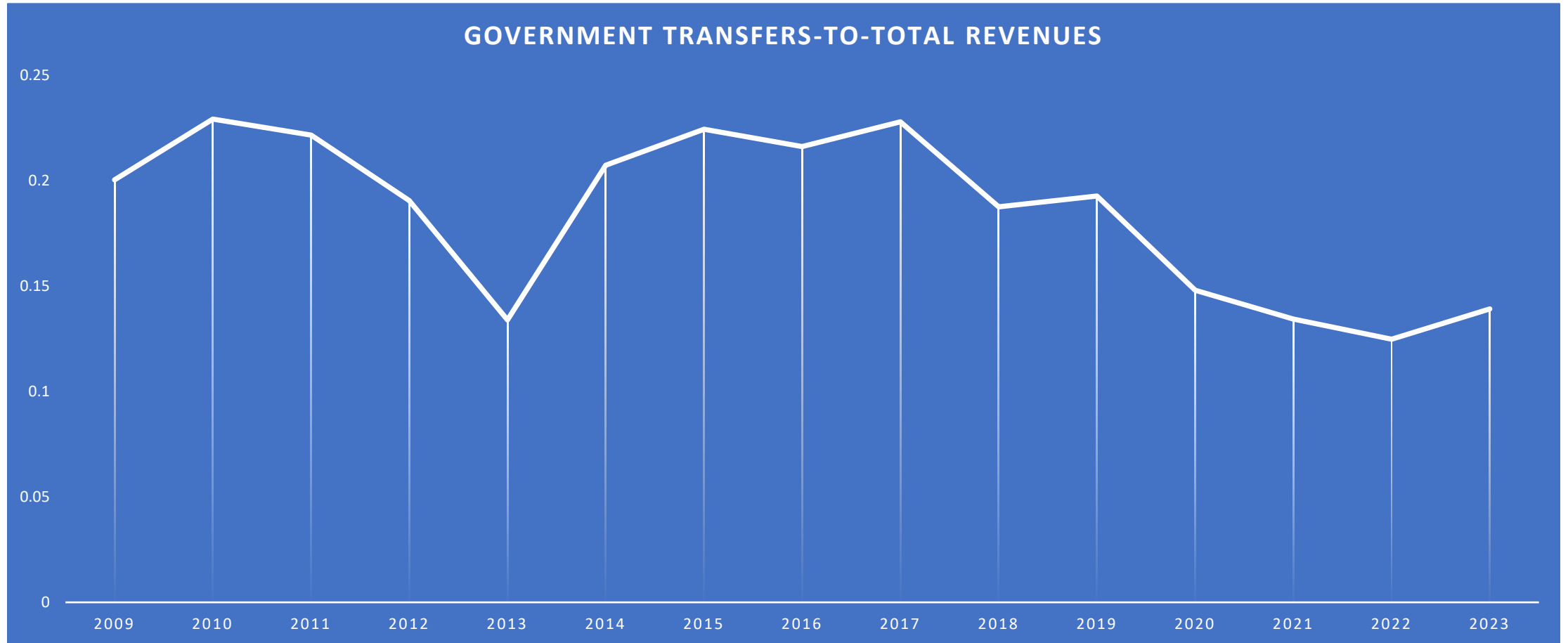
Net Book Value-to-Cost of Tangible Capital Assets



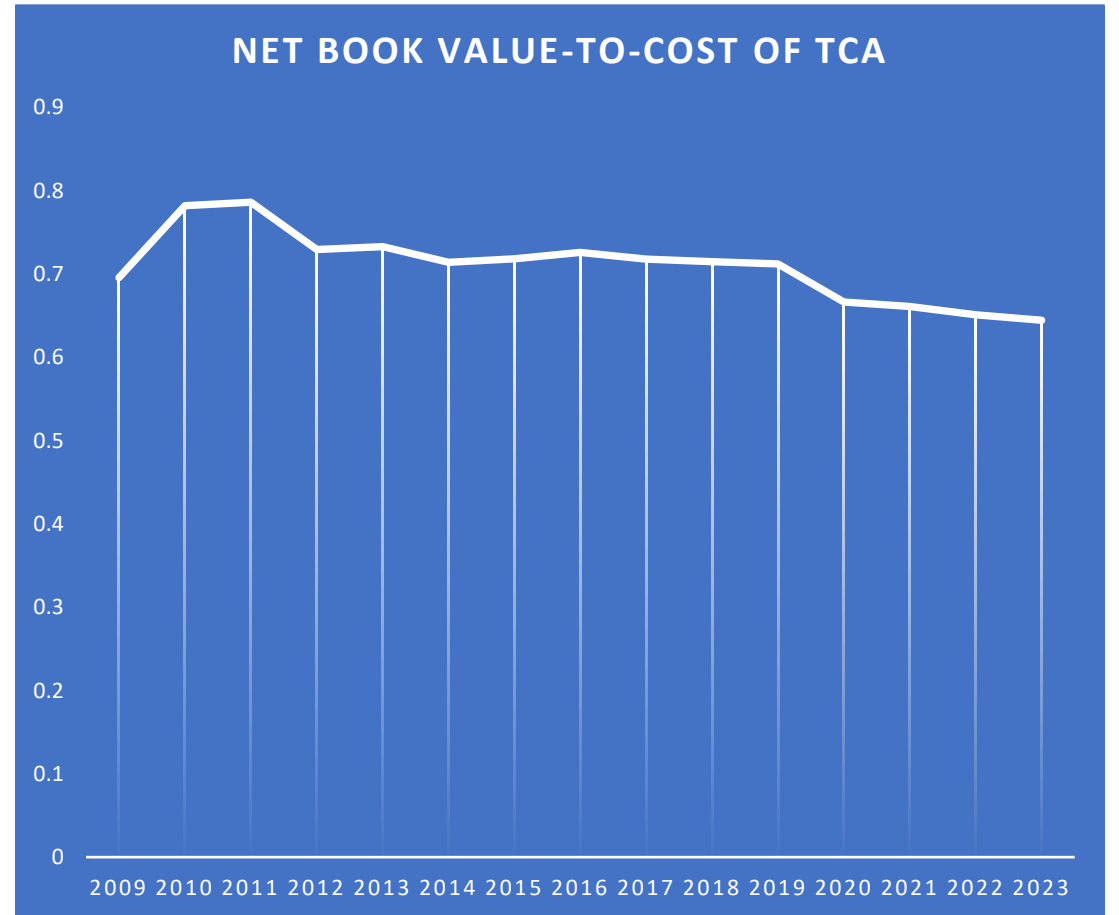
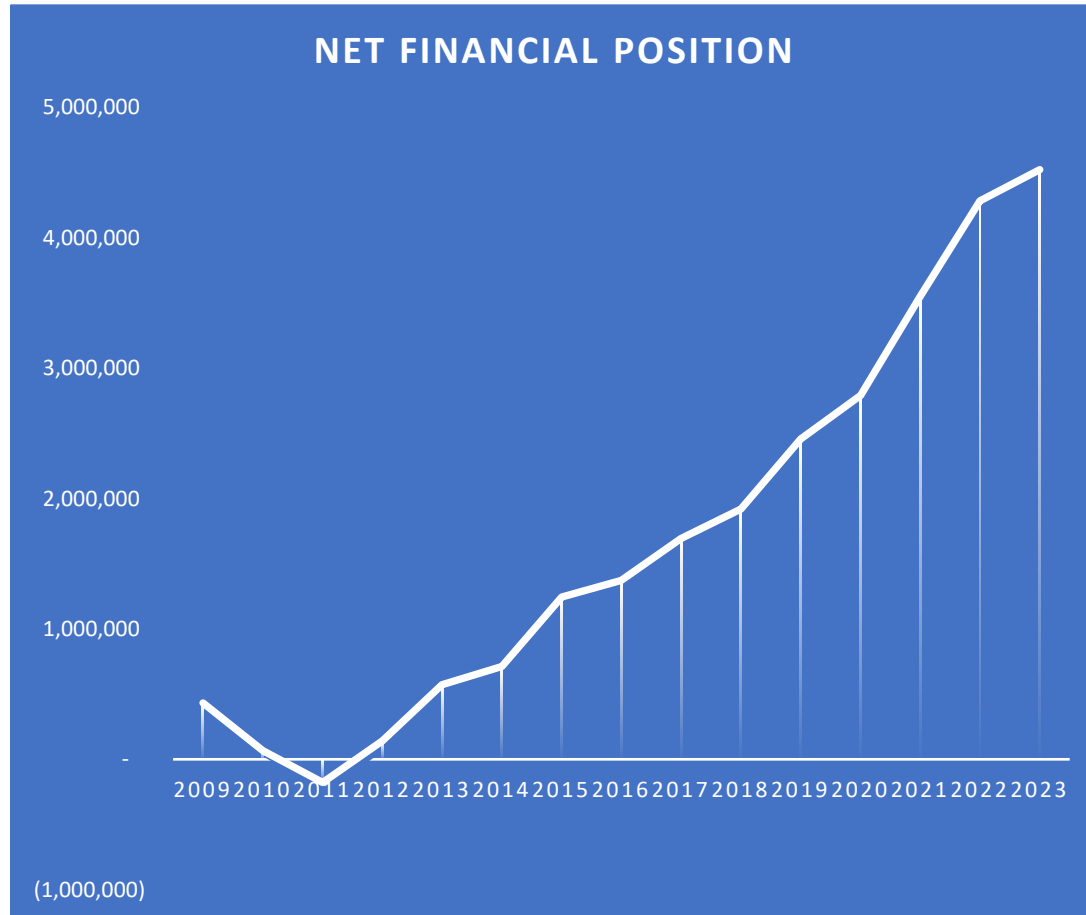
Vulnerability



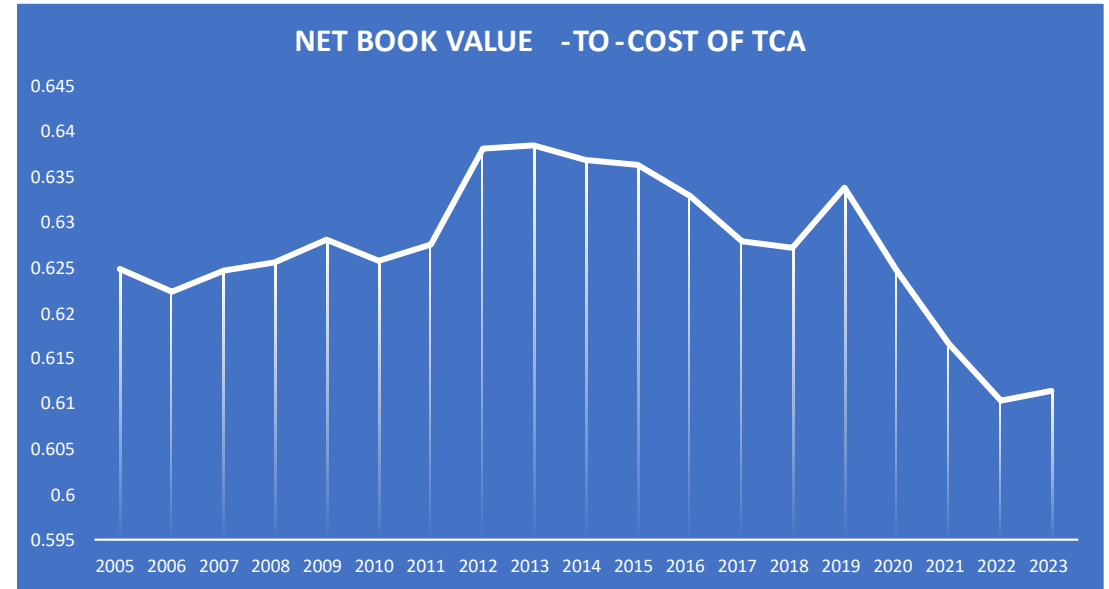
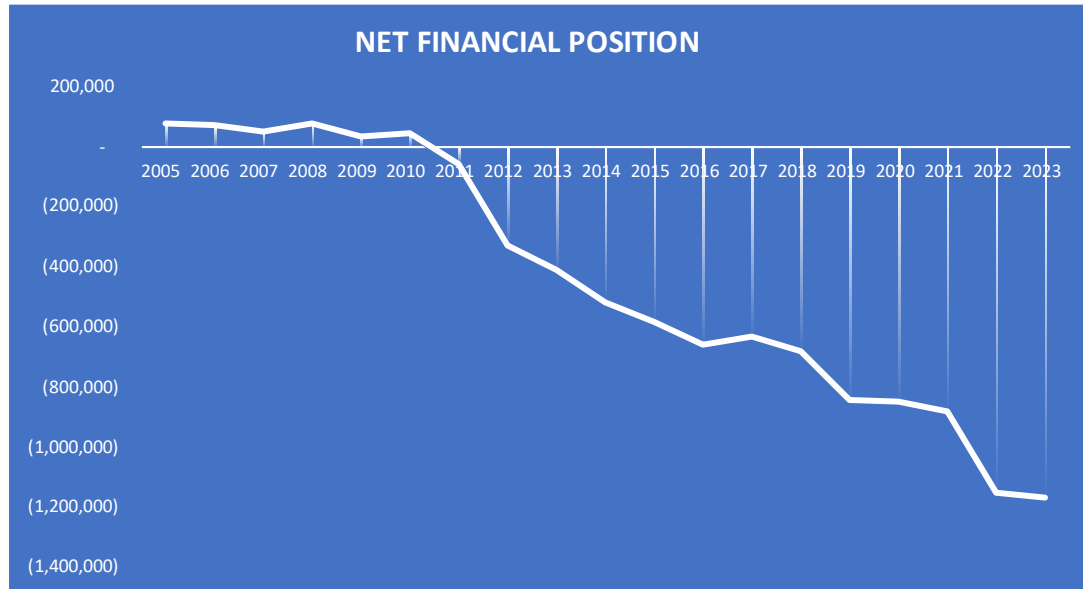
Government Transfers-to-Total Revenues



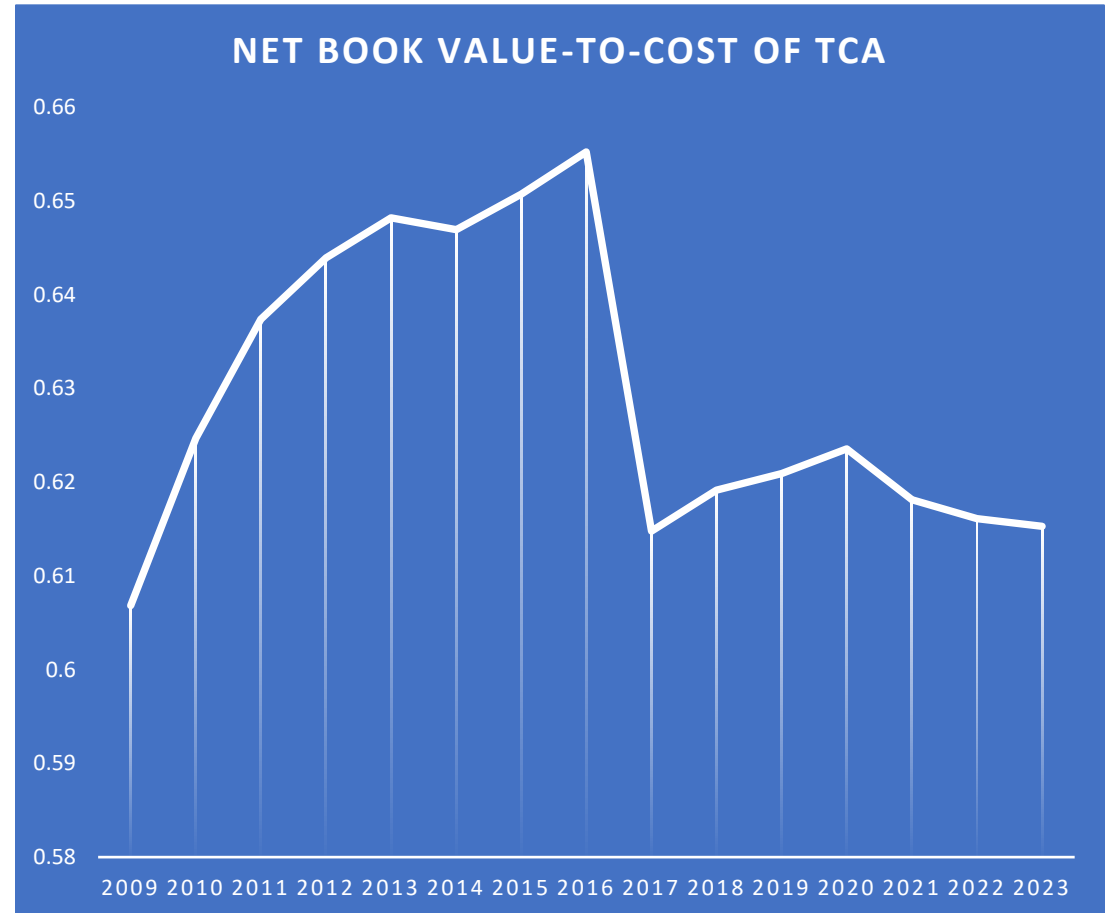
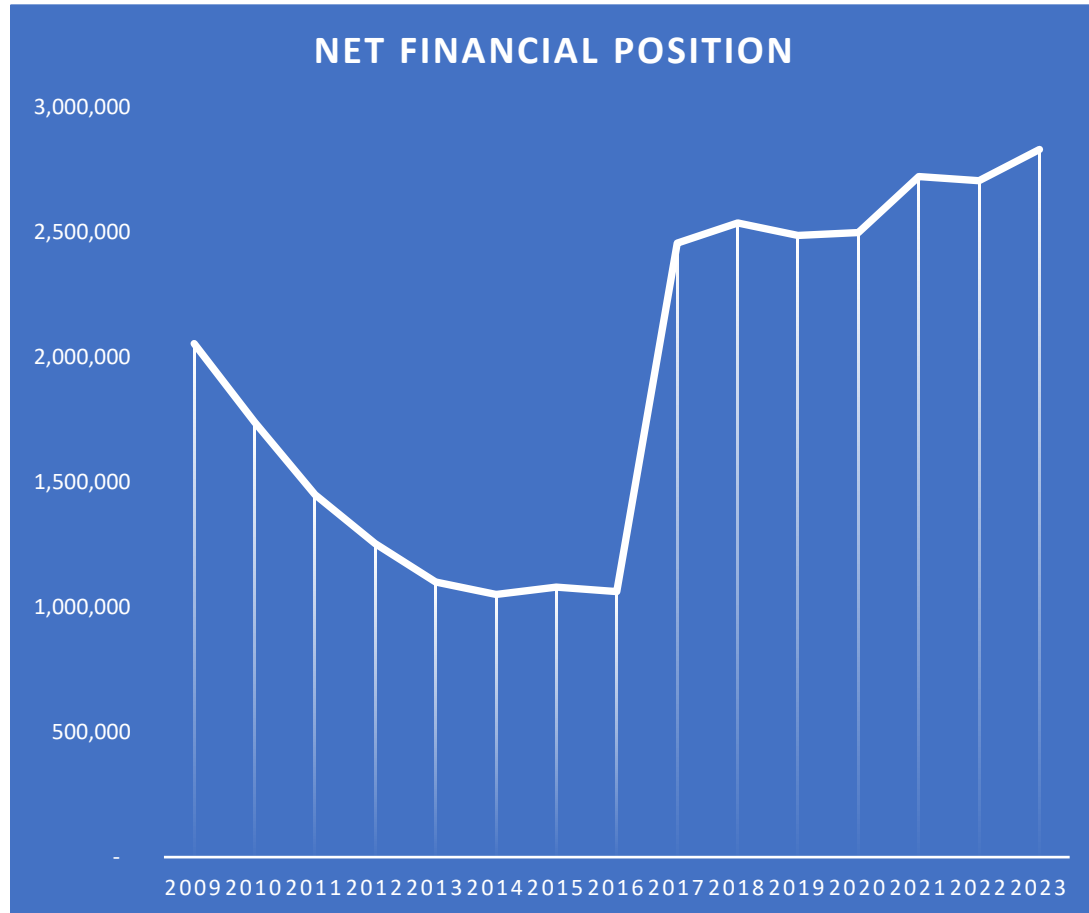
Calgary



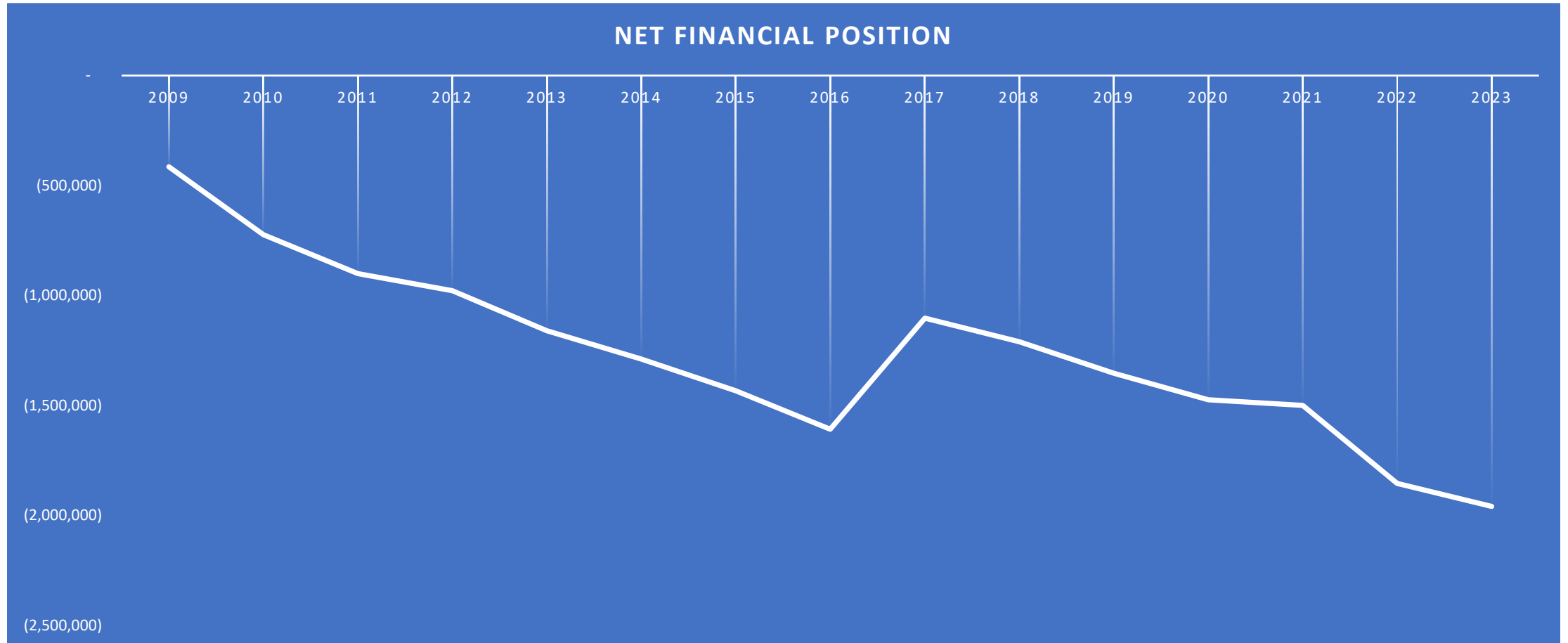
Winnipeg



Edmonton



Edmonton without Epcor



SORP-3: Assessment of Tangible Capital Assets

1, 7, 17, 41

SORP-3 Assessment of Tangible Capital Assets

This Statement of Recommended Practice (SORP) provides guidance to governments or government organizations that choose to prepare and present a report on the physical condition of their tangible capital assets, including leased tangible capital assets. The guidance provides a basis for exercising professional judgment as to the nature and extent of the information to be reported.

The report should provide an assessment of the physical condition of all of the government's tangible capital assets.

The report should provide the following information for each category of tangible capital assets:

- (a) the net carrying amount or cost;
- (b) the average physical condition rating;
- (c) the average age and useful life; and
- (d) its nature and extent.

NARRATIVE DISCLOSURE

The report should discuss:

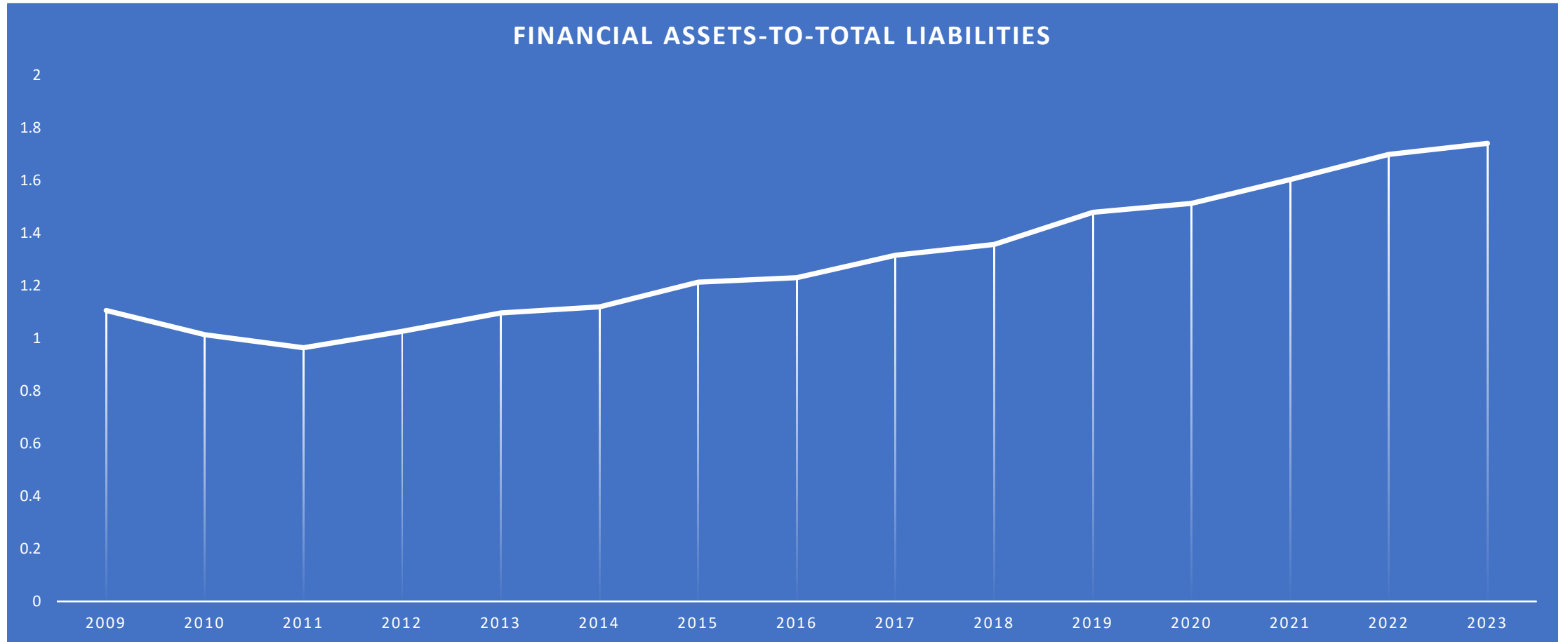
- (a) trends in changes in the physical condition;
- (b) any effects of known plans on the changing physical condition;
- (c) the basis of measurement, measurement scale and effects of changes; and
- (d) definitions underlying information reported.

1. Can Calgary afford these trends to continue forever?
2. Should Calgary use SORP-4: Indicators of Financial Condition?
3. Should Calgary use SORP-3: Assessment of Tangible Capital Assets?
4. Would Calgary benefit from a one-page summary of the finances for each service line in the Corporate Asset Management Plan with the following:
 - a. Undepreciated Book Value,
 - b. Accumulated Depreciation,
 - c. Replacement Cost,
 - d. Annual Operational Services, and
 - e. Maintenance (a subset of Operational Services?)?

Supplementary Slides

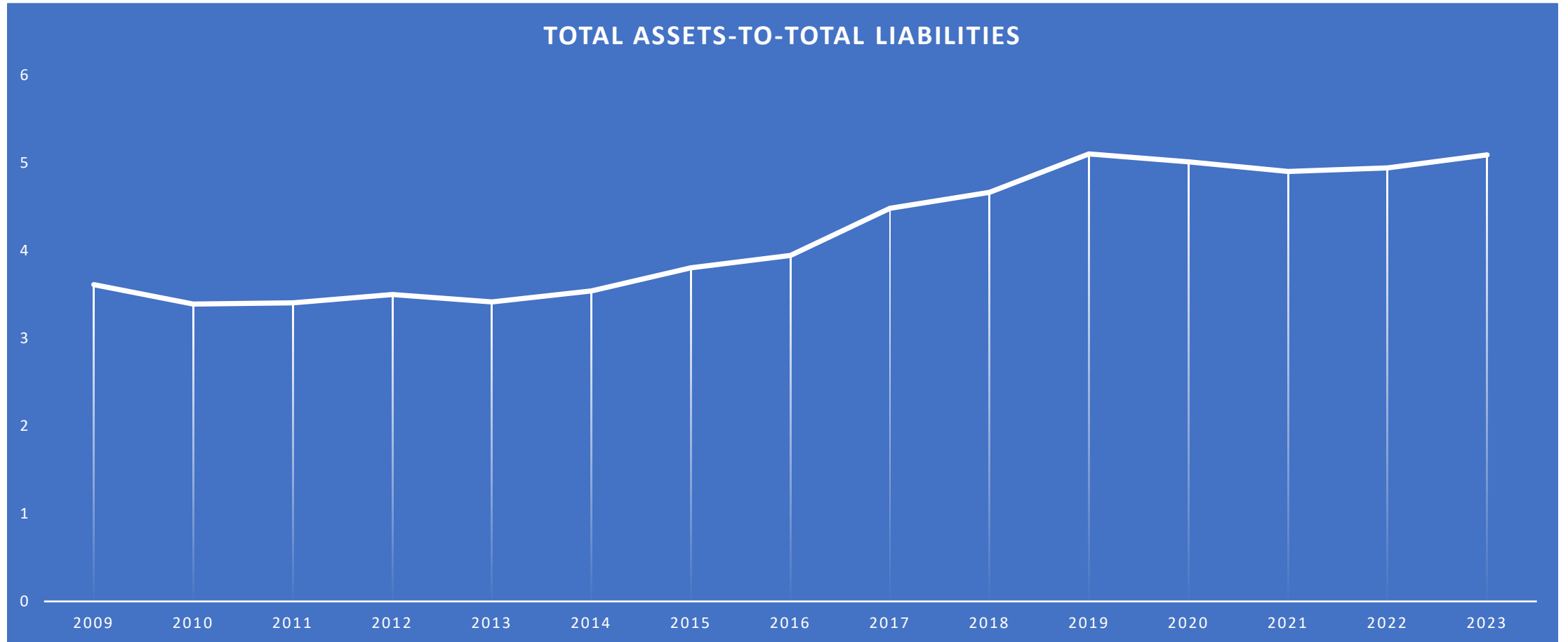
Sustainability

Financial Assets-to-Total Liabilities



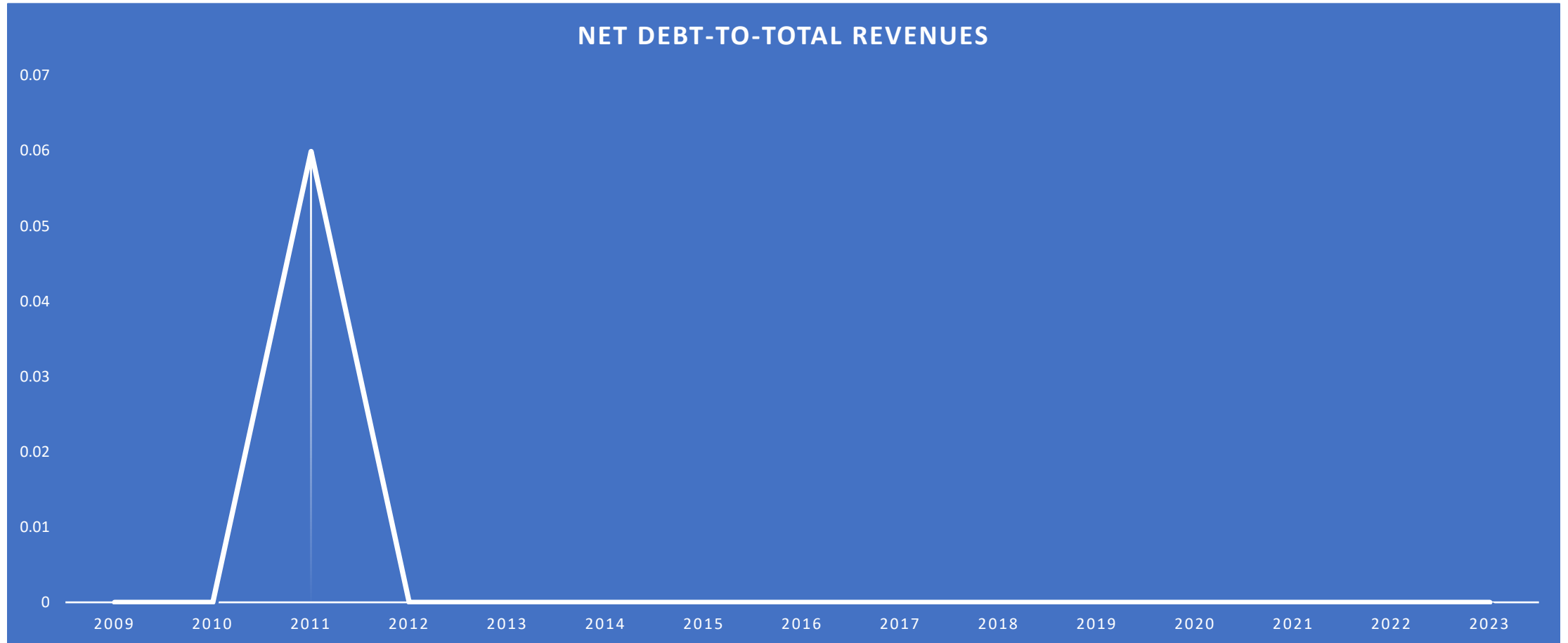
Sustainability

Total Assets-to-Total Liabilities



Sustainability

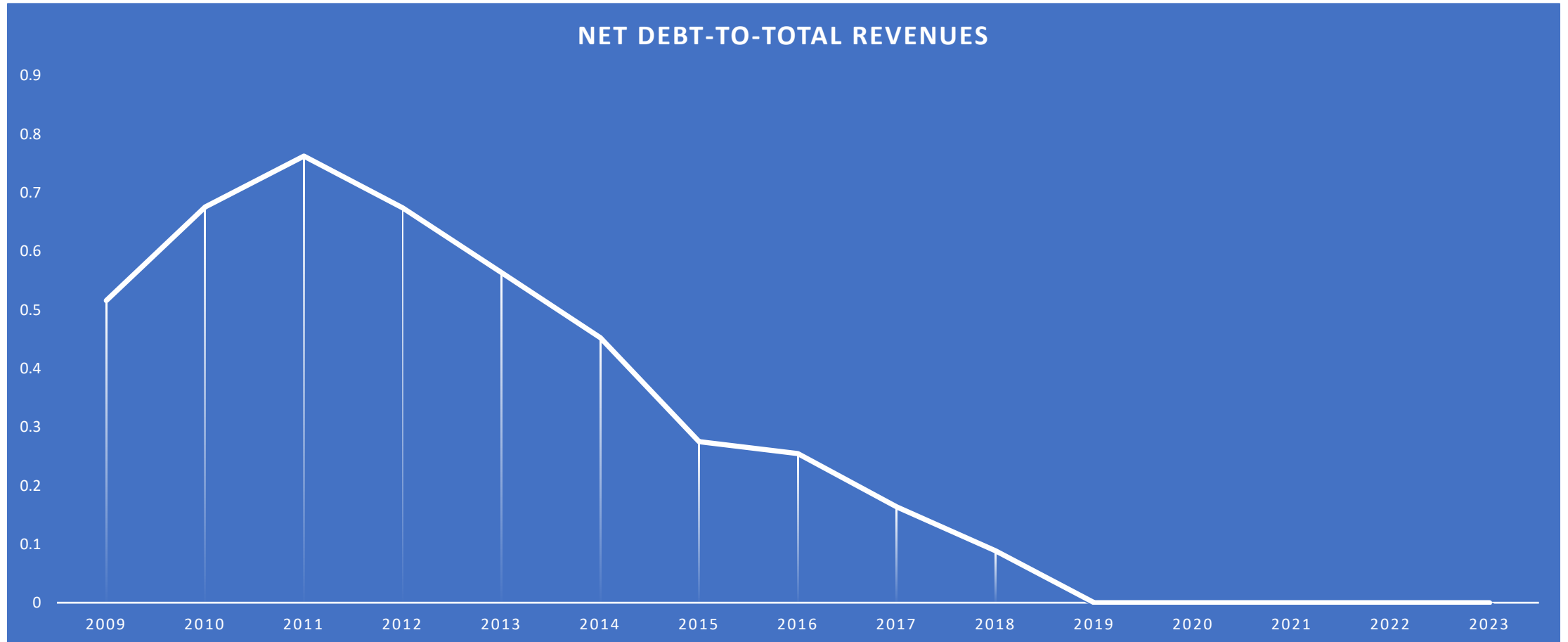
Net Debt-to-Total Revenues



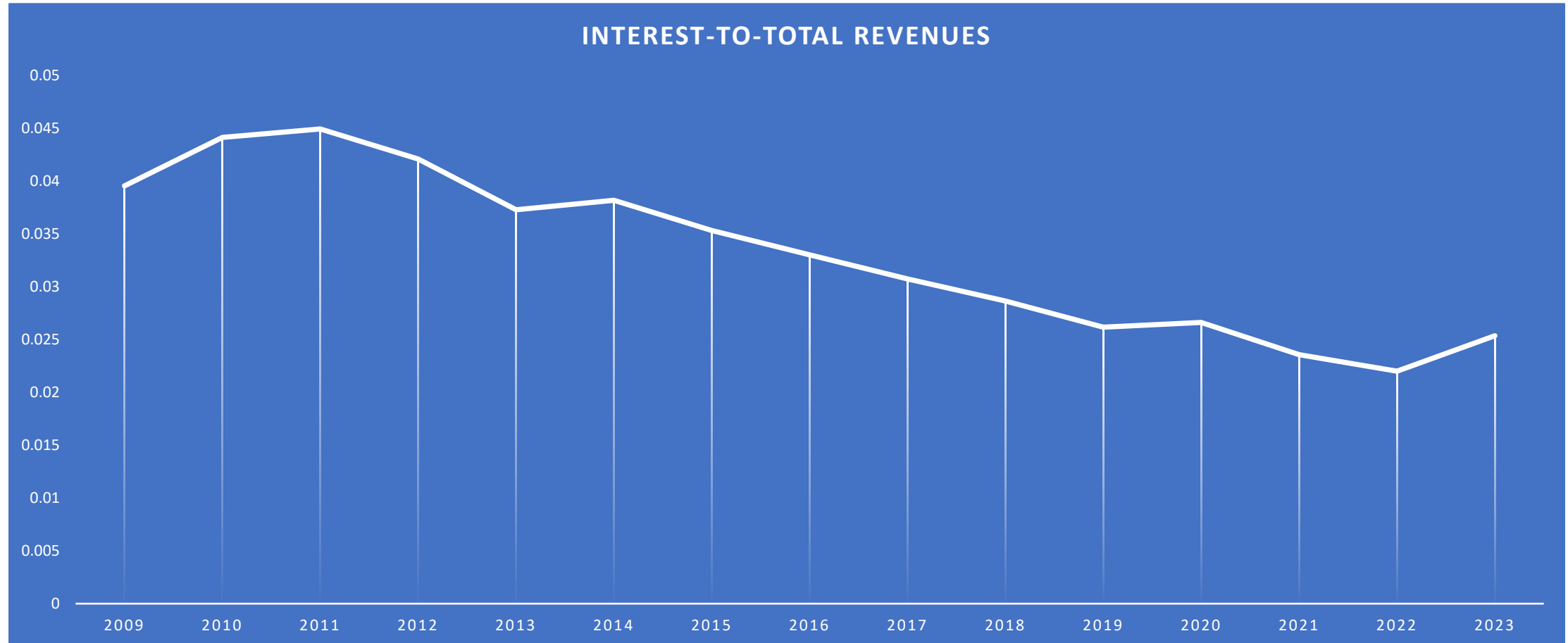
Sustainability



Net Debt-to-Total Revenues without Enmax



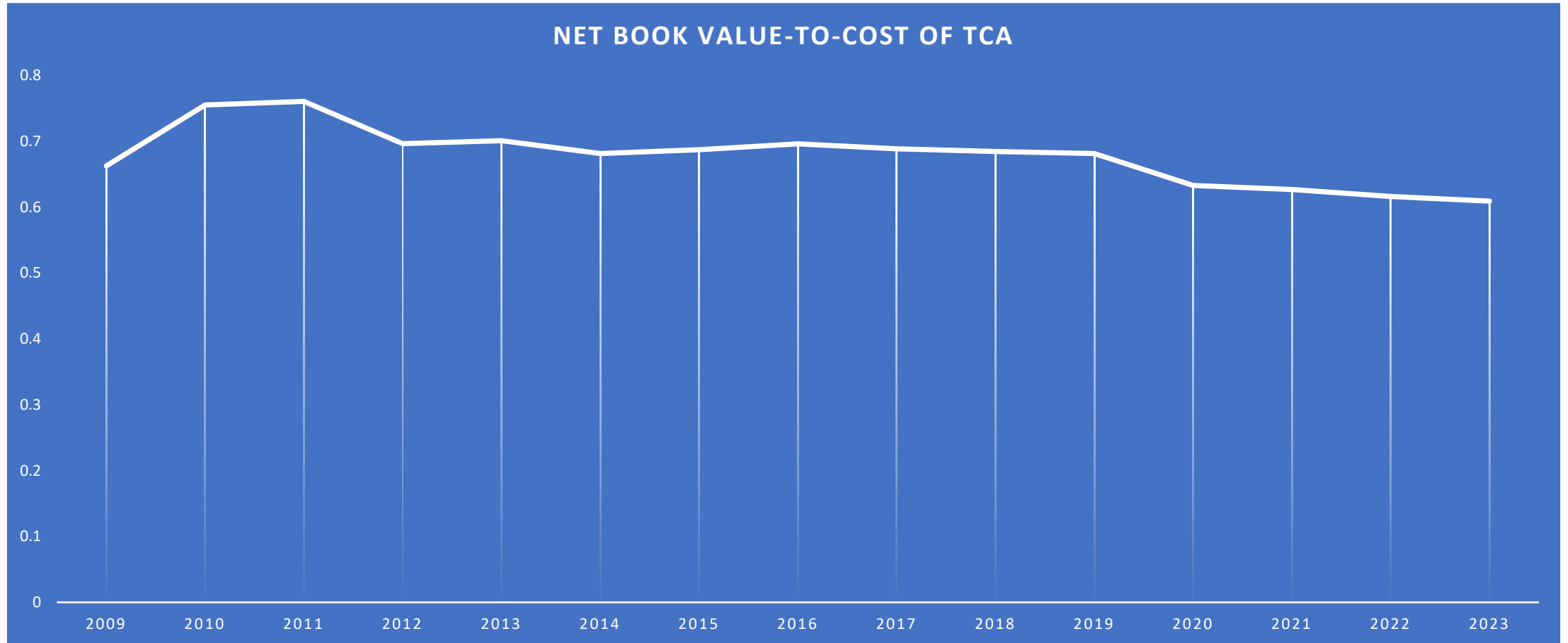
Flexibility Interest-to-Total Revenues



Flexibility



Net Book Value-to-Cost of Tangible Capital Assets without Land



To adequately replace infrastructure within their expected lives, Council needs to ask Administration for a strategic funding plan that projects both amounts to be set aside and amounts to be secured from external sources.

The forecast needs to be incremental to ongoing amounts normally budgeted for periodic maintenance.

The projection should be based on current replacement costs inflated at rates that are equal or greater than the rate of inflation for construction costs (not consumer price index) for those assets.