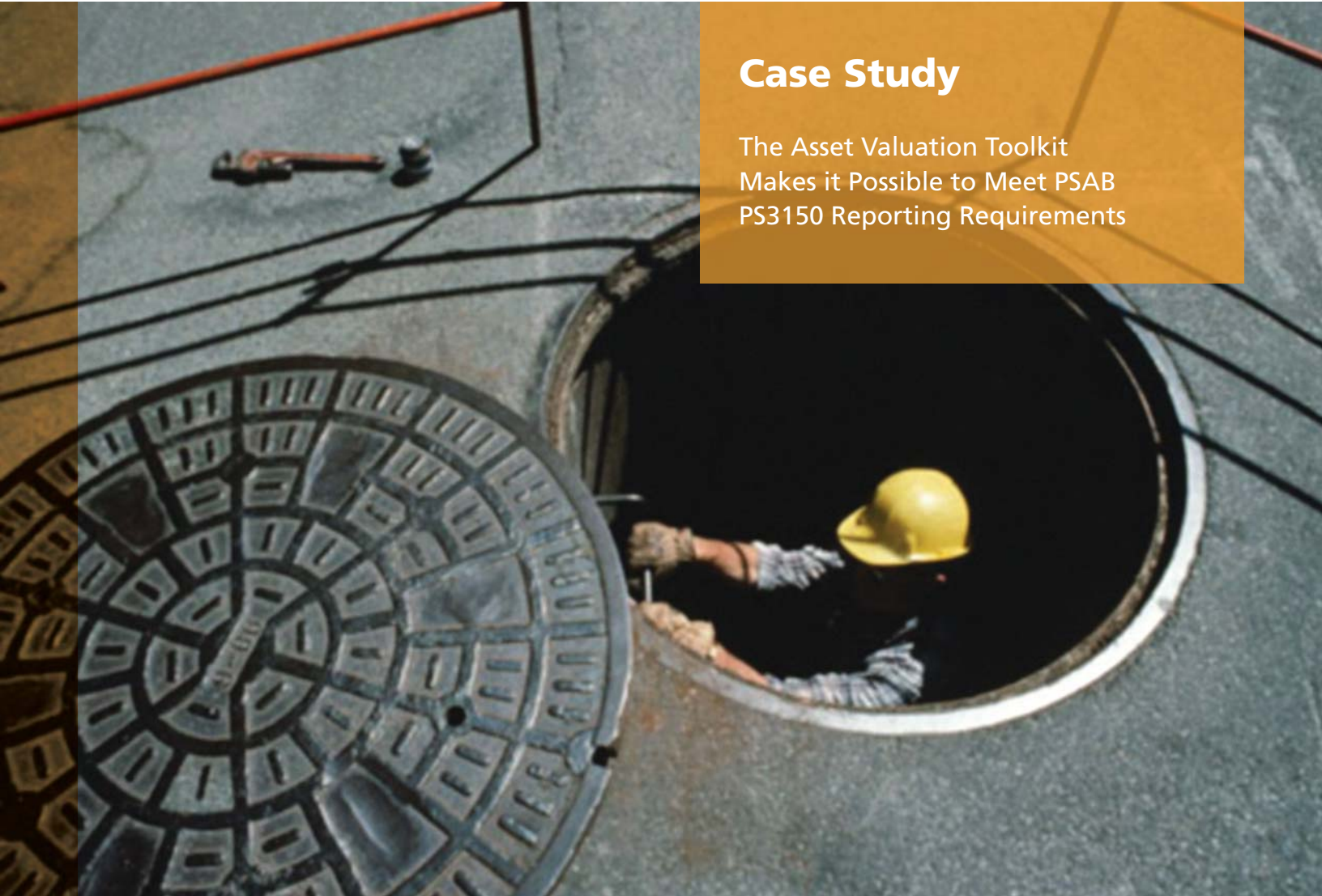




**ESRI Canada**

## Case Study

The Asset Valuation Toolkit  
Makes it Possible to Meet PSAB  
PS3150 Reporting Requirements



# GIS helps the City of Woodstock Comply with PS3150

Unlike other levels of government, municipalities are not permitted to run operating deficits. This has resulted in significant delays in capital infrastructure improvements. To aid decision making and improve resource allocation the Public Sector Accounting Board (PSAB) has established PS3150 reporting requirements for tangible capital assets. The City of Woodstock has taken a proactive approach and established an asset valuation framework that cuts costs, meets compliance requirements and streamlines the entire asset management cycle.



## Challenge

The government of Ontario now requires all municipalities to comply with rigorous reporting requirements for all Tangible Capital Assets (TCA). In fiscal year 2009, municipalities must transition from modified to full accrual accounting. This means that they are required to report tangible capital assets as assets (versus expenses) on their financial statements, reveal how much has been spent on each asset, and how much they have amortized (or decreased in value) since construction/acquisition.

The introduction of new TCA reporting requirements represent a significant departure from the way the City of Woodstock used to report on their capital assets. Historically, assets were expensed in the year that they were acquired. However, these new guidelines require that the cost to acquire a tangible capital asset be allocated over its useful life and that the City report the information on its balance sheet.

This prompted Woodstock to establish a GIS-based asset valuation framework so that they could leverage their current technology investments across the enterprise and use location as a common bridge between disparate datasets. To create the framework, though, they would need to confront several challenges:

- **interpreting new accounting rules**
- **conducting an inventory of existing assets to be capitalized**
- **determining historical costs**
- **calculating the depreciation of each asset from the time of acquisition/installation**



A snapshot of the City's assets through the Asset Valuation Toolkit. The Toolkit was leveraged to value the City's entire sewer network.



Engineering and accounting departments can now draw accurate data from the same centralized source

“The Asset Valuation Toolkit provides GIS-based technology that our Engineering Department can leverage to effectively and easily communicate asset information to Finance and achieve PS3150 compliance.”

**David Creery**  
Engineer  
City of Woodstock

## Solution

Woodstock initially hired an engineering firm to conduct a Roads Needs study that would provide a valuation of their road assets. To ensure data accuracy, the City then worked with ESRI Canada's consulting team to confirm the values revealed during the study. The consulting team applied **ESRI's Asset Valuation Toolkit (AVT) Solution** – a collection of GIS-based tools that help government collect, manage, maintain, amortize and report financial asset information – to confirm values, and came within 1% accuracy of the study findings.

City Managers immediately recognized that implementing the AVT could eliminate outsourcing costs and support a future asset management system. They expanded the scope of their initial Roads Needs study and reapplied the AVT to:

- **value the City's entire sewer network**
- **establish initial baseline values**
- **create a straight line amortization model based on asset installation date**
- **insert a construction cost index to calculate replacement costs where historic costs were not available**

The Toolkit's built-in accounting rules let the City examine attribute information such as acquisition cost, expected life and salvage values, and then calculate the depreciation of individual assets. Based on the robust functionality, in November 2008, City Managers unanimously agreed that ESRI Canada's AVT was the ideal solution to achieve PS3150 compliance.

## Benefits

Automated processes saved the City from painstakingly combing their archives to determine the original life span of each asset. The AVT has provided a mechanism for the centralization, collection and maintenance of infrastructure asset information that will let the City keep a record of historical data for future analysis. The solution has also created an important link between engineering and accounting departments that can now draw accurate data from the same centralized source.

To further enable PS3150 compliance, ESRI Canada recently added the ability to calculate deflated values for installation costs so that the City can easily calculate the current replacement cost of many different types of assets.

As Canadian municipalities face mounting responsibilities and reduced transfer payments from other levels of government, Woodstock's GIS-based asset valuation framework will enable the City to keep costs down by conducting amortizations internally. They will no longer need to rely on expensive consulting firms to value assets.

### Moving Forward

Woodstock will be leveraging their new framework to conduct a valuation of sidewalks and streetlights during the summer months.



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