

March 28, 2008

Circular to Municipal Councils and Town Clerks

Subject: Compliance with Public Sector Accounting Board (PSAB) Reporting

As you may be aware, all municipalities in Newfoundland and Labrador are required to submit financial statements prepared in accordance with PSAB GAAP (Generally Accepted Accounting Principles) commencing with the fiscal year ended December 31st, 2009. This reporting is also a requirement for Newfoundland and Labrador municipalities under the Provincial / Municipalities Gas Tax Agreement.

The Department of Municipal Affairs recommends that senior staff in your municipality responsible for preparing financial statements meet your auditors to discuss PSAB requirements and that you involve your auditors in the early development of your work plan and the development of accounting policies and procedures. In this regard, I have contacted all auditors advising them of the need for them to be fully versed of the PSAB standards and to be able to assist municipalities in their transition to PSAB reporting (see attached letter sent to auditors dated March 27, 2008).

The Department of Municipal Affairs is working with Newfoundland and Labrador Municipal Administrators (NLMA) members to develop reference materials to assist municipalities in implementing PSAB. A reference manual for Tangible Capital Assets (TCA) is near completion and will be circulated to all municipalities in the near future. Reference materials on accrual accounting and reporting issues will be provided in the early Fall.

The Department will be offering information sessions, in cooperation with the Municipal Training Development Corporation (MTDC). Information sessions on TCAs (identification, valuation and amortization of TCAs) are scheduled during May and June. Details on the sessions will be forthcoming within the coming weeks. Additional information sessions on accrual accounting, environmental liabilities and additional disclosure required by PSAB will be offered during September and October. We therefore encourage all municipalities to make every effort to attend these information sessions to facilitate a smooth transition to PSAB reporting.

If you have questions, please contact me or Sol Modesto, Director, Municipal Finance at 729-5381 or solmodesto@gov.nl.ca.

Respectfully yours,



LORI ANNE COMPANION
Assistant Deputy Minister