

# PSABulletin

Better information for decision-making and accountability

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See our website at [www.psab-ccsp.ca](http://www.psab-ccsp.ca) for exposure drafts, project updates, a list of our volunteers, publications and links to important government sites.

## PSAB'S MISSION

We serve the public interest by setting standards and providing guidance for financial and other performance information reported by the public sector. We do this by:

- establishing independent, conceptually based standards and other guidance through consultation, and communication; and
- contributing to the development of internationally accepted standards.

## MESSAGE FROM THE CHAIR



Welcome to the last edition of the PSABulletin for 2006. The 2006 year marks a significant accomplishment in improving financial reporting in the public sector. At the PSAB November meeting the Board approved revisions to Sections PS 1000, *Financial Statement Concepts*, PS 1100, *Financial Statement Objectives*, and PS 1200, *Financial Statement Presentation*. Revisions to Section PS 3150, *Tangible Capital Assets*, were previously approved in June 2006. As a result, for fiscal periods beginning on or after January 1, 2009, all governments (federal, provincial, territorial and local) will be applying a common reporting model. This represents a huge leap for

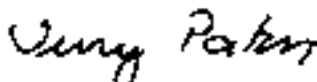
local governments and the benefits of applying a full-accrual reporting model will soon be realized. Information regarding non-financial assets will now be reported in the financial statements thus improving the stewardship and accountability for the government's use of these assets.

At the November 2006 PSAB meeting, issues related to the Government Transfers project were considered. A number of responses to the Exposure Draft (ED), "Government Transfers," were received and the Board considered whether the responses provided new and substantive arguments to support the proposals. Also, subsequent to the issuance of the ED, the International Public Sector Accounting Board (IPSASB) approved IPSAS 23, *Revenue from Non-Exchange Transactions*, as a final standard to address the recipient side of a transfer. Given the nature of comments received and the recent approval of the IPSASB standard, PSAB has asked the Task Force to examine some additional issues. One issue in particular being examined is the application of the liability definition to a government transfer. The Board expects to consider a new document in March 2007.

In addition, PSAB finalized a new strategic plan for review by the Accounting Standards Oversight Council that sets out PSAB's vision and goal, and immediate, intermediate and long term outcomes, as well as its strategies to achieve those outcomes.

As always, thank you to our constituents for their continued support. On behalf of PSAB and its staff, I would like to wish you all a prosperous new year.

Yours faithfully,



Terry Paton  
PSAB Chair

## PSAB PROJECTS – STATUS

The following is a brief update on the status of some PSAB projects. The updates below are limited to those projects where the Board has reached a voting milestone, such as approving exposure material. For information on all PSAB projects, go to [www.psab-ccsp.ca](http://www.psab-ccsp.ca), “Public Sector Accounting” in the left-hand menu and click “Projects”. For a summary of key dates and documents related to all projects, please refer to the “Project Schedule”.

### Government Reporting Model

PSAB approved revisions to Sections PS 1000, *Financial Statement Concepts*, PS 1100, *Financial Statement Objectives*, and PS 1200, *Financial Statement Presentation*. The revisions focus primarily on local governments applying the same reporting model currently adopted by senior governments for fiscal years beginning on or after January 1, 2009. Beginning on or after January 1, 2009, all governments in Canada will be reporting on a full-accrual basis of accounting. The reporting model provides a robust and comprehensive look at a government’s financial position and results – reporting net debt, the change in net debt, annual costs and information about non-financial assets.

As mentioned in the October Bulletin, an Implementation Guide, “Accounting for Capital Assets by Local Governments,” is being prepared. This guide will provide a framework for reporting tangible capital assets. It cannot provide definitive guidance

related to various policies, as each local government will have to address its own unique circumstances in light of the extent of information currently available, the nature of its operations and its size. Publication is expected in early 2007.

### Assessment of Tangible Capital Assets (formerly Infrastructure Deficit)

At the June meeting, PSAB approved a project proposal for Infrastructure Deficit. The task force was recruited and held its first meeting in October. After initial task force deliberations it was decided that the starting point for understanding the infrastructure deficit would be to develop recommended practices for providing useful information about the condition of the existing stock of tangible capital assets. At the November meeting, PSAB agreed on the objectives and scope of the project. Consequently, the title of the project has been changed to reflect the scope of the project. The objective of the project is to develop a Statement of Recommended Practice that will assist governments in reporting information about major assets that is useful in evaluating the government’s financial condition and performance, improve comparability and reliability of information about major assets within and across governments and establish measurement and presentation recommendations for providing supplementary information about major assets. A Statement of Principles is expected to be presented to PSAB at its March 2007 meeting.

## PROJECT SCHEDULE

	Board Approval Dates				STAFF CONTACT
	2006	2007			
	November	March	June	September	
<b>Projects</b>					
Financial Instruments		SOP #2			Bob Correll
Government Transfers	D	ED			Martha Jones Denning
Performance Reporting					Ed Archer
Indicators of Financial Condition	PP		SOP		Ed Archer
Tax Revenue (formerly Revenue)	D		ED		Martha Jones Denning
Local Governments – Tangible Capital Assets*					Tim Beauchamp
Local Governments – Reporting Model*	FS				Tim Beauchamp
Accounting for Trusts			ED		Sandra Waterson
Foreign Currency Translation	D	ED			Sandra Waterson
Assessment of Tangible Capital Assets	D	SOP		ED	Terry Corrigan
Environmental Liabilities			D		Terry Corrigan
Introduction to the PSA Handbook				SOP	Martha Jones Denning
<b>Other</b>					
PSAB Plan	D				Tim Beauchamp
International Projects and Liaison			<b>ongoing</b>		Ron Salole
Local Government Initiatives/Courses			<b>ongoing</b>		Tim Beauchamp
Provincial Institutes of CAs, Ordre Updates			<b>ongoing</b>		All staff

D = Board Discussion PP = Project Proposal I = Intitation to Comment SOP = Statement of Principles ED = Exposure Draft FS = Final Handbook Section FG = Final Guideline FSP = Final Statement of Recommended Practice \* = combined as project “Reporting Model and Tangible Capital Assets” (formerly Tangible Capital Assets (Local Government))

## NEW STANDARDS AND THEIR EFFECTIVE DATES

In addition to specific information on specific project pages, PSAB provides summary information on the effective dates of new standards at [www.psab-ccsp.ca/effectivedates](http://www.psab-ccsp.ca/effectivedates).

## Feedback

The *PSABulletin* is a periodic newsletter published by the Public Sector Accounting Board staff.

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## THANK YOU LOCAL GOVERNMENT REPORTING MODEL TASK FORCE

PSAB would like to thank the following volunteers and their employers, for their time and expertise. Their involvement has helped raise the standards of Canadian public sector accountability and maintain Canada's reputation as a world leader in public sector reporting.

### Local Government Reporting Model Task Force

- Nigel Bellchamber (Chair)  
N.G. Bellchamber & Associates  
London
- David Cluff, CA  
Infrastructure Canada  
Ottawa
- Peter Derochie  
Simcoe Muskoka Catholic District School Board  
Barrie
- Del Dyck, CMA  
City of St. Albert  
St. Albert
- Archie Johnston, CA  
KPMG LLP  
New Westminster
- Vivian Lund, CA  
City of Regina  
Regina
- Dan Rae, CGA  
Local Government Finance and Community Service Delivery/Local Government  
Fredericton
- Michael Ruta, FCA  
The City of Winnipeg  
Winnipeg
- Larry Ryan, CA  
Regional Municipality of Waterloo  
Kitchener

## Bulletin Board

### CICA Public Sector Accounting Board

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#### Approved

- Section
  - Revisions to Sections:
    - PS 1000, *Financial Statement Concepts*
    - PS 1100, *Financial Statement Objectives*
    - PS 1200, *Financial Statement Presentation*

See [www.psab-ccsp.ca](http://www.psab-ccsp.ca) for details

## KEEP UP WITH ACCOUNTING DEVELOPMENTS THAT IMPACT YOU

Get a "what's new" e-mail telling you of updates to areas of the CICA website (including public sector accounting) that you choose. Go to [www.cica.ca](http://www.cica.ca) and in the left-hand menu choose "Stay Informed!".