

**public sector accounting handbook
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Revenue, Section PS 3400

This new Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The main features of the new Section are:

- Performance obligations are enforceable promises to provide specific goods or services to a specific payor.
- Revenue from transactions with performance obligations should be recognized when (or as) the public sector entity satisfies a performance obligation by providing the promised goods or services to a payor.
- Revenue from transactions with no performance obligations should be recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

As a consequence of the issuance of Section PS 3400, editorial changes have been made to other standards.

Archived Pronouncements

To give Handbook readers continued access to paragraphs in other Sections, the Archived Pronouncements set out the wording of those paragraphs in other Sections.

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