

**public sector accounting handbook
highlight summary no. 23
February 2007**

HIGHLIGHT SUMMARY

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

This Handbook revision requires the adoption of the full accrual basis of accounting for local governments. Sections PS 1700 and PS 1800 required a modified accrual basis of accounting, and as such, these Sections are withdrawn.

Further editorial changes will be made throughout the Handbook in a subsequent Handbook Revision Release.

Financial statement concepts, Section PS 1000

This Section outlines the conceptual framework for accounting by governments and other public sector entities applying the CICA Public Sector Accounting Handbook.

This Section also:

- provides a definition of "revenue";
- defines the users of public sector financial statements and provides the qualitative characteristics that financial statements should have;
- defines assets, liabilities, revenues and expenses from an economic resources perspective; and
- provides recognition and measurement guidance.

Financial statement objectives, Section PS 1100

This Section sets out the objectives related to the scope of government financial statements, reporting financial position, annual results, changes in net debt and cash flows, and objectives related to legislative control and financial accountability.

This Section also identifies the unique characteristics of governments and the related reporting implications.

Financial statement presentation, Section PS 1200

This Section establishes standards for recognition, presentation and disclosure in government financial statements. The main features of the Section are as follows:

- Governments are required to present a statement of financial position, statement of operations, statement of changes in net debt and a statement of cash flows.
- Financial statements should present net debt and accumulated surplus / deficit on the statement of financial position, annual surplus / deficit, the change in net debt and changes in cash flows.
- Current year budget and actual figures are to be presented on both the statement of operations and the statement of changes in net debt.
- Funds and reserves are to be reported in the notes or schedules when the government chooses to report on them.

This Section applies to local governments for fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

GUIDELINES

Amended

- Leased tangible capital assets (PSG-2)
- Funds and reserves (PSG-4)
- Sale-leaseback transactions (PSG-5)
- Including results of organizations and partnerships applying fair value measurement (PSG-6)

Withdrawn

- Sale-leaseback transactions (PSG-3)
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