

## statement of recommended practice

### SORP-1

## financial statement discussion & analysis

This Statement is to be read in conjunction with the Introduction to Statements of Recommended Practice.

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### Appendix A - FSD&A reporting framework

#### PURPOSE AND SCOPE

- 1 This Statement of Recommended Practice (SORP) provides guidance for reporting financial statement discussion and analysis (FSD&A).
- 2 This SORP is intended to apply to governments.
- 3 "**Report**" refers to the annual summary report published by a government on its financial condition as at the financial statement date and its performance during the reporting period.
- 4 This SORP is intended to provide a general framework for the development of FSD&A information. It is not prescriptive, but offers general guidance to encourage governments to effectively report only the most relevant information and to avoid a boilerplate presentation. The guidance provides a basis for exercising professional judgment as to the nature and extent of the information to be disclosed.
- 5 This SORP recommends that a government prepare and acknowledge its responsibility for FSD&A information. It also provides guidance on the type of information to be provided. Although not part of the financial statements, FSD&A is information that would accompany the financial statements.
- 6 The main objective of FSD&A is to clearly explain and highlight information underlying the statements of financial position and changes in financial position as presented. FSD&A information also includes narrative explanations and graphical illustrations highlighting the key relationships that exist among the quantitative representations set out in the financial statements, as well as explanations and illustrations of variances and trends.
- 7 FSD&A information needs to:

- (a) enhance the users' understanding of the government's financial position and results of operations, enabling them to make more informed decisions and judgments; and
- (b) enable the government to demonstrate its accountability for the resources entrusted to it.

#### **A GOVERNMENT REPORT**

- 8 **A government's report should include financial statements and financial statement discussion and analysis.**
- 9 Financial statements provide information measured in terms of money. The information needed to aid understanding and assessment of government financial position and changes in financial position, however, extends beyond reporting amounts such as accumulated surplus and total expenditures. Although financial statements provide decision-useful information, on their own, they do not highlight information about the key relationships that exist among the various pieces of that information, explain why something did or did not happen, or what may happen in the future as a result of long-term trends.
- 10 The purpose of FSD&A is to expand on and explain information contained in financial statements, making them more useful by extending the understanding of the information they report beyond those who possess technical expertise. The provision of FSD&A will also assist those with technical capability by enhancing their understanding of financial position and changes in financial position.
- 11 The narrative format of FSD&A complements and supplements the government's financial statements, allowing the government to express qualitative information given its detailed knowledge of the transactions, events and conditions underlying the reported financial position and changes in financial position. For users to gain a better understanding of a government's financial position and changes in financial position, other information beyond that contained in the current financial statements is required.

#### **REFERENCE TO THE FINANCIAL STATEMENTS**

- 12 **Financial statement discussion and analysis should be clearly referenced to the related financial statements.**
- 13 Given that the FSD&A is based on the underlying financial statements, and that it supplements and complements them, reference to the related statements should be clearly made in the FSD&A.

#### **GOVERNMENT RESPONSIBILITY**

- 14 **Financial statement discussion and analysis should include a statement acknowledging the government's responsibility for its preparation.**
- 15 Responsibility for the preparation of the FSD&A rests with the government, and this should be clearly communicated to the users. To promote transparency and accountability, the FSD&A would include an acknowledgment of the government's responsibility for its preparation, to ensure that users are aware of who is responsible and that the government has approved the document.

#### **QUALITATIVE CHARACTERISTICS 1**

- 16 **Financial statement discussion and analysis should communicate information embodying the basic characteristics of understandability, relevance, reliability, and comparability.**
- 17 One of the underlying basic principles of communicating any information is that the information must be useful to the users. This principle applies to FSD&A information. The intent is to enhance users' understanding of a government's financial position, thus enabling them to make better, more informed assessments regarding changes in financial position and for assessing accountability. To be useful, the information should be based on these basic characteristics.
- 18 These characteristics are essential to the communication and utility of information contained in a government's annual report. While these characteristics are usually discussed in terms of financial statements, they are, with some elaboration, essential for the communication of FSD&A information.

##### **Understandability**

- 19 For information to be useful, it must be capable of being understood by users. Excessive detail, vague or overly technical descriptions, and complex presentation formats, result in confusion and misinterpretation. Users need information presented clearly and simply. Users are assumed to have a reasonable understanding of economic activities and financial reporting, together with a willingness to study the information with reasonable diligence.
- 20 Narrative explanations that are too detailed or technical, or that use jargon, make it difficult for users to understand and assess the financial position and changes in financial position of a government. Information would be presented in simple, plain language that focuses on critical facts and matters to enable users to draw a reasonable conclusion.

##### **Relevance**

- 21 Information is relevant by its nature when it can influence the decisions of users and assist them in assessing accountability. For the information to be relevant, it must be of a nature, and presented in such a manner, that helps users make decisions and assess the accountability of the government for its administration of public resources and financial affairs. Relevant information helps users evaluate the financial impact of past, present or future transactions and events, or confirm or correct previous evaluations. It addresses only the significant matters that will likely affect the judgments and decisions of users.

- 22 For information to be relevant for decision making and assessing accountability, it must be timely. It must be provided before it loses its capacity to assist in making decisions. It should be provided such that users can assess the information in the context of other current information. The usefulness of information for decision making and assessing accountability declines as time elapses. Reports issued long after the financial statement date are of historical interest only.

#### **Reliability**

- 23 Information is reliable when it is capable of independent verification, fair and reasonably free from error and bias, and in agreement with the actual underlying transactions and events. Reliability is achieved through representational faithfulness, verifiability and neutrality.
- 24 Representational faithfulness and validity are achieved when the information presented in the report is in agreement with the information in the financial statements and from other sources. The information would be presented in a manner that conveys its substance. The determination of substance is a matter of professional judgment in the circumstances.
- 25 The information is verifiable if knowledgeable and independent observers would concur that it is in agreement with the underlying information in the financial statements with a reasonable degree of precision.
- 26 Information is neutral, balanced and fair when it is free from bias that may lead users toward making decisions that are influenced by the way the information is measured or presented. Bias may occur when the selection of information to be presented is made with the interests of particular users or with particular economic or political objectives in mind. Information that does not include everything necessary for a neutral and fair representation would be incomplete and, therefore, potentially biased.

#### **Comparability**

- 27 Comparability is a characteristic of the relationship between two pieces of information rather than of a particular piece of information by itself. It enables users to identify similarities in and differences between the information provided. Comparability is important, for instance, when comparing the information of two different entities and when comparing the information of the same entity over two periods or at two different points in time.
- 28 Comparability is enhanced when the same policies and practices are used consistently from period to period. Consistency helps prevent misconceptions that might result from the application of different policies or ratio calculations in different periods. Formulae for calculating ratios would be clearly defined and consistently applied. When a change is deemed appropriate, disclosure of the effects of the change may be necessary to maintain comparability.

#### **Qualitative characteristics trade-off**

- 29 In practice, a trade-off between qualitative characteristics is often necessary, particularly between relevance and reliability. For example, there is often a trade-off between the timeliness of producing financial reports and the reliability of the information presented in the report. Generally, the aim is to achieve an appropriate balance among the basic characteristics to meet the objective of providing the information. The relative importance of the characteristics in different cases is a matter of professional judgment.

#### **PRESENTATION**

- 30 **Financial statement discussion and analysis should include:**
- (a) **a highlights section that provides a brief, concise summary of the significant events affecting the financial statements; and**
  - (b) **an analysis section that:**
    - (i) **includes information on known significant risks and uncertainties inherent in the government's financial position and changes in financial position, and briefly outlines the strategies, policies and techniques adopted to manage those risks and uncertainties;**
    - (ii) **identifies and explains:**
      - **significant variances between current year actual results and budget;**
      - **significant variances between current year actual results and prior year actual results;**
      - and**
      - **changes that have occurred but are not readily apparent from the quantitative analysis;**
      - and**
    - (iii) **includes an analysis of significant trends related to financial assets, liabilities, net debt, tangible capital assets, net assets, revenues, expenses / expenditures, net revenues, (expenses / expenditures), and cash flows.**
- 31 To effectively communicate information to users, it would be aggregated at an appropriate level of detail and include summary indicators, such as ratios, charts or other graphics to encourage a more thorough understanding of the information provided in the financial statements. It would focus on the critical aspects of a government's financial position and changes in financial position.
- 32 The level of detail disclosed in the FSD&A would reflect the highly aggregated nature of financial statements. In deciding on the level of detail to disclose, a government considers the usefulness of the information to users who are assessing

the nature of its financial position and changes in financial position. However, sufficient detail needs to be provided in the FSD&A such that the analyses and explanations provided are meaningful.

- 33 When financial data are translated into charts or graphs, comparisons between numbers become more obvious and data relationships are easier to understand. However, given the absence of general guidelines for preparing graphs and charts, there is a potential for misleading representations, so caution and professional judgment would be applied when assessing how the information is provided.

#### **Highlights**

- 34 As a starting point in understanding the government's financial position and changes in financial position, it is necessary to understand how the financial statements provided interrelate and complement each other. Although each statement conveys a particular message about the state of the government's finances, none is likely to provide all the financial information useful for a particular decision.
- 35 The purpose of the highlights section is not to simply reiterate the information that is presented in the financial statements, but to add value by providing an executive overview of those statements and the significant in-year activities that have affected them.
- 36 That overview would provide a concise description and explanation of the significant events and conditions that shaped the information presented in the financial statements. It would include any major changes that occurred during the year, major unplanned events, and any significant amounts related to assets, liabilities, revenues and expenses / expenditures. A distinction between normal ongoing programs and infrequent or unusual events may be appropriate.
- 37 A brief overview of the messages each financial statement conveys would be provided. Such a description assists users in understanding the financial sustainability, flexibility and vulnerability of the government, and future resource requirements.

#### **Analysis**

- 38 The analysis includes an explanation of variances between current year actual results and the budget, as well as the prior year's actual results and information about trends in significant financial statement elements and financial statement indicators. This assists users in understanding how a government financed its activities during the year, and in assessing whether a government would be able to maintain the same level of services in future years.
- 39 When preparing financial analysis information, professional judgment is needed to identify the critical facts and the best approach for reporting the information. This section is intended to add value to the information in the financial statements to assist users in understanding and interpreting the data presented.

#### **Risk and uncertainties**

- 40 The users of the FSD&A need to understand a government's exposure to risk and uncertainties in order to make informed judgments about the implications of such risks on the government's financial position and changes in financial position, and the potential implications on future operations.
- 41 There are three primary aspects of risk that would be addressed:
- (a) identification of the risk;
  - (b) assessing the potential impact; and
  - (c) discussing the strategies and techniques adopted for managing the risk.
- In the explanations and analysis, the government should focus its descriptions of risks and uncertainties on those likely to occur and that may have significant financial implications.
- 42 Numerous sources of risks and uncertainties can arise and transcend the various financial statement elements. Therefore, discussion pertaining to the significant risks and uncertainties identified may either be interspersed throughout the analysis of the financial statement elements or presented as a separate section of the FSD&A.
- 43 Sources of risk that may warrant discussion in the FSD&A, depending on the particular circumstances of the government, include, for example:
- (a) volatility in the financial results;
  - (b) imprecision due to the use of estimates in preparing the financial statements;
  - (c) risks associated with debt and other treasury management, such as interest risk, currency risk and credit risk;
  - (d) exposure or vulnerability to concentrations, or dependence on a particular source of revenues, for example, government transfers or royalties; and
  - (e) risks of impairment of assets or replacement of assets.
- 44 In addition to identification and description of the risks, a discussion of the government's risk management policies and strategies would be provided. This ensures that users obtain a complete picture of the government's exposure to assist in their evaluation of the government's financial position and changes in financial position.
- 45 Such disclosure, for example, may include discussion of transferring or sharing the risk, or alleviating it through insurance or, as is the case when dealing with long-term debt, through hedging strategies. In addition to providing a description of strategies, it may be useful, for example, to illustrate the implications of the government's exposure through sensitivity analysis. Presenting the sensitivity of assets or liabilities to fluctuations in key parameters such as interest rates and

foreign exchange rates provides relevant information to users of FSD&A regarding the impact that uncontrollable factors may have on future financial position and changes in financial position.

- 46 In addition to identifying the risks a government is exposed to, the FSD&A may also elaborate on other uncertainties, such as environmental master plans and development programs.
- 47 It may also be important that significant contingencies, commitments and subsequent events be adequately discussed, as they assist users in assessing future revenue requirements of the government. In most cases, such disclosures are provided in the notes to the financial statements. However, in some instances, further elaboration of the conditions will provide greater insight as to how such events may impact the government's activities and financial position. It may, for example, be useful to discuss the purpose, effects, characteristics and extent of a subsequent issue of debenture debt, capital and operating leases and various types of guarantees.

#### **Variance analysis**

- 48 The variance analysis presented in the analysis section would discuss both the positive and negative aspects of any significant variances. Variances may become apparent through a comparison of the budget to actual or through a comparison of prior year actual results to current year actual results. In either case, variances would be identified and explained, and may include variances due to changes in the delivery of service, changes in programs offered, or changes due to the level of revenues raised or costs incurred.
- 49 An analysis of significant budget-to-actual variances is important, as the budget is a key accountability document used to communicate the government's plans to the public at the beginning of the fiscal year. Thus, it is useful to demonstrate whether the government was able to carry out the activities during the year as planned. Such comparisons serve as a starting point for understanding and assessing whether a government attained its objectives. When budget data is available for only part of the reporting entity, FSD&A information would be provided on a limited scope basis, noting that budget information related to certain activities is not available.
- 50 An analysis of significant variances between prior year and current year actual results serves as a starting point for understanding and assessing trends in the government's financial position and changes in financial position. Such comparisons include a review of assets, liabilities, revenues and expenses / expenditures, allowing users to assess the results of past events and future prospects.
- 51 In some instances, a significant change or event will have occurred during the period but the quantitative data will not illustrate a significant variance. In such cases, explanations would be provided in the FSD&A, as they are useful to the user in assessing the future services and commitments of the government.
- 52 Only those items and variances that are significant and relevant to understanding the activities of the government would be included in the FSD&A. Therefore, the content of the discussion and analysis may differ between entities depending on their particular circumstances. The objective is to present a complete and unbiased summary of the government's finances. For the analysis to be meaningful, it should include narrative explanations of significant variances, and not just the percentage changes.

#### **Assessment of trends**

- 53 The assessment of trends includes those financial statement items deemed important and significant to gaining a better understanding of the government's financial position and changes in financial position over the longer term.
- 54 A trend analysis would provide data for more than two financial years (prior year and current year), as this enhances users' ability to assess the trend, assuming the information is available and can be presented in a consistent manner. To properly convey the nature of the trend, it may be appropriate to present the data over five years, or, in other cases, a different period of time.
- 55 When a government restructures its operations or chooses an alternative method of service delivery, this may affect any reported trends. In cases where such changes have significantly affected a trend, it may be useful to provide an explanation of the reasons for the changes in the trend. This information provides users with additional information to understand and assess the financial effect of those changes.
- 56 When historical information is not readily available, a government would, on a best-efforts basis, include the information it does have to begin trending the relevant data. The government would note in the FSD&A that historical information is not readily available. When the data is available for only part of the reporting entity, FSD&A would be provided on a limited-scope basis, noting that the information related to certain activities is not available.

#### **Financial assets**

- 57 An analysis of financial assets provides users with relevant information regarding the amount of resources available to the government that can be converted to cash if necessary. Thus, it provides users with information regarding the amount of funds readily available to meet the government's liabilities and commitments, and to finance future operations.
- 58 In order to demonstrate and further the understanding of the nature and magnitude of resources available to the government, the analysis of financial assets may include, for example:
- (a) an overview of financial assets by major classification;
  - (b) an analysis of change in financial assets to illustrate volatility in the sources of funds, which would assist users with their assessment of future implications;

- (c) an analysis of provisions for loan losses to demonstrate and assess collectability of funds;
- (d) an analysis of the rates of return on investment and portfolio composition;
- (e) an analysis of the government's investment in government business enterprises as a percentage of the total financial assets;
- (f) an analysis of taxes receivable to total tax revenues; and
- (g) an analysis of restricted and designated assets set aside for specific purposes.

Liabilities (including debt)

- 59 An analysis of liabilities provides users with relevant information to enhance their understanding and assessment of the demands on financial resources. Information related to liabilities may also assist users in assessing the government's debt management decisions and identifying the government's exposure to such things as interest rate risk and currency rate risk.
- 60 Governments often finance their activities through the use of debt or by incurring other long-term liabilities. Therefore, users must understand the implications of long-term liabilities, and the government's exposures to them, to properly assess its current and future financial position and changes in financial position. The cost associated with holding debt or incurring other long-term liabilities must be clearly expressed.
- 61 In order to illustrate the government's use of debt and other long-term liabilities, the analysis may include, for example, the following:
  - (a) A breakdown of the government's debt by domestic issues versus foreign issues.
  - (b) A high-level description of the government's debt management policies and strategies, and the general terms and conditions associated with the debt.
  - (c) An analysis of the government's total debt to assess trends in the government's level of debt. Specific ratios or indicators may also be useful to highlight the magnitude of government debt and the changes in it over time. For example, an analysis of the total debt outstanding at year end to the total liabilities of the government may be provided. The impact of the debt servicing cost, expressed as public debt charges to revenues, may also be included.
  - (d) An assessment of any unfunded retirement and other employment or post employment benefit liabilities. This may include a discussion related to the timing of when the unfunded liability needs to be provided for.
  - (e) An analysis of deferred revenues and the terms and conditions associated with the amounts and the commitments associated with them. The government is not entitled to these revenues until it performs specific actions as outlined in the terms and conditions of the related contract or agreement.
  - (f) An analysis of any sinking funds available for the discharge of long-term liabilities.

Net debt (net financial assets)

- 62 An analysis of net debt or net financial assets (calculated as total liabilities less financial assets) provides users with information relevant in assessing the government's overall financial position. Net financial assets represent the amount available to the government to finance future operations. Providing significant explanations and a trend analysis related to the net debt or net financial assets provides users with an indication as to whether net debt is growing over the longer period or whether the government is accumulating net financial assets.

Capital assets 2

- 63 An analysis of tangible capital assets provides users with information relevant in understanding and assessing the management of a government's tangible capital asset base. Managing tangible capital assets has a direct impact on the level and quality of services a government is able to provide to its constituents. Consequently, such information is essential to users in assessing the government's financial condition and future service potential.
- 64 In order to facilitate an assessment of the government's tangible capital asset base, the information may include, for example:
  - (a) an analysis of required maintenance, including future expenditure requirements for maintenance and replacement, to allow users to make informed decisions regarding the ability of the capital assets to sustain and provide services in the future;
  - (b) an analysis of the change in the net book value of tangible capital assets by major category for the last five years; and
  - (c) an explanation of what the net book value and changes in it mean; for example, a description of why the net book value has increased or decreased is useful in understanding asset replacement and usage.

Other non-financial assets

- 65 An analysis of other non-financial assets, such as inventories of supplies and prepaid expenses, provides users with information relevant in assessing consumable goods on hand or claims on future goods and services, which are resources that the government can employ in the future to provide services.
- 66 In order to facilitate an assessment of the government's other non-financial assets, the information may include, for example:

- (a) an analysis of the nature, extent and purpose of holding various types of inventories of supplies; and
- (b) an analysis of the nature, extent, purpose and timing of any prepaid items such as insurance.

#### Net assets 3

- 67 An analysis of net assets provides users with information relevant in assessing whether the government's overall financial position has improved or deteriorated. For example, providing significant explanations and a trend analysis related to the net assets may indicate to users that while net debt is growing over the longer period, the government is accumulating capital assets.

#### Revenues

- 68 An analysis of revenues provides users with information relevant in determining how and where a government gets its revenues, which is useful in:
- (a) analyzing the impact of the government's revenue-raising activities on the economy;
  - (b) gaining an understanding of the government's finances in terms of its revenues sources and their relative contributions; and
  - (c) evaluating the revenue-producing capacity of the government's investments.
- 69 A trend analysis of revenues provides users with information about significant changes in revenues over time and between sources, enabling users to evaluate past performance and assess potential implications for the future.
- 70 In particular, users are often interested in knowing if the current levels of revenues will be sustained, what the major sources of revenues are, and the government's reliance on sources such as transfers and subsidies.
- 71 In order to address the above, the analysis of revenues may include the following:
- (a) An overview of total revenues by major source to indicate trends and dependencies on specific sources. Specific ratios or indicators may also be provided to highlight the level of dependence the government has on particular sources of revenues, for example:
    - (i) government-to-government transfers 4 to own-source revenues; 5 and
    - (ii) own-source revenues as a percentage of total revenues.
  - (b) The impact of government business enterprise activities on the government as a whole, which may be relevant especially if there are restrictions placed on the use of the government business enterprise's net assets.
  - (c) An analysis of the change in revenues by major source.
- 72 Any known conditions that have significantly impacted or may impact future revenues should be outlined to assist in determining trends.

#### Expense / expenditure

- 73 An analysis of expenses / expenditures provides users with information about the nature and purpose of a government's expenses or expenditures in the period, which is useful in:
- (a) demonstrating the government's allocation and use of resources;
  - (b) analyzing the impact of the government's spending on the economy in terms of purchasing goods and services, and transfer payments;
  - (c) gaining an understanding of the cost of government programs and services; and
  - (d) evaluating the cost of borrowing to finance spending.
- 74 An analysis of expenses / expenditures provides users with information about significant changes in expenses / expenditures over time and between programs, which enables users to evaluate past performance and assess potential implications for the future.
- 75 In particular, users are often interested in evaluating program spending decisions and the impact of debt servicing costs.
- 76 In order to address the above issues, the analysis of expenses / expenditures may include, for example:
- (a) an overview of total expenses / expenditures by function, to indicate trends and spending priorities;
  - (b) an overview of total expenses / expenditures by object, to indicate trends and the economic implications of government spending; and
  - (c) an analysis of debt servicing costs as a percentage of total expenditures, which helps to highlight the magnitude of expenses / expenditures that is required to service past obligations and thus reduces the amount of funds that can be directed to various programs. Alternatively, debt servicing costs as a percentage of revenues could be provided.
- 77 Any known conditions that have significantly impacted or may impact future expenses / expenditures should be outlined to assist in determining trends.

#### Excess (deficiency) of revenues over expenses / expenditures

- 78 An analysis of the net revenues or expenses / expenditures provides users with information relevant in determining whether the government was able to raise enough revenues in the period to cover its costs and spending.

- 79 This analysis may also highlight the major functional expenditures of a government and demonstrate each function's reliance on taxation revenues. To illustrate whether sufficient revenues were raised to cover expenses / expenditures, the analysis may include:
- (a) an analysis of net revenues or expenses / expenditures by function;
  - (b) a comparison of direct / identifiable program revenues to expenses / expenditures by function, to illustrate the amount of program spending funded through taxation; and
  - (c) an explanation of how, under the expenditure basis of accounting, the net revenues / expenditures explains the change in net debt on the statement of financial position.

#### Cash flows

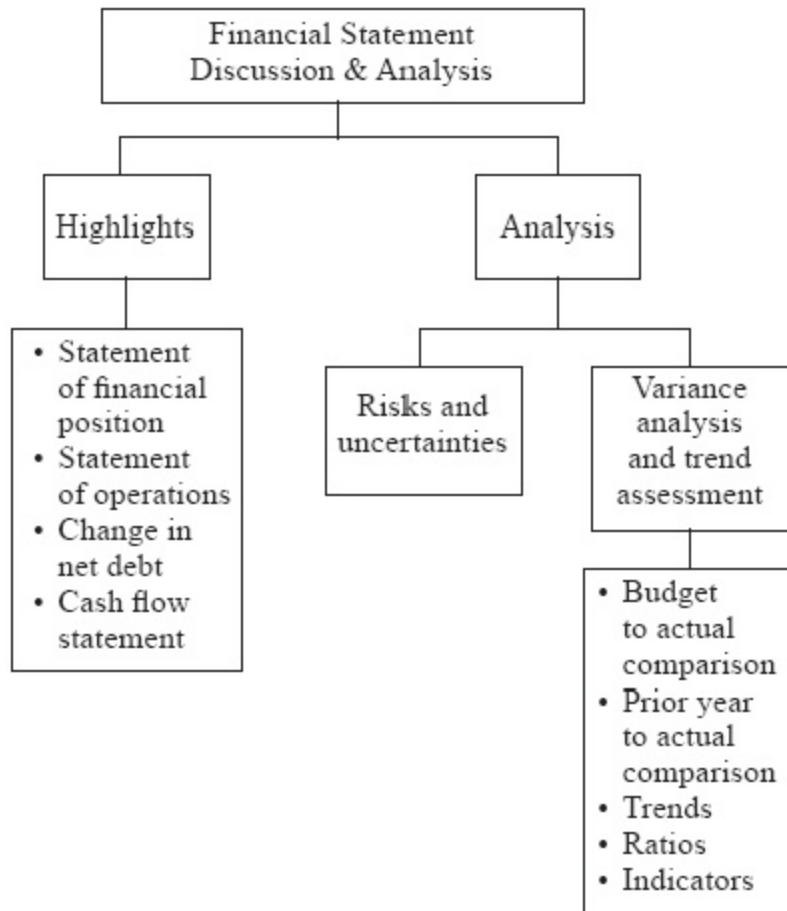
- 80 An analysis of cash flows provides users with information relevant in evaluating a government's liquidity and accountability for the use of cash resources, as well as in assessing future cash requirements. Information regarding a government's cash flows broken down by category (i.e., operating, capital, investing and financing) may also be included. Historical cash flow information may be useful as an indicator of the amount, timing and certainty of future cash flows. Information about the cash flows enables users to assess the capacity of the government to generate cash and cash equivalents, and the needs of the government for cash resources.
- 81 The change in a government's cash resources can be explained in the context of major activities (operations, capital, investing and financing), and may include the following:
- (a) An analysis of the cash flows arising from operating activities, which may include the gross cash receipts and payments arising from the normal operations of the government. For example, the gross cash receipts from taxation, user fees or transfers from other governments may be provided to illustrate the magnitude and sources of cash raised during the period to meet the government's cash requirements. The analysis may also include or highlight the significant cash requirements or payments made during the period, such as payments to and on behalf of employees.
  - (b) An analysis of the cash flows arising from capital activities for senior governments, which may include significant acquisitions of tangible capital assets during the period or disposals of tangible capital assets. This would provide useful information to users regarding the government's investment in tangible capital assets, which are an essential component in the delivery of services.
  - (c) An analysis of cash flows arising from investing activities, which represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. This analysis may highlight significant changes in portfolio investments, showing any additions or disposals of portfolio investments during the year(s).
  - (d) An analysis of financing activities, which provides information relevant in assessing future cash flow requirements due to debt financing arrangements. This analysis may highlight cash proceeds from debt issues or redemptions. It may also highlight significant changes in capital leases. Further, it may be helpful in explaining the need for borrowing even though the government has reported a surplus in its statement of operations.

## APPENDIX A

### FSD&A REPORTING FRAMEWORK

This diagram is illustrative only. Specific reporting matters should be decided in the context of the Statement.





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## Footnotes

1. Additional information can be found in FINANCIAL STATEMENT OBJECTIVES — FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, Section PS 1000.
2. Where applicable.
3. Where applicable.
4. Government-to-government transfers represent the cash transfers that one level of government receives from another level of government, for example, those a province receives from the federal government.
5. Own-source revenues include taxation, customs duties and user charges.

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