

public sector accounting handbook revisions release no. 13 September 2001

ACCOUNTING RECOMMENDATIONS

General standards of financial statement presentation — federal, provincial & territorial governments, paragraphs PS 1500.41 and .44

Amended to reflect terminology in revised Section PS 3250. The former wording of paragraph PS 1500.41(b) read as follows:

(b) *employee pension obligations;*

General standards of financial statement presentation — local governments, paragraphs PS 1800.12 and .28

Amended to reflect terminology in revised Section PS 3250.

Disclosure of accounting policies, paragraph PS 2100.08

Amended to reflect terminology in revised Section PS 3250.

Long-term debt, paragraph PS 3230.01

Amended to reflect terminology in revised Section PS 3250. Footnote 2 was removed as a result of the withdrawal of PSG-1.

Retirement benefits, Section PS 3250 [SEPT. 2001]

Revises and replaces EMPLOYEE PENSION OBLIGATIONS, Section PS 3250. The scope of the Section has been expanded to apply not only to employee pension obligations but also to all other retirement benefits. The Section applies to all levels of government, including local governments.

The revisions made to this Section arise from the changes in scope and the requirement to account for all retirement benefits. The revisions include amendments to existing Recommendations and guidance, new Recommendations and guidance, and reordering of existing material.

The following Recommendations formerly appeared in Section PS 3250:

- .16 ♦ *The statement of financial position should account for the pension liability and the statement of revenues and expenditures or the statement of operations should account for the pension-related expenditures on the basis of the value of the pension benefits attributed to employee service to the accounting date. [SEPT. 1997]*
- .23 ♦ *An accrued benefit method should be used to attribute the cost of pension benefits to the periods of employee service. [NOV. 1988]*
- .27 ♦ *The projected benefit method prorated on services should be used to attribute the cost of pension benefits to the periods of employee service. [NOV. 1988]*
- .35 ♦ *Marketable pension fund assets should be valued at market related values. [NOV. 1988]*
- .37 ♦ *Nonmarketable pension fund assets should be valued at cost. [NOV. 1988]*
- .48 ♦ *Estimation adjustments due to experience gains and losses and changes in actuarial assumptions should be amortized to the liability and the related expenditure in a systematic and rational manner over the expected average remaining service life of the related employee group. [NOV. 1988]*
- .49 ♦ *The amount of any unamortized estimation adjustments should be disclosed in the notes to the financial statements. [NOV. 1988]*
- .60 ♦ *Financial statements should disclose:*
 - (a) *a description of pension plans, benefit formulae and funding policy;*
 - (b) *the amounts of each component of the pension liability and the pension-related expenditures;*
 - (c) *unamortized estimation adjustments and the periods of amortization;*
 - (d) *a description of significant changes to pension plans during the period;*
 - (e) *assumptions about long-term inflation rates; and*
 - (f) *the date of the most recent actuarial valuation performed for accounting purposes. [NOV. 1988]*
- .68 ♦ *For defined contribution plans:*

- (a) *the pension liability should be the difference between the amount a government was required to contribute and the amount that was contributed to the accounting date including accumulated interest on any outstanding amounts payable to the fund at the accounting date;*
 - (b) *the pension liability should be accounted for in the statement of financial position;*
 - (c) *the pension expenditure should be the amount of required contributions provided for employees' services rendered in the accounting period. Interest accrued during the period on any outstanding amounts payable to the fund should be accounted for as a pension interest expenditure; and*
 - (d) *the pension expenditure and the pension interest expenditure should be accounted for in the statement of revenues and expenditures or the statement of operations. [SEPT. 1997]*
- .69 ♦ *For defined contribution plans, financial statements should disclose:*
- (a) *a description of pension plans, contribution formulae and funding policy; and*
 - (b) *a description of significant changes to pension plans during the period. [NOV. 1988]*
- .76 ♦ *The initial unrecorded pension liability should be accounted for in the statement of financial position as a change in accounting policy applied retroactively. [NOV. 1988]*
- .77 ♦ *Financial statements should disclose whether prior period amounts have been restated. [NOV. 1988]*
- .80 ♦ *Actuarial valuations of pension obligations for accounting purposes should be done at least once every three years. [NOV. 1988]*

GUIDELINE

Employee pension obligations for local governments (PSG-1)

Withdrawn as a result of the issue of revised Section PS 3250.

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