

**public sector accounting handbook
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ACCOUNTING STANDARDS

Financial statement concepts, Section PS 1000 [JAN. 2009]

Revises and replaces FINANCIAL STATEMENT CONCEPTS — FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, Section PS 1000. The Section now applies to all levels of government, including local governments.

The revisions include a new definition of revenue, an amended definition of expenses, and clarification that there may be circumstances when a change in revenues and expenses does not explain the change in net assets.

The following table shows how paragraphs in former Section PS 1000 and revised Section PS 1000 correspond:

Former paragraphs	New paragraphs
PS 1000.44A	PS 1000.45
—	PS 1000.46
PS 1000.45-.61	PS 1000.47-.63

Financial statement objectives, Section PS 1100 [JAN. 2009]

Revises and replaces FINANCIAL STATEMENT OBJECTIVES — FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, Section PS 1100. The Section now applies to all levels of government, including local governments.

The following table shows how paragraphs in former Section PS 1100 and revised Section PS 1100 correspond:

Former paragraphs	New paragraphs
PS 1100.16-.67	PS 1100.15-.66

Generally accepted accounting principles, paragraph PS 1150.05

Amended to remove the reference to Section PS 1700.

Financial statement presentation, Section PS 1200 [JAN. 2009]

Revises and replaces FINANCIAL STATEMENT PRESENTATION — FEDERAL, PROVINCIAL & TERRITORIAL GOVERNMENTS, Section PS 1200. The Section now applies to all levels of government, including local governments.

The following table shows how paragraphs in former Section PS 1200 and revised Section PS 1200 correspond:

Former paragraphs	New paragraphs
PS 1200.063-.068	PS 1200.061-.066
PS 1200.072-.094	PS 1200.067-.089
PS 1200.095	Deleted
PS 1200.096-.135	PS 1200.090-.129
—	PS 1200.130
PS 1200.136	PS 1200.131
—	PS 1200.132

Objectives of financial statements — local governments, Section PS 1700

Withdrawn. The former italicized paragraphs in Section PS 1700 read as follows:

- .30 ♦ **Objective 1**
Financial statements should communicate reliable information relevant to the needs of those for whom the statements are prepared, in a manner that maximizes its usefulness. As a minimum, this requires information that is clearly presented, understandable, timely and consistent. [NOV. 1990]
- .38 ♦ *Financial statements should be clearly identified and should include or be accompanied by an acknowledgment of the local government's responsibility for their preparation.* [NOV. 1990]
- .40 ♦ *Notes and schedules that are integral to the financial statements should be clearly identified.* [NOV. 1990]

- .43 ♦ Financial statements should present any information required for the fair presentation of a local government's financial condition and results of operations. [NOV. 1990]
- .46 ♦ Financial statements should be presented in such form and use such terminology and classification of items that significant information is readily understandable. [NOV. 1990]
- .48 ♦ Financial statements should present a comparison of current period amounts with those of the prior period. [NOV. 1990]
- .50 ♦ The bases for determining the reported amounts of assets and liabilities should be applied consistently and, where the bases are not self-evident, they should be disclosed. [NOV. 1990]
- .52 ♦ Financial statements should be issued on a timely basis. [NOV. 1990]
- .54 ♦ Where the financial statements are subject to an independent audit, the auditor's report should be appended to the statements. Unaudited financial statements should be clearly identified as such. [NOV. 1990]
- .56 ♦ Financial statements should present the substance of transactions and events. [NOV. 1990]
- .59 ♦ Notes and supporting schedules in financial statements should not be used as a substitute for proper accounting treatment. [NOV. 1990]
- .63 ♦ **Objective 2**
Financial statements should provide an accounting of the full nature and extent of the financial affairs and resources which the local government controls including those related to the activities of its agencies and enterprises. [APRIL 2005]
- .68 ♦ **Objective 3**
Financial statements should demonstrate the accountability of a local government for the financial affairs and resources entrusted to it.
 - (a) *Financial statements should provide information useful in evaluating the local government's performance in the management of financial affairs and resources.*
 - (b) *Financial statements should provide information useful in assessing whether financial resources were administered by the local government in accordance with the limits established by the appropriate legislative and regulatory authorities.* [NOV. 1990]
- .71 ♦ Financial statements should report a comparison of the actual results with the Budget. [NOV. 1990]
- .77 ♦ Budget information should be presented on a basis consistent with that used for actual results. [NOV. 1990]
- .81 ♦ Financial statements should disclose significant non-compliance with borrowing, investing, revenue or expenditure authorities. [NOV. 1990]
- .88 ♦ **Objective 4**
Financial statements of a local government should account for the sources, allocation and use of the financial resources in the period.
 - (a) *Financial statements should account for expenditures by function and object, revenues by source and type and the extent to which revenues were sufficient to meet expenditures.*
 - (b) *Financial statements should show how the local government financed its activities in the period and how it met its cash requirements.* [NOV. 1990]
- .90 ♦ Financial statements should report expenditures of the accounting period by function. [NOV. 1990]
- .92 ♦ Financial statements should disclose expenditures of the accounting period by object. [NOV. 1990]
- .95 ♦ Financial statements should disclose the gross amounts of expenditures. [NOV. 1990]
- .97 ♦ Financial statements should report revenues of the accounting period segregated by significant types of revenues. [NOV. 1990]
- .99 ♦ Financial statements should disclose the gross amounts of revenues. [NOV. 1990]
- .104 ♦ **Objective 5**
Financial statements should present information to display the state of a local government's finances.
 - (a) *Financial statements should present information to describe a local government's financial condition at the end of the accounting period.*
 - (b) *Financial statements should provide information useful in evaluating the ability of a local government to finance its activities and to meet its liabilities and contractual obligations.* [NOV. 1990 *]
- .107 ♦ Financial statements should report a local government's financial assets at the end of the accounting period, segregated by main classification. [NOV. 1990]
- .110 ♦ Financial statements should provide information about a local government's physical assets. [NOV. 1990]
- .114 ♦ Financial statements should report a local government's liabilities at the end of the accounting period, segregated by main classification. [NOV. 1990]

- .121 ♦ *Financial statements should disclose information to describe a local government's material contingent assets at the end of the accounting period.* [NOV. 1990 *]

General standards of financial statement presentation — local governments, Section PS 1800

Withdrawn. The former italicized paragraphs in Section PS 1800 read as follows:

- .07 ♦ *Financial statements should include, as a minimum, a statement of financial position, a statement of financial activities and a statement of changes in financial position.* [APRIL 1993]
- .13 ♦ *The statement of financial position should, as a minimum, report all of a local government's financial assets and liabilities at the end of the accounting period.* [APRIL 1993]
- .17 ♦ *The statement of financial position should report a local government's financial assets at the end of the accounting period segregated by main classifications, such as:*
 - (a) *cash and temporary investments;*
 - (b) *receivables;*
 - (c) *inventories for resale; and*
 - (d) *investments.* [APRIL 1993]
- .18 ♦ *Financial statements should disclose adequate information about the nature and terms of a local government's financial assets together with any valuation allowances.* [JUNE 1997]
- .21 ♦ *Valuation allowances should be used to reflect financial assets at their net recoverable or other appropriate value.* [APRIL 1993]
- .25 ♦ *The statement of financial position should report a local government's liabilities at the end of the accounting period segregated by main classifications, such as:*
 - (a) *temporary loans payable;*
 - (b) *accounts payable and accrued liabilities;*
 - (c) *deferred revenue;*
 - (d) *post-employment benefits; and*
 - (e) *long-term obligations.* [APRIL 1993]
- .26 ♦ *Financial statements should disclose adequate information about the nature and terms of a local government's liabilities.* [APRIL 1993]
- .33 ♦ *The statement of financial activities should account for the difference between a local government's revenues and expenditures, adjusted for any changes in valuation allowances, in the accounting period.* [APRIL 1993]
- .36 ♦ *The statement of financial activities should account for the combined change in the balances of a local government's funds in the accounting period.* [APRIL 1993]
- .38 ♦ *Revenues should be accounted for in the period in which the transactions or events occurred that gave rise to the revenues.* [APRIL 1993]
- .42 ♦ *Expenditures should be accounted for in the period the goods and services are acquired and a liability is incurred, or transfers⁴ are due.* [APRIL 1993]
- .47 ♦ *The statement of financial activities should include changes in valuation allowances in the accounting period.* [APRIL 1993]
- .50 ♦ *The statement of changes in financial position should report the changes in a local government's cash and cash equivalents during the accounting period.* [APRIL 1993]
- .51 ♦ *The statement of changes in financial position should classify cash flows by operating, investing and financing activities.* [APRIL 1993]
- .52 ♦ *The statement of changes in financial position should report significant non-cash items.* [APRIL 1993]
- .57 ♦ *Financial statements should disclose a local government's current, capital and reserve fund balances at the end of the accounting period.* [APRIL 1993]
- .63 ♦ *Financial statements should disclose the changes in a local government's current, capital and reserve fund balances in the accounting period.* [APRIL 1993]

Government partnerships, Section PS 3060

Amended paragraph PS 3060.49 to remove the reference to Section PS 1800.

Amended paragraph PS 3060.50 as a result of issuing revised Section PS 1200.

GUIDELINES

Leased tangible capital assets (PSG-2)

Amended paragraphs 11, 13 and 23 as a result of issuing revised Section PS 1200.

Added paragraph 31 to provide transitional provisions for local governments.

Sale-leaseback transactions (PSG-3)

Withdrawn.

Funds and reserves (PSG-4)

Added paragraph 12 to provide transitional provisions for local governments.

Sale-leaseback transactions (PSG-5) (formerly named Sale-leaseback transactions — expense-based)

Added paragraph 56 to provide transitional provisions for local governments.

Including results of organizations and partnerships applying fair value measurement (PSG-6)

Amended paragraph 9 as a result of issuing revised Section PS 1200.

Deleted paragraph 10 as a result of issuing revised Section PS 1200. The paragraphs in the balance of the guideline have been renumbered accordingly.

Tangible capital assets of local governments (PSG-7)

Deleted paragraph 2 as a result of issuing revised Section PS 1200.

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