

Updates to Public Sector Accounting Standards

September 2024

The Public Sector Accounting Board regularly updates their Public Sector Accounting Standards.

However, new accounting standards introduced for the reporting year ending December 31, 2024, like the ones introduced for the prior reporting year, include more complex changes that may require additional time and consideration from municipalities and their auditors.

The new sections under these standards impacting municipalities and their auditors are:

- Public Private Partnership (PS 3160)
- Revenue (PS 3400)
- Purchased Intangibles (PSG-8)

Public Private Partnership

The new section PS 3160 Public Private Partnership is an addition to the Public Sector Accounting Standards that guides reporting instances where a public sector entity procures infrastructure using a private sector partner while maintaining control over such infrastructure. Previous standards specifically for such partnerships did not exist. The private sector partner obligations include:

- a) Design, build, acquire or better new or existing infrastructure
- b) Finance the transaction past the point where the infrastructure is ready for use
- c) Operate and/or maintain the infrastructure

If your municipality partners with the private sector to provide infrastructure, you are encouraged to read the “PS 3160 Public Private Partnership” section of the “Guides for Accounting Standards effective 2024” to learn how to account for the partnership in the financial statements.

Revenue

The new section PS 3400 Revenue is a new standard that furthers the definitions under Public Sector Accounting Standards. The updated standard specifically differentiates revenue arising from events causing a performance obligation for the municipality from revenue that does not. However, it is important to note that this standard does not apply to all revenue sources.

An example of revenue that arises from a transaction that includes a performance obligation would be a membership paid by an individual in exchange for access to municipal facilities for a period of up to 12 months. An example of revenue that does not arise from a transaction that includes a performance obligation would be a parking ticket. In this case, the municipality is not under an obligation to deliver any goods or services in exchange for the payment of the ticket.

All municipalities are encouraged to read the “PS 3400 Revenue” section of the “Guides for Accounting Standards effective 2024” to learn about the changes in accounting for revenue.

Purchased Intangibles

The new guideline PSG-8 Purchased Intangibles provides guidance on determining the appropriate account of purchased intangibles.

Purchased intangibles can be generally defined as identifiable non-monetary assets without physical substance that have been purchased. Items such as licenses and trademarks are common examples of such purchased intangibles.

Two schedules to comply with disclosures required under Public Sector Accounting Standards were added to the 2024 Financial Statements Template. The first classifies intangible capital assets by object, while the second classifies them by function. This same classification is already part of the template for tangible capital assets in Schedules 6 and 7.

If your municipality has any purchased intangibles, you are encouraged to read the “PSG-8 Purchased Intangibles” section of the “Guides for Accounting Standards effective 2024” to learn how to account for the partnership.

List of changes to the 2024 Financial Statements Template

Most of the changes to the 2024 Financial Statements Template stem from the implementation of the above-mentioned standards and are listed below:

1. Statement 1:
 - i) “Infrastructure Liability” was added to “Liabilities”
 - ii) “Intangible Capital Assets” was added to “Non-Financial Assets”
2. Statement 2:
 - i) “Intangible Capital Asset Sales – Gain” was added to “Revenues”
 - ii) “Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions” was added below “Expenses.” “Provincial/Federal Capital Grants and Contributions” was moved to below “Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions.”
3. Statement 3:
 - i) “Amortization of intangible capital assets,” “Proceeds on disposal of intangible capital assets,” and “Loss (gain) on the disposal of intangible capital assets” were added to “Surplus (Deficit) of capital expenses over expenditures”
4. Statement 4:
 - i) “Amortization of intangible capital assets” and “Loss (gain) on disposal of intangible capital assets” were added to non-cash adjustments of “Cash provided by operating transactions”
 - ii) “Derivative Liabilities” and “Infrastructure Liability” were added to “Change in assets/liabilities for cash provided by operating transactions”
 - iii) A table was added to the bottom of the page to reconcile the “Cash and Cash equivalents” balance with Statement 1 when “Restricted cash” or “Temporary bank indebtedness” is being used
5. Statement 5: “Reversal of net remeasurements of portfolio investments” was added to “Amounts reclassified to the Statement of Operations”
6. Note 1 a) now accounts for general descriptions of internal restrictions of internally restricted entities
7. Note 1 e) now also refers to “Revenue”
8. Note 1 n) was added for “Public Private Partnerships”
9. Note 1 x) “Intangible capital assets” was added
10. Note 1 y) “New Accounting Policies Adopted During the Year” was updated
11. Note 27 “Public Private Partnerships” was added
12. Note 28 “Revenue” was added
13. Note 18 “Pension Plan” now accounts for the description of benefit plans, contribution formulae, funding policy, and significant changes to the benefit plans during the period for Defined Contribution Plans

14. Schedule 2 now accounts for “Intangible capital asset sales – gain (loss)”
15. Schedule 3 now accounts for “Amortization of Intangible capital assets”
16. Schedules 4 and 5 now account for “Intangible capital asset sales – gain (loss)” and “Amortization of Intangible capital assets”
17. Schedule 6: “Public Private Partnerships” was added to “Infrastructure Assets”
18. Schedules 8 and 9 Consolidated Schedule of Intangible Assets by Object/Function were added.
This caused subsequent schedule numbers to go up by two.
19. Schedule 10: “Intangible capital assets” was added to “Net Investment in Capital Assets”
20. Schedule 13: “Infrastructure Liability” and “Intangible capital assets” were added