

E-Bulletin

May 7, 2007

PSAB News You Should Know

Re-issue of Government Transfers Exposure Draft

In [PSAB Newsletter 9](#), we noted that the Public Sector Accounting Board approved at its March meeting, the re-issuances of an exposure draft on government transfers. The re-issue is in response to comments received on a July 2006 public exposure draft. The new draft also takes into account new International Public Sector Accounting Standard (IPSAS) 23, *Revenue from Non-Exchange Transactions (Including Taxes and Transfers)*.

Under the new rules:

- All transfers paid or payable, even if multi-year or related to capital, are to be booked as expenses immediately once they are authorized and recipients have met any eligibility requirements.
- All transfers received or receivable, even if multi-year or related to capital, are to be booked as revenue immediately once they are authorized and the recipient government has met any eligibility requirements, **except** when and to the extent that transfer terms impose both a performance requirement and a return requirement that create a liability for the recipient government. In those cases, the transfer would be subsequently recognized in revenue as the transfer terms are met.
- A transfer is considered authorized when there is an exercise of authority to provide the transfer by the financial statement date under legislation, regulations or by-laws that have also been approved by the financial statement date.

PSAB is keenly interested in receiving comments on its [Re-exposure Draft: Government Transfers](#). The deadline for comments is September 15, 2007. For those interested in background on this issue, see [Background on the Government Transfers Project](#).

OMBI Reference Manual Available

On April 30, OMBI posted its third major piece of work on implementing tangible capital asset accounting. The new document, entitled [Implementation of Accounting for Tangible Capital Assets: Reference Manual](#), includes the following as a statement of the purpose of the document:

It covers what will be required for the initial asset valuation for January 1, 2009, and then looks at the ongoing work that will be required to maintain tangible capital assets accounts after January 1, 2009.

In addition, an attempt has been made to answer the inevitable questions on what impact this major change will have on financial reporting, budgets and financing. Those sections (Sections 15, 17 and 18) are somewhat speculative at the time of writing. Ontario's municipalities, various municipal organizations and the Ontario Ministry of Municipal Affairs and Housing are still working out these issues, especially the legislated requirement to prepare a balanced operating budget each year and potential changes to the FIR schedules.

Lastly, this guide includes a glossary of terms relating to asset accounting and a list of reference sources for obtaining further details and different perspectives.

The numerous appendices at the end provide sample documents, outlines and worksheets that can be readily used or adapted to address your own situation. [\(note 1\)](#)

This latest contribution from OMBI is very useful from a variety of perspectives and is a must read document. Visit the [OMBI website](#) to see:

- [OMBI Guide to Accounting for Municipal Tangible Capital Assets Version 2](#)
- [Appendices - OMBI Guide To Accounting for Municipal Tangible Capital Assets](#)
- [OMBI Pilot Site Case Studies for Guide to Accounting for TCA](#), and
- [Top Ten Things Municipalities Can Do Now](#)

Note 1: OMBI, [Implementation of Accounting for Tangible Capital Assets: Reference Manual](#), p. vii.

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