

Municipal Q & A's – PSAB

What do municipalities have to do for groups to which they belong, such as planning districts?

PSAB requires that municipal financial statements include all the organizations controlled by the municipality. Depending on the circumstances, a municipality may have to consolidate all or their proportionate share of each entity. A working group on this issue will be formed and comprised of stakeholders such as CAOs and municipal auditors. The working group will develop guidance to help municipalities determine if they have to consolidate entities and instructions on how to do so.

Will the changes possibly result in some municipalities showing a deficit?

It is possible for a municipality with a surplus under the current accounting practices to show a deficit under PSAB. Under PSAB all liabilities should be accrued in the financial statements. PSAB also requires that tangible capital assets be recorded in the financial statements at their net book value. A municipality could show a deficit if its unrecorded liabilities exceed the net book value of its tangible capital assets. This issue is under further study.

Will the committee be recommending standard software?

No. The Department of Intergovernmental Affairs and the AMM will not be recommending standard software. PSAB is still about debits and credits. If your current system can accept adjusting journal entries, then your system can generate accounting information that can be used to prepare financial statements in compliance with PSAB.