

# Appendix C Guidance

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## **Introduction to the Appendix C Guidance Document**

This document will help you complete the Appendix C Note Reporting Requirements.

Each note includes:

- A brief description of the purpose of the note and
- Why the Financial Reporting and Advisory Services branch (OCG) requires the information

This is a living document and will be updated when necessary.

Please note, the Province adopted these new PSAB standards during this fiscal year:

- PS 3400 Revenue
- PSG-8 Purchased intangibles PSG-8
- PS 3160 Public private partnerships

If you have any questions or comments, contact [Summary@gov.bc.ca](mailto:Summary@gov.bc.ca)

## **Note 1: Full Time Equivalent Employments (FTE)**

This information is required at quarter-end and year-end.

FTE employment provides information on your organization's annual staff utilization, as defined by the *Budget Transparency and Accountability Act*. FTEs and staff utilization are included in the Province's financial reports, including the Estimates and the Public Accounts.

The term "fulltime equivalent" is defined as the employment of one person for one full year or the equivalent thereof. For example, the employment of two persons for six months each is equivalent to one full-time person.

To calculate FTEs:

- Add the total hours of permanent, auxiliary, temporary, seasonal and overtime employment paid for the fiscal year
- Divide it by the normal paid working hours for one fulltime equivalent employee for one year

Employees whose salaries are included in the cost of capital projects are not counted as FTEs. This is to maintain consistency between salary expense and FTEs.

FTEs are not required to be disclosed for staff of education and health sector organizations.

### **Why we need it?**

- *Budget Transparency and Accountability Act* Section 9 (c) requires a supplementary schedule that includes staff utilization for that fiscal year.
- *Budget Transparency and Accountability Act* Section 10 (c) requires a supplementary schedule that presents a forecast of staff utilization for the fiscal year to which the quarterly report applies.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 2: Changes in Accounting Policy**

This information is required at quarter-end and year-end.

We need to be aware of all accounting policy changes implemented or changed since your last report to OCG. Specific accounting adjustments may be required to conform your organization's accounting policies with those of the Province. A note disclosure in the Public Accounts disclose any changes in accounting policy.

### **Why we need it?**

- Public Service Accounting Board (PSAS) Section 2120 requires each change in accounting policy during the period to disclose:
  - A description of the change
  - The effect of the change on the financial statements of the current period
  - The reason for the change

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

### **Note 3: Contingent Liabilities**

This information is required at quarter-end and year-end.

A contingent liability arises from a potential loss that depends on the occurrence or non-occurrence of a future event. This applies to circumstances where the existence of a loss is uncertain, or where the amount of a loss is uncertain. Contingent liabilities may arise from:

- Pending or threatened litigation
- Threat of expropriation of assets
- Arbitration
- Responsibility for environmental clean-up
- Guarantees of the indebtedness of others

Where applicable, the Public Accounts will include a note disclosure of the contingent liability. This is likely when the probability of occurrence is either:

- Highly likely, but the amount of the loss cannot be reasonably estimated
- Highly likely and an accrual has been made, but there exists an exposure to loss in excess of the amount accrued
- Not determinable

Materiality and confidentiality of the contingent liability will be assessed in determining whether to disclose or not.

OCG requires this detailed information to produce a note disclosure (Contingent Liabilities and Contractual Obligations) in the Public Accounts.

#### **Why we need it?**

- Under PSAS Section 3200 senior governments must disclose:
  - The nature of liabilities not recognized in the financial statements
  - The reasons why a reasonable estimate of the amount cannot be made
- Under Section 3300 senior governments must report and disclose the nature and extent of contingent liabilities.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 4: Guaranteed Debt**

This information is required at quarter-end and year-end

A loan guarantee is a promise to pay all or a part of the principal and/or interest on a debt obligation in the event of default by the borrower (PSAB Section 3310.03). A loan guarantee is a contingent liability as the triggering event (i.e. defaulting on payment) has not yet occurred. Loss provisions on guaranteed debt are recorded when it is likely that a loss will occur. The loss provision is recorded as a liability and an expense in the year determined. It is adjusted as necessary to ensure it equals the expected payout of the guarantee.

OCG needs to know of any debt guaranteed by your organization to external third parties for disclosure. The Public Accounts includes a Statement of Guaranteed Debt in its Supplementary Statements to the Summary Financial Statements. Guaranteed debt is not reported as a liability in the Summary Financial Statements. However, Provincial Treasury includes guaranteed debt in its calculation of provincial net debt.

This detailed information is used for a note disclosure (Contingent Liabilities and Contractual Obligations) in the Public Accounts.

### **Why we need it?**

- PSAS Section 3310 requires loan guarantees to be disclosed as contingent liabilities in the government's financial statements.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 5: Endowments**

This information is required at quarter-end and year-end.

An endowment is a donation of money or property where donors have placed restrictions on their contributions. Restrictions may include:

- The original contribution should not be spent
- Any investment income of the endowment fund that offsets the eroding effect of inflation or preserves the original value of the endowment should also not be spent

OCG needs this information to produce a note disclosure (Restricted Assets) in the Public Accounts. Endowments are recorded at cost by the Province.

### **Why we need it?**

- Under PSAS Section 4210.29 endowment contributions must be recognized as direct increases in net assets in the current period.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)



## **Note 6: Financial Instruments – Continuity Schedule**

This information is required at quarter-end and year-end.

The information being requested in this note is required by Provincial Treasury, Debt Management Branch. They use it to complete the Risk Management and Derivative Financial Instruments note disclosure in the Public Accounts.

### **Why we need it?**

- PSAS Section 2601 Foreign currency translation requires senior governments to translate foreign currency transactions into Canadian dollars by applying the exchange rate in effect at that date.
- PSAS Section 3041 requires senior governments to report and disclose details of portfolio investments.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 7: Sale Leaseback Transactions**

This information is required at quarter-end and year-end.

A sale leaseback transaction is when an entity sells a property and then leases it back. The leaseback could be for the full property or a portion of it. The end result is that the entity retains the use of the property.

OCG needs this information to produce:

- Consolidated Revenue Fund - Supplementary Schedule of Obligations under Capital Leases
- Public Accounts - Note disclosure (Taxpayer-supported Debt)

### **Why we need it?**

- PSAS PS Guideline PSG-5 Sale-leaseback transactions defines:
  - A sale-leaseback transaction
  - How to account for it when the leaseback is either a capital or an operating lease
- PSAS PS Guideline PSG-2 Leased tangible capital assets defines:
  - Leased tangible capital assets
  - How to account for them
  - The information that needs to be disclosed
- Financial Administration Act, Section 70

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 8: Temporary Investments**

This information is required at quarter-end and year-end.

Cash equivalents generally have a maturity of less than three months. Their purpose is to meet short-term cash commitments rather than for investing. Cash equivalents include demand deposits and short-term highly liquid investments. They are readily convertible to cash and are subject to an insignificant risk of changes in value.

Temporary investments include investments that are transitional or current in nature. They generally have a maturity date of less than one year. The fair values of short-term investments approximate their carrying value due to the short-term maturity of these investments. Short-term investments are recorded at the lower of cost or market-value. They are disclosed as a separate line item on the face of the Summary Financial Statements.

### **Why we need it?**

- The province's accounting policy is to report temporary investments on the statement of financial position.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 9: Long Term Investments**

This information is required at quarter-end and year-end.

Long-term investments or other investments are held for more than one year and used to create income outside of the normal course of operations. Types of other investments include:

- Pooled investments
- Equity investments
- Federal, provincial, municipal, corporate, and other bonds
- Commercial loans
- Miscellaneous investments

Other investments are reported on a separate line item on the Statement of Financial Position. They are also disclosed in a note disclosure (Other Investments) in the Public Accounts.

The Province adopted PS 3450 Financial Instruments and 3041 Portfolio Investments. OCG uses the information collected in Note 6 to disclose the cost and the market value of these investments. Valuation adjustments are made when the value of the investment is impaired.

The balance reported in this note should include the following (if applicable):

- Portfolio investments
- Restricted assets (available to spend)
- Restricted assets (other endowment fund)

Please do not include the following investments in this note:

- Restricted assets that are held in perpetuity. These are non-financial assets, which are reported separately in Statement of Financial Position.
- Sinking Fund Investment. This investment should be reported at Note 10 Sinking Fund Investments (if applicable).

### **Changes in Investments**

The purpose of the Changes in Investments note reporting requirement is to determine the receipts and disbursements for investments on the Summary Financial Statements Consolidated Statement of Cashflow.

The opening balance for total investments should agree to the total investment balance reported on the Statement of Financial Position in the final version of your App C from year end of the previous fiscal year.

The closing balance for total investments should agree to the total investment balance reported on the Statement of Financial Position in your current App C.

If your entity has investments in Government Business Enterprises (GBEs), make sure to enter investment activity for GBEs in the GBE column. If your entity does not have investments in GBEs, you will not need to complete the Investments in GBEs column of the note.

Amounts reported in the 'Other Investments' column shouldn't include investments in GBEs.

Disbursements represent increases in investments because of acquiring investments.

Receipts represent a decrease in investments because of investments maturing, and investments being redeemed.

GBE activity represents changes to your investment in a GBE during the current fiscal year.

Unrealized gains/losses represent changes to investments because of remeasurement of investments to FMV.

If your entity has an investment that has matured, and is re-invested, you will need to report the corresponding receipt for the investment maturing and disbursement for the new investment.

### **Why we need it?**

- PSAS Section 2601 Foreign currency translation requires senior governments to translate foreign currency transactions to Canadian dollars by applying the exchange rate in effect at that date.
- PSAS Section 3041 portfolio investment requires senior governments to report and disclose details of portfolio investments.
- PSAS Section 1202.189 Financial statement presentation requires governments to report cash flow information related to investing.
- Financial Administration Act [Sections 40 - 45](#)

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 10: Sinking Fund Investments**

This information is required at quarter-end and year-end.

Sinking fund investments are cash and marketable securities held specifically for the purpose of repaying outstanding debt at maturity. Sinking fund investments are recorded at cost of acquisition by the Province of B.C.

The Provincial Treasury uses this information to produce a note disclosure (Sinking Fund Investments) in the Public Accounts. The note discloses the cost, market value, maturity date and yield of the bonds and marketable securities held by the Province.

### **Why we need it?**

- PSAS Section 3040 Portfolio investments require sinking funds to be accounted for in accordance with portfolio investments (PS 3040.03-.24)
- PSAS Section 3230.03-.04 Long term debt provides the presentation and disclosure requirements relating to externally restricted sinking funds.
- PSAS Section 3100 Restricted Assets provides the disclosure requirements for sinking funds meeting the definition of designed assets.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 11: Accrued Employee Leave Entitlements**

This information is required at quarter-end and year-end.

Accrued Employee Leave Benefits include:

- Post-employment benefits
- Compensated absences
- Termination benefits

The cost of these benefits is recognized in the period the employee provides the service.

Retirement benefits are obligations. They result from a promise to provide benefits to employees because of retirement in return for their services. The retirement allowance includes actuarially determined liabilities. Per PSAB an entity with retirement benefits must disclose the:

- Actuarial allowance
- Unamortized actuarial gains/losses
- Benefits paid during the year

OCG uses this information to produce a note disclosure (Employee Future Benefits) in the Public Accounts.

### **Why we need it?**

- PSAS Section 3250 Retirement Benefits establish standards on how to account for and report obligations for employee retirement benefits in government financial statements.
- PSAS Section 3255 Post-employment benefits, compensated absences and termination benefits establishes standards on how to account for and report obligations for post-employment benefits, compensated absences, and termination benefits in government financial statements.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 12: Liability for Contaminated Sites**

This information is required at quarter-end and year-end.

A contaminated site is a site where the substances exceed the maximum acceptable amounts under an environmental standard. This leaves the entity responsible for remediation. In this case, a provision for future clean-up costs is required to be disclosed. The provision is based on an environmental assessment. Where an assessment has not been performed, the provision is based on best estimates.

OCG needs this information to produce note disclosures (Accounts Payable and Accrued Liabilities) in the Public Accounts.

PSAS requires your organization to provide the following:

- Nature and source of the liability
- Basis for the estimate of the liability
- Estimated total undiscounted expenditures and discount rate when a net present value technique has been used
- Estimated recoveries (if any)

If the liability for the remediation of contaminated sites has not been recognized, PSAS requires:

- Why a reasonable estimate of the amount involved cannot be made
- Why it is expected that economic benefits will not be given up

### **Why we need it?**

- PSAS Section 3260 requires senior governments to report and disclose the nature and source of liabilities associated with the remediation of contaminated sites.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)



### **Note 13: Supplier Report Reconciliation**

This information is required at quarter-end and year-end.

The Supplier Report represents expenses incurred by the CRF in transferring funds to other entities within the GRE, who receive them as Other revenue in the form of Direct transfers from the province, Sales of goods or services to the province, Capital Contributions (COA's rec'd. during the year), Deferred Capital Contributions Other, Operating contributions received during the year, and Routine Capital Maintenance. By reconciling these transactions OCG is seeking explanations for material variances. FRAS will enter the "Amount from Supplier Report" for Crowns once the completed App C is submitted.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 14: Loans, Advances and Mortgages Receivable**

This information is required at year-end only.

OCG needs this information to produce a note disclosure (Loans, Advances and Mortgages Receivable) in the Public Accounts.

The Public Accounts includes disclosure of:

- Loans greater than \$10 million
- Advances greater than \$10 million
- Mortgages receivable regardless of amount including:
  - Range of terms
  - Interest rates

Use the space available in this note to indicate if there are any changes to the information included in your organization's audited financial statements. OCG will use that information to prepare the Public Accounts note disclosure - you do not need to repeat it.

### **Why we need it?**

- Under PSAS Section 3050 senior governments must report and disclose details of loans receivable
- Financial Administration Act, [Section 40](#)

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 15: Measurement Uncertainty**

This information is required at year-end only.

Measurement uncertainty is a lack of certainty in determining the amount recognized or disclosed in financial statements for an item. It exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

OCG needs this information to produce a note disclosure (Measurement Uncertainty) in the Public Accounts.

Under PSAS Section 2130, the Summary Financial Statements must include measurement uncertainty when:

- There are estimated amounts recognized or disclosed in the financial statements
- There are other reasonably possible amounts likely in the near term (within one year)
- That potential variability is significant (over \$10 million or otherwise significant to the organization)

Examples of amounts estimated by organizations include:

- Accruals, including A/P and A/R
- Contractual obligations
- Contingent liabilities, including pending litigation and environmental remediation
- Leave liability, pensions, and other employee benefits
- Provision for doubtful accounts
- Personal income tax and consumer taxes
- Revenues, such as deferred revenues
- Inventories
- Amortization (when estimates are used)

There may be cases where a material change in an amount that is recognized or disclosed is reasonably possible in the near term. In these cases, include information about the nature and extent of the uncertainty in the notes to the financial statements. Information required for disclosure includes:

- The nature of material measurement uncertainty including:
  - Account(s) involved
  - Description of the item with measurement uncertainty
  - Reason why measurement uncertainty exists.
- The extent of measurement uncertainty, when it is reasonably possible that the amount could change by a material amount within one year, including:
  - Amounts disclosed or recognized
  - Range (minimum and maximum)

- Percentage of the possible material change

Near term is a period of time not to exceed one year from the date of the financial statements. Do not include the total balance of the A/P accounts. Only include estimated amounts and separate them by category (e.g. accruals based on estimated amounts). Use professional judgement to determine if the extent of uncertainty is material. A likely change of \$10 million in the near term is considered material. This should be disclosed in the notes to the Summary Financial Statements. Report the amount when there is potential variability of less than \$10 million, but the amount is significant to the organization.

**Why we need it?**

- PSAS Section 2130 requires disclosure of measurement uncertainty arising from items recognized or disclosed in the financial statements.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 16: Contractual Obligations**

This information is required at year-end only.

Public Accounts discloses contractual obligations of \$50 million or more relating to future operations in the entire government reporting entity (GRE). This includes details about timing of payments by sector. Contractual obligations between entities in the government reporting entity are not disclosed in the Summary Financial Statements

PSAS PS 3390 recommends disclosing both the:

- Nature of contractual obligations
- Extent and timing of related expenditures (PS 3390)

This note includes amounts relating to multi-year government transfers.

### **Crowns**

Crowns should report all smaller similar contracts (over \$1 million) that collectively represent an amount of \$50 million or more. These types of contracts may include:

- road and bridge maintenance
- capital construction
- services agreements

### **Schools, Universities, Colleges, and Hospitals (SUCH) Sector Entities**

These entities should report all smaller contracts (of \$1 million or more) when they are similar to those of other SUCH sector entities. These types of contracts may include:

- Maintenance
- Food services
- Laundry services
- Capital projects

OCG will determine if these contracts collectively meet the \$50 million threshold. If they do, they will be reported in the Public Accounts note disclosure.

### **Contractual obligations are:**

- Obligations of a government to others that will become liabilities in the future. This occurs when the terms of those contracts or agreements are met.
- Distinct from liabilities. This is because there is no past event obligating the government to a future sacrifice of economic benefits at the financial statement date. Until a transaction or event occurs under a contract, a government does not have a liability. Disclosure of information about contractual obligations relates to the unperformed portion of those contracts.

- Distinct from contingent liabilities. This is because there is no uncertainty related to the contractual obligation's existence.

### **Ongoing Programs**

Contractual obligations now include a government's obligations or government transfers (grants, entitlements, and shared cost arrangements) related to ongoing programs such as health, welfare, and education, where the signing of a multi-year agreement results in the existence of a contractual obligation as a certain degree of discretion to avoid the obligation is lost.

### **Contracts with Capital and Operating Components**

Some contracts (e.g. P3 or ASD agreements) may have a capital component and an operating component. The Province's books recognize:

- Capital asset acquired to date
- Operating costs incurred
- Any related liabilities

If recognition criteria are not met, the unperformed operating and capital components will be disclosed as contractual obligations. Please break out these payments into:

- Principal
- Interest
- FM/lifecycle amounts

### **Other Points to Remember**

- Report contractual obligations by year for the remainder of the term of the contract. These amounts must be at face value, not present value
- Continue to report contracts or groups of contracts that were reported in the prior year, even if it falls below the \$50 million threshold. OCG will tell you when to stop
- Report contracts that are ongoing, with no set expiry date, based on the amount of notice required to exit the agreement without penalty
- Only include signed contracts that exist at March 31 of the relevant year end. Do not report contracts that have been terminated, even if they will be renewed in subsequent fiscal years
- Do not report open purchase orders without issued POs, and open contracts without work on order. Report contractual obligations if all the following are true:
  - An actual PO has been issued or work ordered
  - The amounts over the threshold were not completed by March 31
- Translate all contracts in a foreign currency as at March 31

## Why we need it?

- PSAS Section 3390 recommends disclosure on the:
  - Nature of contractual obligations
  - Extent and timing of related expenditures
  - It also acknowledges that once a government enters into a contract or agreement, a contractual obligation exists and a certain degree of discretion to avoid the obligation is lost.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 17: Tangible Capital Assets (TCA) – Useful Life**

This information is required at year-end only.

Public Accounts discloses the estimated useful life of the more common tangible capital assets (Note – Tangible Capital Assets). If you reported capital assets on the TCA Schedule, you must complete the useful life ranges in the note. OCG will compare your information with the ranges provided in the notes to Public Accounts to ensure the disclosure is accurate.

### **Why we need it?**

- PSAS Section 3150 Tangible capital assets establish the standards on how to account for and report tangible capital assets in government financial statements.
- Financial Administration Act Section 4.1

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)



## **Note 18: Contributed and Donated Assets**

This information is required at year-end only.

Public Accounts discloses contributed and donated assets of tangible capital assets. It is found in disclosure note - Tangible Capital Asset. The cost of the contributed asset is considered equal to its fair value at the date of contribution. Fair value may be estimated using market or appraisal values. If fair value cannot be determined, the tangible capital asset would be recognized at nominal value.

### **Why we need it?**

- PSAS Section 3150 Tangible Capital Assets – PS 3150.14 establishes the accounting treatment for governments that receive contributed or donated assets.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 19: Subsequent Events**

This information is required at year-end only.

Inform OCG of all events that occur between to the Province's year-end (March 31) and the completion of the Public Accounts. This allows OCG to assess the need for a note disclosure or possible accrual. All subsequent events must be reported so OCG can produce a note disclosure (Subsequent Events) in the Public Accounts.

### **Why we need it?**

- PSAS Section 2400 requires financial statements to be adjusted when events occur between the date of the financial statements and the date of their completion provide sufficient, additional evidence relating to conditions that existed at the date of the financial statements.
- PSAS Section 2400 requires disclosure when events occur between the date of the financial statements and the date of their completion that do not relate to conditions that existed at the date of the financial statements but:
  - Cause significant changes to assets and liabilities in the subsequent period
  - Will, or may, have a significant effect on the future operations of the government

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 20: Schedule of Debt Maturity**

This information is required at year-end only.

Provincial Treasury, Debt Management requires a schedule of debt maturity to produce the note disclosure (Taxpayer-supported Debt and Self-Supported Debt). This information is also used to complete the Provincial Debt Summary in the Public Accounts.

Public debt consists of:

- Short-term promissory notes
- Notes
- Bonds and debentures
- Bank loans
- Capital leases
- Mortgages payable

These obligations are recorded at principal less unamortized premium or discount and unrealized foreign exchange gains or losses.

Debt premium/discount is amortized on a constant yield basis. Unamortized premium/discount on bonds called and refinanced is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Public debt is reported under two categories:

1. Taxpayer-supported debt – includes:
  - a. direct debt used for government operating and capital purposes
  - b. the debt of those Crown corporations and SUCH sector entities who require an operating or debt servicing subsidy from the provincial government
  - c. debt of an entity that is fully consolidated within these financial statements
2. Self-supported debt – includes the portion of debt of self-supported organizations and entities that has been borrowed through the government's fiscal agency loan program.

### **Why we need it?**

- PSAS Section 3230 long-term debt establishes the standards on how to account for and report long-term debt in government financial statements.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 21: Asset Retirement Obligations**

This information is required at year-end only.

The Province recognizes asset retirement obligations when:

- there is a legal obligation to incur retirement costs
- the past transaction or event giving rise to the liability has occurred
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the fair value of the obligation can be made

The associated retirement costs are capitalized as part of the assets' carrying value. They are then amortized over the assets' useful lives. Legal liabilities may exist for asbestos removal and disposal in buildings undergoing major renovations or demolition. If a reasonable estimate of fair value can be made, the liability for asbestos removal or disposal will be recognized in the period in which it is incurred.

OCG requires this information to produce the note disclosure (Asset Retirement Obligations) in the Public Accounts.

### **Why we need it?**

- PSAS Section 3280 Asset Retirement Obligations establishes how to account for and report a liability for asset retirement obligations. See the Asset Retirement Obligations Practice Standard, included in Chapter I of the CPPM, and the Present Value Technique Practice Standard, Chapter H of the CPPM , for additional guidance.
  - [Asset Retirement Obligations Practice Standard](#)
  - [Present Value Technique Practice Standard](#)

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 22: Inventory – Held for Sale**

This information is required at year-end only.

For all inventory held for resale, the Public Accounts must disclose:

- The amount that was recognized to cost of sales in the year
- Any amount that was written down during the fiscal year

This information is contained in the Inventories for Resale note disclosure.

Group similar inventory items with the same accounting policy for cost into high level general description categories.

### **Why we need it?**

- PSAS Section 1200.046 and 1200.053 (PS 1201.050 and 1201.057) require that financial and non-financial assets be reported and segregated by main classifications.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 23: Inventory – Held for Use**

This information is required at year-end only.

For all inventory held for use, the Public Accounts must disclose:

- The amount that was recognized to expense in the year
- Any amount that was written down during the fiscal year

This information is contained in the Prepaid Program Costs note disclosure.

### **Why we need it?**

- PSAS Section 1200.046 and 1200.053 (PS 1201.050 and 1201.057) require that financial and non-financial assets be reported and segregated by main classifications.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 24: Other Unrecognized Liabilities**

This information is required at year-end only.

There are rare occasions of situations where a reasonable estimate of the liability cannot be made. This results in an unrecognized liability. PSAB requires the reason why a reasonable estimate of the amount involved cannot be made. OCG needs this information to produce a note disclosure (Contingent Liabilities and Contractual Obligations) in the Public Accounts.

### **Why we need it:**

- PSAS Section 3200 requires senior governments to disclose both the:
  - Nature of liabilities not recognized in the financial statements
  - The reason why a reasonable estimate of the amount cannot be made

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 25: Unrecognized Assets**

This information is required at year-end only.

An unrecognized asset is an economic resource that may meet the definition of an asset, but either:

- It is not capable of being recognized in the financial statements because an appropriate basis of measurement and a reasonable estimate of the amount involved cannot be made
- Other Handbook Sections prohibit its recognition

OCG needs this information to produce note disclosure (Contingent Assets and Contractual Rights) in the Public Accounts.

Examples of some significant unrecognized assets are:

- Art collections, historical collections, or intangible assets
- Items inherited by right of Crown, such as forest, water, and mineral resources

PS 3210.32 requires the disclosure of:

- The major categories of unrecognized assets
- The reason(s) when a reasonable estimate of the amount involved cannot be made

### **Why we need it?**

- PSAS Section 3210.32 requires note disclosure for the major categories of unrecognized assets.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)



## Note 26: Contingent Assets

This information is required at year-end only.

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty.

OCG needs this information to produce a note disclosure (Contingent Assets and Contractual Rights) in the Public Accounts.

Characteristics of contingent assets:

- Arise from unexpected events relating to an existing condition or situation
- Distinct from assets, the existence is uncertain at the financial statement date
- The uncertainty will be resolved when future events not wholly within the entity's control occurs or fail to occur
- The resolution of the uncertainty will confirm whether an asset exists
- Apply to circumstances where the existence of an asset is uncertain, not merely where the amount is uncertain

Examples of possible contingent assets may include:

- Insurance claims
- Litigation settlements

Consider conditions that may produce a contingent asset of \$100,000 or more for disclosure requirements.

If a future event is likely, disclosure of contingent assets may be required. The following table will help you make that determination.

Amount	Likelihood of Future Event		
	Likely >70%	Unlikely	Not Determinable
Estimatable	Disclose	Don't disclose	Don't disclose
Non-estimatable	Disclose	Don't disclose	Don't disclose

If the occurrence of the future event is likely, provide:

- The nature of the event. This includes:
  - A description of the circumstances giving rise to the uncertainty
  - Information about the anticipated resolution of the uncertainty
- The extent, including an estimate of the amount or a range of possible amounts
- The reason(s) if the extent can't be disclosed
- The basis for the estimate

When providing this information, consider sensitivity or confidentiality of the information. This will help avoid adverse effects.

## **Why we need it?**

- PSAS PS 3320 requires note disclosure for the existence of and details about contingent assets.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## Note 27: Contractual Rights

This information is required at year-end only.

Contractual rights are the rights to economic resources arising from contracts and agreements. These agreements or contracts result in both an asset and revenue in the future. The Summary Financial Statements disclose all contractual rights that exceed \$50 million. This includes all contractual rights that meet that threshold individually or collectively.

Contingent Assets and Contractual Rights must include a detailed description of the:

- Nature
- Extent
- Timing

Contractual rights arise from, but are not limited to:

- Lease contracts
- Licence agreements
- Sales contracts
- Multi-year government transfers

Contractual rights are distinct from items such as:

- Assets
- Contingent assets
- Certain public sector entity rights derived from legislation such as the right to tax or the right to licence
- Derivatives

Consider the following guidelines for reporting contractual rights:

- If an amount is recognized in the financial statements (e.g. cash or deferred revenue), it is no longer a contractual right
- Only include contracts signed by March 31. Provide the breakdown by year for the remaining terms of the contracts
- Smaller contracts over \$100,000 that are similar in nature should be grouped together. OCG will decide if collectively similar contracts should be disclosed in the Summary Financial Statements. These types of contracts may include:
  - Leases
  - Sales and services agreements
- When the timing or the amount of future contractual rights is not clearly stated in the contract, provide the best estimate, or describe the information contained in the contract
- If a contract or group of contracts that was previously included in contractual rights falls below the threshold, continue to report it until it is completed or terminated
- Government transfers related to program delivery such as health, welfare and education would now if the agreement or contract is governed by contract law, and they may be authorized by the transferring government in the future.

- Exclude contracts with entities within the GRE; a list of GRE entities can be found on the Reporting Entity page of the Public Accounts available at [Public Accounts - Province of British Columbia \(gov.bc.ca\)](https://www.gov.bc.ca/public-accounts).
- Contracts in a foreign currency should be translated to Canadian dollar at March 31

**Why we need it?**

- PSAS Section 3380 requires note disclosure for the nature, extent, and timing of contractual rights

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 28: Related Party Transactions with Government Business Entity (GBE) Subsidiaries**

This information is required at year-end only.

If your organization has transactions with GBE subsidiaries that are not made in the normal course of operations and/or are at non-arms length rates, those transactions must be disclosed to OCG. Disclosure of these details is used by OCG to make the appropriate elimination entries on consolidation and to produce a note disclosure in the Public Accounts (when the transaction is significant).

The following list contains the GBEs that are part of the Government Reporting Entity:

- British Columbia Railway Company
- Columbia Basin Trust joint ventures
- Great Northern Way Campus Trust
- Heritage Realty Properties Ltd.
- SFU Community Trust
- UBC Properties Investments Ltd.
- Vancouver Island Technology Park Trust
- Technology Training Associates Ltd.
- SD#73 Business Company
- Thompson Rivers University Community Trust
- GBS Executive Education Inc.
- Indo Canadian
- PanGlobal
- Paragon Testing

### **Why we need it?**

- PSAS Section 2200 related party disclosures require transactions between related parties be disclosed in the financial statements. Some of the factors to consider when deciding to disclosure are:
  - whether the terms and conditions of the transactions would have been adopted if the parties were dealing at arm's length
  - the materiality of the transactions, individually or taken as a whole
  - the relevance of the information to the decisions of users and their evaluation of the financial effect
  - the need for the information to enable users to compare the entity's financial statements with that of other entities

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 29: University, College and Institute Protection Program (UCIPP)**

This information is required at year-end only and is applicable to post-secondary institutions only.

The Ministry of Post-Secondary Education and Future Skills pays the University, College and Institute Protection Program (UCIPP) premiums on behalf of post-secondary institutions. Note 29 should be completed if your organization records UCIPP premiums paid on your behalf. This will facilitate our reversal of the entries made to the accounts in the Appendix C.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 30: Public Private Partnerships**

This information is required at year-end only.

Public Private Partnerships (P3s) are long-term contractual agreements that require a public partner to finance, build, operate, and/or maintain an infrastructure asset while the province retains ownership and control over the asset.

OCG needs this information to produce a note disclosure (Public Private Partnerships) in the Public Accounts.

### **Why we need it?**

- PSAS Section 3160 Public Private Partnerships requires governments to report and disclose details of public private partnerships.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)

## **Note 31: Schedule of Investments**

This information is required at year-end only.

Schedule of Investments provides a breakdown of investments held by major class of financial instrument and whether they are held at cost or fair value. Fair value is broken out by level 1, level 2, and level 3 as described in PS 3450.081. This table also includes any pension related funds reported in other investments on the Statement of Financial Position of the Appendix C.

OCG also requires for any level 3 investments additional information on activity during the year. This includes any unrealized gains/losses, purchases, dispositions, and reclassifications.

### **Why we need it?**

- PSAS Section 3450 Financial Instruments requires additional disclosures on each class of financial instruments.

Direct any questions to [summary@gov.bc.ca](mailto:summary@gov.bc.ca)