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## PSAB: a four-letter word?

For the past couple of years, municipalities have become very familiar with this term, as well as GAAP (generally accepted accounting principles). At the start, many (myself included) referred to PSAB as a four-letter word. Some of us were joking while, unfortunately, some were quite serious. Many people don't like change, and PSAB is resulting in some significant change.

I once heard the phrase, "The only thing that remains constant is change." The challenge we have in a world of change is to determine which is beneficial, or at least how to use the change that is occurring beyond our control to our advantage.

Once in place, PSAB will result in all municipalities across Canada having financial statements that are based on the same inputs. So how will this be of benefit to municipalities? I see three at this time.

1. PSAB will provide a clearer picture of your own municipality's financial position, and make adjustments to its future budgeting to better manage itself. Is infrastructure currently in a significant deficit position? Will sewer lines not need replacing for at least another 10 years based on normal life spans? Knowing the answer to these and other questions, long term planning will be much easier and beneficial.
2. The information will be comparable because it will be based on the same accounting principles. This means similar sized municipalities can be located and compared financially. By doing so, a municipality can confirm those areas where it is doing well. It can also speak with municipalities that are doing better in other areas and learn what it can do to improve in those areas. As an alternative, it may also learn what extra services it is providing that makes up the extra costs in an area. The municipality can then explain to its residents why its costs are higher, and the benefit they receive for those added costs.

3. By having better information in the financial statements, and by being comparable, municipalities will be able to prove to its residents that it is doing well.

*PSAB will provide a clearer picture of your own municipality's financial position.*

The municipality will have the numbers in the financial statement to back it up. Conversely, the public will be able to more easily monitor municipalities using this same information. Accountability will have even higher standards

than it does now. Given that our residents are who we serve, this accountability shouldn't worry us.

Complying with PSAB has already been a significant amount of work. Meeting the remaining requirements will also be a lot of work. In the end, I see it being worth the effort. I'm looking forward to seeing how the municipality I work for compares with similar communities. Hopefully the comparison will show how well, not how poorly, we are doing. After all, PSAB isn't a four-letter word. It's just an acronym. And having the better information should make us better at our job of running local government. 📌

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