NO. 369 | MAY 2018

Governmental Accounting Standards Series

Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
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Implementation Guide No. 2018-1,
Implementation Guidance Update—2018

May 2018

GASB

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
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Implementation Guide of the Governmental Accounting Standards Board

Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*

May 2018

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INTRODUCTION

1. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements.

IMPLEMENTATION GUIDANCE

Applicability of This Implementation Guide

2. The requirements of this Implementation Guide apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer.

3. This Implementation Guide amends *Implementation Guide No. 2015-1,* Questions 1.65.4, 2.14.1, 5.97.2, 5.192.1, 7.9.2, 7.24.7, and 9.24.4, and Implementation Guide No. 2016-1, *Implementation Guidance Update—2016,* Question 4.77. In addition, instructions in paragraphs C1 and C2 clarify the use of the term *trust* (or variations) for purposes of applying certain requirements in Implementation Guide 2015-1, Implementation Guide 2016-1, and Implementation Guide No. 2017-1, *Implementation Guidance Update—2017.*

New Questions and Answers

4. Questions and answers in this paragraph are new Category B guidance.

Pensions—Employer Accounting and Reporting

4.1. Q—Does the answer in Question 5.142.20 (single or agent employers) or Question 5.183.20 (cost-sharing employers) in Implementation Guide 2015-1 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring (collective) pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

Postemployment Benefits Other Than Pensions—Plan Reporting

4.2. Q—How should the effects of an ad hoc postemployment benefit change for inactive plan members be classified in the schedule of changes in the net other postemployment benefits (OPEB) liability that is required by paragraph 36a of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* if the effects of the change were not included in the present value of projected benefit payments as of the OPEB plan's prior fiscal year-end because the postemployment benefit change was not determined to be substantively automatic?

A—The effects of such an ad hoc postemployment benefit change should be classified as a change of benefits in the schedule of changes in the net OPEB liability.

The Statistical Section

4.3. Q—If a government retired the remaining outstanding debt of a particular type, such as tax-backed debt or special assessment debt, should it continue to report that type of debt in the relevant debt capacity schedules in the statistical section?

A—Yes. A government should report all types of debt that were outstanding during the 10-year period covered by the statistical section, even if that type of debt is no longer outstanding as of the date of the financial statements.

Other Implementation Guidance

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

4.4. Q—A utility elects to apply the regulated operations guidance in paragraphs 476–500 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and develops a comprehensive rate plan that includes all expected costs of operations. The plan and subsequent amendments identify certain period costs (for example, postemployment benefits and conservation program costs of providing assets, such as low-flow shower heads, to customers or reimbursing customers for part or all of the costs of installing conservation assets, such as efficient washing machines) that are proposed for recovery in future rates. The rate plan and amendments are submitted for approval by the utility's rate regulator. The regulator is empowered by statute to establish rates that bind the customers. Costs of utility operations that are identified in the rate plan and subsequent amendments for recovery in future rates are not subsidized; therefore, the rates are designed to recover those costs. It is anticipated that those costs can be charged to and collected from the utility's customers. Should those costs be reported as a regulatory asset rather than as expenses?

A—Yes, the utility should report the period costs proposed for recovery in future rates as a regulatory asset if (a) the utility meets all of the requirements to apply the guidance for regulated operations, including meeting all of the criteria in paragraph 476 of Statement 62, and (b) the identified period costs meet all of the requirements to be capitalized as a regulatory asset, including meeting both of the criteria in paragraph 480 of Statement 62.

4.5. Q—Can a utility subject the costs of only some programs to the regulatory process and report those costs as a regulatory asset under the regulated operations guidance of Statement 62?

A—No. Paragraph 476b of Statement 62 requires that regulated rates be "designed to recover the specific regulated business-type activity's costs of providing the regulated services." Rate setting that is designed to recover a utility's costs of providing regulated services inherently considers all of the eligible costs of those services. Paragraph 477 states, "If some of a business-type activity's operations are regulated and meet the criteria of paragraph 476 and the entity elects to apply paragraphs 476–500, those provisions should be applied to only that portion of the business-type activity's operations." However, utilities generally are regulated based on a line of operation (such as an electricity operation or a water operation) rather than on an individual program (such as a conservation program).

Statement No. 77, Tax Abatement Disclosures

4.6. Q—Would the answer in Question 4.40 in Implementation Guide 2017-1 be different if the agreement states that the building constructed by the developer is or will become an asset of the government upon completion?

A—Yes. An arrangement in which the improvements result in an asset of the government is substantively the same as the transaction described in Question 4.77 in Implementation Guide 2016-1, as amended by Question 5.8 in this Implementation Guide, and, therefore, does not meet the definition of a tax abatement in Statement No. 77, *Tax Abatement Disclosures.* Although the transaction in Question 4.77 in Implementation Guide 2016-1, as amended, diverts incremental tax revenues to repay debt issued by the government and the arrangement in this question rebates the incremental tax revenues to a developer, both are approaches to financing improvements to an asset of the government. The same would be true if, instead of a building, the developer had installed new sidewalks, sewers, or water mains that are ancillary to the developer's building and those ancillary capital assets become the property of the government. Because the government's tax revenues are being used to improve an asset of the government, the taxes are not forgone, and the arrangement does not meet the definition of a tax abatement.

4.7. Q—A government enters into an agreement with the owner of a landmark property in which it agrees to freeze the property's assessed value for property tax purposes for a period of 10 years. In return, the property owner agrees not to change the property's existing purpose or use throughout the period. If the agreement otherwise meets the definition of a tax abatement in Statement 77, does the property owner's promise not to modify the property's purpose or use constitute a specific action such that the requirements of Statement 77 would apply to the transaction?

A—Yes. The government has entered into this agreement to achieve a desired outcome for itself and its citizens. By maintaining the property's existing purpose and use, the property owner is taking a specific action that creates a beneficial outcome for the government or the citizens of the government.

4.8. Q—A state government enters into arrangements in which it provides tax credits to individuals and entities that perform a specific action that benefits the state. The individuals and entities may use the tax credits to reduce their state income tax liability. They also may sell or transfer the tax credits to another party, which may use the tax credits to reduce its state income tax liability. Is the ability to transfer the tax credit relevant to the determination of whether the arrangement meets the Statement 77 definition of a tax abatement for financial reporting purposes?

A—No. The government is forgoing tax revenues to which it is otherwise entitled regardless of which individual or entity ultimately uses the tax credit.

4.9. Q—What amount should be disclosed for the tax abatement agreement described in Question 4.40 in Implementation Guide 2017-1 if the developer receives amounts from the government related to both (a) property taxes paid by the developer for the developer's property and (b) property taxes paid by others for properties in the geographic area that are not owned by the developer?

A—The amount to be disclosed should be the total amount by which the reporting government's tax revenues were reduced as a result of the tax abatement agreement—from all property owners in the geographic area. The primary consideration is the tax abatement agreement and its direct effect on the tax revenue to which the government is entitled.

Amendments to Previously Issued Questions and Answers

5. Questions and answers in this paragraph amend questions and answers in previously issued Implementation Guides.

Disclosures Related to Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements

Question 1.65.4 in Implementation Guide 2015-1

5.1. Q—A government has an investment in an international mutual fund that is denominated in U.S. dollars. The fund invests in securities that do not trade in the United States and, hence, are not denominated in U.S. dollars. Is a foreign currency risk disclosure required?

A—No. Because the investment in the fund is U.S. dollar denominated and Statement No. 40, *Deposit and Investment Risk Disclosures,* does not require "looking through" to the individual investments held by the fund, no foreign currency risk disclosure is required.

Cash Flows Reporting

Question 2.14.1 in Implementation Guide 2015-1

5.2. Q—How does the definition of cash equivalents correspond with the use of the terms *deposits* and *investments* in Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements,* and Statement 40?

A—Statements 3 and 40 distinguish between deposits with financial institutions and investments. The two are mutually exclusive for purposes of Statements 3 and 40. The Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* definition of a cash equivalent overlaps deposits and investments. A cash equivalent, when evaluated for purposes of Statements 3 and 40, is either a deposit or an investment. For example, a 60-day certificate of deposit is a deposit with a financial institution, and a Treasury bill purchased 60 days before its maturity is an investment. But for cash flow reporting purposes, both qualify as cash equivalents because their original maturities are three months or less. The fact that a cash equivalent is a deposit or an investment for purposes of Statements 3 and 40 has no effect on the presentation of the statement of cash flows.

Pensions—Plan and Employer Accounting and Reporting

Question 5.97.2 in Implementation Guide 2015-1, as Amended

5.3. Q—A cost-sharing multiple-employer pension plan covers only volunteer firefighters. Employer contributions are assessed as a dollar amount per active plan member. How does this affect requirements for presentation of information in schedules of required supplementary information (RSI) about measures of the net pension liability and contributions in relation to covered payroll?

A—Employer contributions to the pension plan are not based on a measure of pay; as a result, there is no covered payroll. Therefore, the requirements in paragraphs 32b and 32c of Statement No. 67, *Financial Reporting for Pension Plans,* as amended, for ratios that present the net pension liability and contributions, respectively, as a percentage of covered payroll would not be applicable for this plan, and those ratios should not be presented in the RSI schedules.

Question 5.192.1 in Implementation Guide 2015-1, as Amended

5.4. Q—A cost-sharing multiple-employer plan is used to provide pensions only to volunteer firefighters. Employer contributions are assessed as a dollar amount per active volunteer. How does this affect requirements for cost-sharing employer presentation of information in schedules of RSI about measures of the employer's proportionate share of the collective net pension liability and employer contributions in relation to covered payroll?

A—Employer contributions to the pension plan are not based on a measure of pay; as a result, there is no covered payroll. Therefore, the requirements in paragraphs 81a and 81b of Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended, for ratios that present the employer's proportionate share of the collective net pension liability and employer contributions, respectively, as a percentage of covered payroll would not be applicable for employers that provide benefits through this plan, and those ratios should not be presented in the RSI schedules.

Basic Financial Statements and Management's Discussion and Analysis

Question 7.9.2 in Implementation Guide 2015-1

5.5. Q—Are library books depreciable capital assets?

A—If library books are considered to have a useful life of greater than one year, they are capital assets and are depreciable. Because most library holdings consist of a large number of books with modest values, group or composite depreciation methods (as discussed in paragraphs 163–166 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*) may be appropriate. (See Question 7.15.1 in Implementation Guide 2015-1.) In certain situations, library books may be considered works of art or historical treasures and could be reported using the provisions in paragraphs 27–29 of Statement 34.

Question 7.24.7 in Implementation Guide 2015-1

5.6. Q—Does the restricted component of net position represent only restricted assets, or do liabilities or deferred inflows of resources *related to those assets* affect the balance?

A—The restricted component of net position represents restricted assets reduced by liabilities, as well as deferred inflows of resources, related to those assets. Generally, a liability relates to restricted assets if the assets result from incurring the liability or if the liability will be liquidated with the restricted assets. (Exercise 3 in nonauthoritative Appendix B7-3 of Implementation Guide 2015-1 illustrates the calculation of net position components for governmental activities. See also Question 7.24.2 in Implementation Guide 2015-1 regarding the current maturities of capital debt that will be liquidated with restricted assets and Questions 7.24.13, 7.24.29, and 7.24.30 in Implementation Guide 2015-1 regarding reporting of restricted assets.)

The Statistical Section

Question 9.24.4 in Implementation Guide 2015-1

5.7. Q—Advance-refunded debt normally is considered defeased in substance but technically is still outstanding because it has not yet been repaid. Should defeased debt be included in the debt capacity schedules?

A—No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the debt capacity schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules.

Other Implementation Guidance

Statement No. 77, Tax Abatement Disclosures

Question 4.77 in Implementation Guide 2016-1

5.8. Q—A government utilizes tax increment financing (TIF) to encourage economic development. The provisions of the TIF are (a) bonds are issued by the government to finance infrastructure improvements in a specific geographic area; (b) a baseline for sales tax revenues for the geographic area, including the proposed development, is established prior to the start of the project; and (c) the additional sales tax revenues above the baseline are specifically set aside for the payment of the bonds. Do the requirements of Statement 77 apply to this TIF?

A—No. This arrangement does not meet the definition of a tax abatement under Statement 77 for several reasons. It is not an agreement with an individual or entity. Consequently, there are no individuals or entities that are required to perform any actions. Furthermore, the TIF does not result in a reduction of the government's tax revenues. Rather, the additional tax revenues in the TIF area are earmarked for debt service on the bonds. It should be noted that the name of the transaction is not relevant to the determination of whether it is a tax abatement for financial reporting purposes. A transaction entitled *TIF, Payment in Lieu of Taxes,* or *as-of-right agreement,* for example, does not automatically include or exclude the transaction from the requirements of Statement 77.

EFFECTIVE DATE AND TRANSITION

6. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented. Changes adopted to conform to the provisions of this Implementation Guide should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Implementation Guide should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Implementation Guide is applied, the notes to financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

The Governmental Accounting Standards Board has authorized its staff to prepare Implementation Guides that provide timely guidance on issues encountered during the implementation and application of GASB pronouncements. The GASB has reviewed this Implementation Guide and does not object to its issuance.

The requirements in this Implementation Guide need not be applied to immaterial items.

Appendix A

BACKGROUND

A1. In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* As a result of that Statement, GASB Implementation Guides were elevated to Category B in the hierarchy of generally accepted accounting principles. Since that time, the GASB has cleared additional implementation guidance to assist its stakeholders by clarifying, explaining, or elaborating on the requirements of its Statements.

A2. New questions and answers are included in this Implementation Guide to address issues raised by the GASB's stakeholders through inquiries posed to the GASB or through comments submitted in response to GASB due process documents. Still others address issues identified by the GASB in anticipation of questions that will arise during implementation of GASB pronouncements.

A3. In addition to new questions and answers, this Implementation Guide includes amendments to previously issued implementation guidance to address issues identified by the GASB subsequent to the clearance of that guidance.

A4. The Exposure Draft of this Implementation Guide was issued for public comment in November 2017. Fifty-one comment letters were received in response to the proposal. Respondents to the Exposure Draft recommended specific changes to the proposed questions and answers. In response to those comments, certain questions and answers were clarified and another was removed. Respondents also suggested additional topics for consideration. Those issues are not addressed in this Implementation Guide but will continue to be monitored.

Appendix B

DESCRIPTION OF NEW QUESTIONS AND ANSWERS AND AMENDMENTS TO PREVIOUSLY ISSUED QUESTIONS AND ANSWERS

B1. This appendix describes the issues addressed in new questions and answers presented in paragraph 4 of this Implementation Guide and the reasons for modifications to previously issued questions and answers that are included in paragraph 5 of this Guide.

Primary Reference(s)	**Description**
4.1	New question and answer to address determining the average of the expected remaining service lives of employees for purposes of measuring (collective) pension expense.
4.2	New question and answer to address the classification of the effects of an ad hoc postemployment benefit change for inactive plan members on the net OPEB liability in an OPEB plan's schedule of changes in the net OPEB liability.
4.3	New question and answer to address the reporting of information in debt capacity schedules in the statistical section related to debt that has been retired.
4.4 and 4.5	New questions and answers to address the reporting of certain conservation program costs as regulatory assets or expenses by utilities.
4.6–4.8	New questions and answers to address characteristics of a tax abatement, as defined in Statement 77.
4.9	New question and answer to address amounts to be reported in accordance with the requirements of Statement 77.
5.1	Amends Question 1.65.4 in Implementation Guide 2015-1 to clarify application of the foreign currency risk disclosure requirements of Statement 40 to investments in international mutual funds that are denominated in U.S. dollars.
5.2	Amends Question 2.14.1 in Implementation Guide 2015-1 to clarify that the answer is specific to application of Statements 3 and 40.
5.3	Amends Question 5.97.2 in Implementation Guide 2015-1 to reflect the effects of Statement No. 82, *Pension Issues.*
5.4	Amends Question 5.192.1 in Implementation Guide 2015-1 to reflect the effects of Statement 82.
5.5	Amends Question 7.9.2 in Implementation Guide 2015-1 to clarify terminology used to refer to groups of capital assets.

Primary Reference(s)	Description
5.6	Amends Question 7.24.7 in Implementation Guide 2015-1 for a technical correction regarding the reporting of deferred inflows of resources related to restricted assets.
5.7	Amends Question 9.24.4 in Implementation Guide 2015-1 for clarity when read together with Question 4.3 in this Implementation Guide.
5.8	Amends Question 4.77 in Implementation Guide 2016-1 for technical corrections regarding use of the term *agreement*.

Appendix C

CODIFICATION INSTRUCTIONS

Codification of Governmental Accounting and Financial Reporting Standards—June 2018 Update

C1. The instructions that follow update the December 31, 2017 *Codification of Governmental Accounting and Financial Reporting Standards* (Codification) for the effects of this Implementation Guide. Only the question number from this Implementation Guide is listed if the question and answer will be cited in full in the Codification.

* * *

[Update cross-references throughout.]

* * *

REPORTING CAPITAL ASSETS **SECTION 1400**

.702-2 [Replace *collections* with *holdings*.] [GASBIG 2015-1, Q7.9.2, as amended by GASBIG 2018-1, Q5.5]

* * *

CLASSIFICATION AND TERMINOLOGY **SECTION 1800**

.734-6 [Replace current Question .734-6 with GASBIG 2018-1, Q5.6.] [GASBIG 2015-1, Q7.24.7, as amended by GASBIG 2018-1, Q5.6]

* * *

COMPREHENSIVE ANNUAL FINANCIAL REPORT **SECTION 2200**

.710-6 [Replace current Question .710-6 with GASBIG 2018-1, Q5.6.] [GASBIG 2015-1, Q7.24.7, as amended by GASBIG 2018-1, Q5.6]

.756-1 [In the answer, replace *trusts* with *trusts (or equivalent arrangements)*.]

.756-5 [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

* * *

CASH FLOWS STATEMENTS **SECTION 2450**

.705-11 [Replace current Question .705-11 with GASBIG 2018-1, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 2018-1, Q5.2]

*   *   *

STATISTICAL SECTION **SECTION 2800**

Sources: [Add GASBIG 2018-1.]

.714-4 [In the question, remove italics from the word *outstanding*; revise the answer as follows:] No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the debt capacity schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules. [GASBIG 2015-1, Q9.24.4, as amended by GASBIG 2018-1, Q4.3 and Q5.7]

[Insert new Question .714-5 as follows; renumber subsequent questions.]

.714-5 [GASBIG 2018-1, Q4.3]

*   *   *

CASH DEPOSITS WITH FINANCIAL INSTITUTIONS **SECTION C20**

.701-3 [Replace current Question .701-3 with GASBIG 2018-1, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 2018-1, Q5.2]

.707-4 [Replace current Question .707-4 with GASBIG 2018-1, Q5.1.] [GASBIG 2015-1, Q1.65.4, as amended by GASBIG 2018-1, Q5.1]

*   *   *

INVESTMENTS **SECTION I50**

.702-1 [Replace current Question .702-1 with GASBIG 2018-1, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 2018-1, Q5.2]

.742-3 [Replace current Question .742-3 with GASBIG 2018-1, Q5.1.] [GASBIG 2015-1, Q1.65.4, as amended by GASBIG 2018-1, Q5.1]

*   *   *

NONEXCHANGE TRANSACTIONS **SECTION N50**

.701-5 [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

*   *   *

PENSION ACTIVITIES—REPORTING FOR BENEFITS PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION P20**

Sources: [Add GASBIG 2018-1.]

[Delete *(or equivalent arrangement)* from all questions and answers.]

.701-1 [Insert the following footnote on the first use of the term *trust*; renumber subsequent footnote.]

[28]For purposes of this section, the term *trust* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

[Insert new Question .718-21 as follows; renumber subsequent questions.]

.718-21 Q—Does the answer in Question .718-20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 2018-1, Q4.1]

[Insert new Question .747-21 as follows; renumber subsequent questions.]

.747-21 Q—Does the answer in Question .747-20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring collective pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 2018-1, Q4.1]

.757-3 [Replace current Question .757-3 with GASBIG 2018-1, Q5.4.] [GASBIG 2015-1, Q5.192.1, as amended by GASBS 82, ¶6 and GASBIG 2018-1, Q5.4]

* * *

PENSION ACTIVITIES—REPORTING FOR BENEFITS NOT PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION P22**

[Delete *(or equivalent arrangement)* from all questions and answers.]

[In heading .703, insert the following footnote on the term *Trusts*:]

[25]For purposes of this section, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

* * *

REPORTING ASSETS ACCUMULATED FOR DEFINED BENEFIT PENSIONS NOT PROVIDED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA **SECTION P23**

[Delete *(or equivalent arrangement)* from all questions and answers.]

.702-1 [Insert the following footnote on the first use of the term *trust*:]

[3]For purposes of this section, the term *trust* (or variations) includes equivalent arrangements as referenced in paragraph .101 of Section Pe5.

* * *

TAX ABATEMENTS **SECTION T10**

Sources: [Add GASBIG 2018-1.]

[Insert new Questions .701-1–.701-9 as follows:]

.701-1 [GASBIG 2018-1, Q5.8] [GASBIG 2016-1, Q4.77, as amended by GASBIG 2018-1, Q5.8]

.701-2 [Insert current Question .702-6.]

.701-3 [GASBIG 2018-1, Q4.6]

.701-4–.701-7 [Insert current Questions .702-2, .702-4, .702-5, and .702-7.]

.701-8–.701-9 [GASBIG 2018-1, Q4.7–Q4.8]

[Delete current Questions .702-1, .702-2, and .702-4–.702-7; renumber current Question .702-3 to be Question .702-1.]

[Insert new Questions .702-2–.702-3 as follows:]

.702-2–.702-3 [Insert current Questions .703-1–.703-2.]

[Delete current Questions .703-1–.703-2; renumber current Question .703-3 to be Question .703-1.]

[Insert new Question .703-2 as follows:]

.703-2 [GASBIG 2018-1, Q4.9]

* * *

PENSION PLANS ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION Pe5**

[Delete *(or equivalent arrangement)* from all questions and answers.]

.701-1 [Insert the following footnote on the first use of the term *trusts*:]

[15]For purposes of this section, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

.719-2 [Replace current Question .719-2 with GASBIG 2018-1, Q5.3.] [GASBIG 2015-1, Q5.97.2, as amended by GASBS 82, ¶5 and GASBIG 2018-1, Q5.3]

*   *   *

PENSION PLANS ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED CONTRIBUTION **SECTION Pe6**

.702-1 [Insert the following footnote on the first use of the term *trusts*; in the answer, delete *(or equivalent arrangements)*.]

[7]For purposes of this section, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

*   *   *

POSTEMPLOYMENT BENEFIT PLANS (OTHER THAN PENSION PLANS) ADMINISTERED THROUGH TRUSTS THAT MEET SPECIFIED CRITERIA—DEFINED BENEFIT **SECTION Po50**

Sources: [Add GASBIG 2018-1.]

[Insert new Question .722-6 as follows; renumber subsequent questions.]

.722-6 [GASBIG 2018-1, Q4.2]

*   *   *

REGULATED OPERATIONS **SECTION Re10**

Sources: [Add GASBIG 2018-1.]

[Insert new Questions .702-1–.702-2 as follows:]

.702-1–.702-2 [GASBIG 2018-1, Q4.4–Q4.5]

*   *   *

SPECIAL-PURPOSE GOVERNMENTS **SECTION Sp20**

.705-1 [In the question, replace *trust* with *trust (or equivalent arrangement)*; in the second paragraph of the answer, replace *trusts* with *trusts (or equivalent arrangements)*.]

.705-2 [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

*   *   *

Comprehensive Implementation Guide—June 2018 Update

C2. The instructions that follow update the December 31, 2017 *Comprehensive Implementation Guide* for the effects of this Implementation Guide. Only the question number from this Implementation Guide is listed if the question and answer will be cited in full in the *Comprehensive Implementation Guide.*

* * *

[Update cross-references throughout.]

* * *

[Insert the following new questions:]

5.142.26. Q—Does the answer in Question 5.142.20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 2018-1, Q4.1]

5.183.24. Q—Does the answer in Question 5.183.20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring collective pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 2018-1, Q4.1]

8.137.9. [GASBIG 2018-1, Q4.2]

9.24.7. [GASBIG 2018-1, Q4.3]

[After Question Z.60.2, insert new heading and Questions Z.62.1–Z.62.2 as follows:]

Z.62 Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

Z.62.1–Z.62.2. [GASBIG 2018-1, Q4.4–Q4.5]

[Insert new Questions Z.77.11–Z.77.14 as follows:]

Z.77.11–Z.77.14. [GASBIG 2018-1, Q4.6–Q4.9]

* * *

[Revise the following questions as indicated:]

1.65.4. [Replace current Question 1.65.4 with GASBIG 2018-1, Q5.1.] [GASBIG 2015-1, Q1.65.4, as amended by GASBIG 2018-1, Q5.1]

2.14.1. [Replace current Question 2.14.1 with GASBIG 2018-1, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 2018-1, Q5.2]

[Remove *(or equivalent arrangement)* and *(or equivalent arrangements)* from all questions and answers in Chapter 5.]

5.60.1. [Insert the following footnote on the first use of the term *trusts*; renumber subsequent footnotes.]

[7]For purposes of Chapter 5, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph 3 of Statement 67, paragraph 4 of Statement 68, or paragraph 4 of Statement 73, as applicable.

[In heading 5.61, delete *or Equivalent Arrangements*.]

5.97.2. [Replace current Question 5.97.2 with GASBIG 2018-1, Q5.3.] [GASBIG 2015-1, Q5.97.2, as amended by GASBS 82, ¶5 and GASBIG 2018-1, Q5.3]

[In heading 5.117, delete *or Equivalent Arrangements*.]

5.192.1. [Replace current Question 5.192.1 with GASBIG 2018-1, Q5.4.] [GASBIG 2015-1, Q5.192.1, as amended by GASBS 82, ¶6 and GASBIG 2018-1, Q5.4]

7.9.2. [Replace *collections* with *holdings*.] [GASBIG 2015-1, Q7.9.2, as amended by GASBIG 2018-1, Q5.5]

7.22.6. [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

7.24.7. [Replace current Question 7.24.7 with GASBIG 2018-1, Q5.6.] [GASBIG 2015-1, Q7.24.7, as amended by GASBIG 2018-1, Q5.6]

7.77.1. [In the answer, replace *trusts* with *trusts (or equivalent arrangements)*.]

7.77.5. [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

9.24.4. [In the question, remove italics from the word *outstanding*; revise the answer as follows:] No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the debt capacity schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules. [GASBIG 2015-1, Q9.24.4, as amended by GASBIG 2018-1, Q4.3 and Q5.7]

Z.33.26. [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

Z.77.1. [Replace current Question Z.77.1 with GASBIG 2018-1, Q5.8.] [GASBIG 2016-1, Q4.77, as amended by GASBIG 2018-1, Q5.8]