



Exposure Draft

December 17, 2018

Comments Due: February 28, 2019

Proposed Implementation Guide
of the Governmental Accounting Standards Board

Fiduciary Activities

This Exposure Draft of a proposed Implementation Guide is cleared by
the Board for public comment.
Written comments should be addressed to:

Director of Research and Technical Activities
Project No. 3-13

Governmental Accounting Standards Board

FIDUCIARY ACTIVITIES

WRITTEN COMMENTS

Deadline for submitting written comments: February 28, 2019

Written comments. We invite your comments on the implementation guidance in this proposed Implementation Guide.

Because this proposed Implementation Guide may be modified before it is cleared as a final Implementation Guide, it is important that you comment on any aspects with which you agree as well as any with which you disagree. To facilitate our analysis of comment letters, it would be helpful if you explain the reasons for your views, including alternatives that you believe the GASB should consider.

Comments should be addressed to the Director of Research and Technical Activities, Project No. 3-13, and emailed to director@gasb.org.

OTHER INFORMATION

Public files. Written comments will become part of the Board's public file and are posted on the GASB's website.

This Exposure Draft may be downloaded from the GASB's website at www.gasb.org.

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Proposed Implementation Guide of the Governmental Accounting Standards Board

Fiduciary Activities

December 17, 2018

CONTENTS

	Paragraph/Question Numbers
Introduction.....	1
Implementation Guidance.....	2–5
Applicability of This Implementation Guide.....	2–3
New Questions and Answers	4
Identifying Fiduciary Activities.....	4.1–4.39
Fiduciary Component Units.....	4.1–4.8
Control Applicability	4.8
Pension and OPEB Arrangements That Are Not Component Units.....	4.9
Not Administered through Trusts That Meet Specified Criteria	4.9
Other Fiduciary Activities.....	4.10–4.31
Assets Are for the Benefit of Individuals	4.18–4.27
Assets Are for the Benefit of Organizations or Other Governments	4.28–4.31
Control of Assets.....	4.32–4.35
Own-Source Revenues.....	4.36–4.39
Reporting Fiduciary Activities in Fiduciary Funds	4.40–4.46
Investment Trust Funds.....	4.40–4.41
Private-Purpose Trust Funds.....	4.42
Custodial Funds	4.43–4.44
Business-Type Activity Exception	4.45–4.46
Statement of Fiduciary Net Position	4.47
Liability to the Beneficiaries.....	4.47
Statement of Changes in Fiduciary Net Position	4.48–4.50
Disaggregation Exception.....	4.48–4.50
Reporting Fiduciary Component Units.....	4.51–4.53
Amendments to Previously Issued Questions and Answers	5
Question 5.64.4 in Implementation Guide 2015-1.....	5.1
Question 5.74.1 in Implementation Guide 2015-1, as Amended by Implementation Guide 2019-X	5.2
Question 7.52.7 in Implementation Guide 2015-1.....	5.3
Question 4.17 in Implementation Guide 2017-2.....	5.4
Question 4.53 in Implementation Guide 2017-2, as Amended by Implementation Guide 2019-X	5.5
Effective Date and Transition	6–7
Appendix A: Background	A1–A3

Paragraph/Question
Numbers

Appendix B: Amendments to Previously Issued Questions and
Answers—Marked for Changes..... B1
Appendix C: Codification Instructions C1–C3

INTRODUCTION

1. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 84, *Fiduciary Activities*.

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.
3. This Implementation Guide supersedes *Implementation Guide No. 2015-1*, Questions 6.6.1 and 7.81.2. It also amends Implementation Guide 2015-1, Questions 5.64.4, 5.74.1, and 7.52.7; Implementation Guide No. 2016-1, *Implementation Guidance Update—2016*, Question 5.8; Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Questions 4.17 and 4.53; and Implementation Guide No. 2019-X, *Implementation Guidance Update—2019*, Questions 5.2 and 5.3.

New Questions and Answers

4. Questions and answers in this paragraph address issues related to accounting and financial reporting for fiduciary activities in accordance with the requirements of Statement 84.

Identifying Fiduciary Activities

Fiduciary Component Units

- 4.1. Q—Should a pension or OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as applicable, be considered legally separate from the employer, nonemployer contributing entities, and the plan administrator for financial reporting purposes?

A—Yes. For purposes of applying the criteria in paragraph 15 of Statement No. 14, *The Financial Reporting Entity*, paragraph 7 of Statement 84 states that such plans should be considered legally separate from the employer, nonemployer contributing entities, and the plan administrator for financial reporting purposes.

- 4.2. Q—Is the answer in Question 4.1 the same regardless of whether the pension or OPEB plan is a defined benefit plan or a defined contribution plan?

A—Yes. Regardless of whether the pension or OPEB plan is a defined benefit plan or a defined contribution plan, if the pension or OPEB plan is administered through a trust that meets the criteria in paragraph 3 of Statement 67 or paragraph 3 of

Statement 74, as applicable, the plan should be considered legally separate from the employer, nonemployer contributing entities, and the plan administrator for financial reporting purposes.

- 4.3. Q—Should a pension or OPEB plan that is administered through an equivalent arrangement that meets the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, as applicable, be considered legally separate from the employer, nonemployer contributing entities, and the plan administrator for financial reporting purposes?

A—Determining whether the equivalent arrangement is legally separate from the employer is a legal issue. For purposes of applying the requirements in paragraphs 5–7 of Statement 84, an equivalent arrangement that meets the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74 may not be legally separate. If the equivalent arrangement is not legally separate, the criteria in paragraphs 10a and 10b of Statement 84 would be applicable.

- 4.4. Q—A local government provides defined benefit pensions to its employees through a pension plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67. The plan is governed by a five-member board. The local government appointed the initial plan member representatives to the pension plan board, whose terms expired sequentially over the first five years. Successor pension plan board members were elected by the retired and active plan members. The pension plan board is the trustee for the assets in the plan and approves all decisions related to the investment of the assets in the plan. The local government cannot unilaterally abolish the plan. The local government has determined that the fiscal dependency criteria in paragraph 16 of Statement 14 are not met. Therefore, the characteristics of financial accountability in paragraph 21b of Statement 14, as amended, are not present. Is the local government financially accountable for the plan under the requirements of paragraph 21a of Statement 14, as amended?

A—No. The plan does not meet the criteria for financial accountability in paragraph 21a of Statement 14, as amended, because it does not appoint a voting majority of the organization’s governing body as discussed in paragraphs 22–24 of Statement 14. Specifically, the local government appointed the initial pension plan board with no continuing appointment authority, and the local government does not have the unilateral ability to abolish the pension plan.

- 4.5. Q—A pension or OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, as applicable, does not have a governing board. Instead, another government performs the duties that a governing board typically would perform (for example, the government determines or amends the structure of the plan [vesting requirements and required contributions]). If that other government is legally obligated to make contributions to

the pension or OPEB plan, should the plan be included as a fiduciary component unit of that other government?

A—Yes. In accordance with paragraph 21a of Statement 14, as amended, a government is financially accountable for a legally separate organization if it appoints a voting majority of the organization’s governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. For purposes of that paragraph, a government that performs the duties of a governing board in the absence of one should be considered equivalent to a governing board for which the government appoints a voting majority. Further, in accordance with paragraph 7 of Statement 84, a government is considered to have a financial burden if it is legally obligated to make contributions to the pension or OPEB plan. As a result, the plan should be included as a fiduciary component unit of the other government.

4.6. Q—Is the answer in Question 4.5 the same regardless of whether the pension or OPEB plan is a defined benefit plan or a defined contribution plan?

A—Yes. Regardless of whether the pension or OPEB plan is a defined benefit plan or a defined contribution plan, if (a) the pension or OPEB plan is administered through a trust that meets the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, as applicable; (b) the government performs the duties of a governing board in the absence of one; and (c) the government is legally obligated to make contributions to the pension or OPEB plan, the plan should be included as a fiduciary component unit of the other government.

4.7. Q—Pursuant to enabling state legislation, a city established a defined benefit pension plan through which the city provides pensions to its employees. The pension plan is administered through a trust that meets the criteria in paragraph 3 of Statement 67. Five of the seven members of the pension plan board are appointed by the city council, and two members are elected by the plan members. A provision in the enabling legislation imposes an obligation on the city to make contributions to the plan. The city has determined that it is not able to impose its will on the plan. Because the trust meets the criteria in paragraph 3 of Statement 67, the city cannot access the resources of the plan. Furthermore, the city is not obligated in any manner for the debt of the plan. Should the plan be included as a component unit of the city?

A—Yes. Paragraph 7 of Statement 84 provides that a legal obligation or the assumption of an obligation constitutes a financial burden. The statutory obligation for the city to contribute to the plan meets the criterion in paragraph 27b of Statement 14, as amended. Because the government also appoints a majority of the plan’s governing board, the government is financially accountable for the plan.

Control applicability

4.8. Q—A government has determined that an external investment pool meets the criteria to be a component unit. Does the government need to consider whether it controls

the assets of the external investment pool in determining whether to report the component unit in its fiduciary fund financial statements?

A—No. Because of the financial accountability guidance established in Statement 14, as amended, for identifying a component unit, it is unnecessary for a government to consider whether it controls assets of the external investment pool as set forth in paragraph 9 of Statement 84.

Pension and OPEB Arrangements That Are Not Component Units

Not administered through trusts that meet specified criteria

4.9. Q—A group of governments formed a multiple-employer retiree healthcare plan. The assets are held by one of the governments, and the plan is not administered through a trust that meets the criteria in paragraph 3 of Statement 74. The arrangement is not a component unit of any of the governments. Is there a fiduciary activity to be reported by any of the participating governments?

A—Yes. As discussed in paragraph 10d of Statement 84, the government that controls the assets held for other governments that are not part of the reporting entity would report that arrangement as a fiduciary activity. However, in accordance with paragraph 59 of Statement 74, as amended, and Question 4.154 of Implementation Guide 2017-2, as amended, amounts that pertain to the government that is holding the accumulated assets should be excluded from the fiduciary activity and should be reported by that government in its governmental or proprietary fund financial statements.

Other Fiduciary Activities

4.10. Q—A city is the custodian for the cash collected for fees charged by the local cemetery association for future maintenance of the cemetery. The association is a not-for-profit association and is not a component unit of the city. The activity is administered through a cemetery care trust in which the assets are (a) dedicated to providing cemetery plot maintenance to individuals who have paid the fees for such maintenance, in accordance with the benefit terms, and (b) legally protected from the creditors of the government. The board of the not-for-profit association establishes how the resources can be spent. Should the city report the cemetery care trust as a fiduciary activity?

A—Yes. The activity should be reported as a fiduciary activity because the city, as custodian, is holding and therefore controlling the assets (which meets the criterion in paragraph 11a of Statement 84). Furthermore, the assets are not derived from the city's own-source revenues or from government-mandated nonexchange transactions or voluntary nonexchange transactions (which meets the criterion in paragraph 11b of Statement 84) and are held in a trust that meets the criteria in paragraph 11c(1) of Statement 84. (See also Questions 4.42 and 4.43.)

4.11. Q—A county sheriff seizes cash and other financial assets from an individual suspected of committing a crime. The cash is deposited in a separate bank account in the county’s name. The seized assets are held by the sheriff until the defendant is tried in court and the court issues a verdict. The case may take years to settle. If the defendant is found guilty, the cash and other financial assets are forfeited. Upon forfeiture, seized cash and other financial assets are distributed to various law enforcement agencies (including the county sheriff) pursuant to the court order. If the defendant is found not guilty, the seized assets are returned to the defendant. Should the county report the holding of the seized cash and other financial assets as a fiduciary activity before a judgment is rendered?

A—Yes. The seized cash and other financial assets are held by the county, and the control criteria in paragraph 12 of Statement 84 are met. The assets are not derived from the county’s own-source revenues because resources held via asset seizures are not the property of the government until a judgment is rendered against the defendant. The assets also are not derived from government-mandated nonexchange transactions or voluntary nonexchange transactions. Finally, the assets are for the benefit of an individual (the defendant), and the county does not have administrative involvement (it is not establishing specific guidelines for how the resources can be spent until after there is a judgment) or direct financial involvement. As a result, the activity (financial assets and related liability) should be reported as a fiduciary activity until a judgment is rendered.

4.12. Q—A city hires a contractor to construct a new city building. The contractor provides the city with a cash deposit to be held by the city as an assurance that the project will be completed on schedule and in accordance with the plans and specifications. If the contractor does not complete the project satisfactorily, the deposit will be forfeited to the city. If the contractor satisfactorily completes the project, the city will refund the deposit. Should the city report the contractor deposit in a fiduciary fund?

A—No. Although the control criteria in paragraph 12 of Statement 84 are met because the city is holding the cash, the deposit is the result of an exchange transaction between the contractor and the city. The city is holding the cash for its own benefit and the criteria in paragraph 11c are not met. Therefore, the cash deposit and a related liability would be reported in the city’s governmental or enterprise fund financial statements.

4.13. Q—Would the activity described in Question 4.12 be reported in a fiduciary fund if the contractor provided the city with a performance bond instead of a cash deposit?

A—No. The performance bond would not be recognized as a fiduciary activity for the same reasons provided in Question 4.12. The performance bond is a contingent asset based on paragraph 112 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and, as such, would not be recognized in the financial statements of the city.

4.14. Q—As a condition in a construction contract between a school district and a private contractor, the school district retains 10 percent of the amounts billed by the contractor until construction is complete, the facility is code compliant, and all requirements in the contract have been satisfactorily met. Should the school district report the retained amounts in a fiduciary fund?

A—No. Although the control criteria in paragraph 12 of Statement 84 are met because the school district is holding the cash, the school district is holding the cash for its own benefit; as a result, the criteria in paragraph 11c are not met. The unremitted retainage is a liability arising from an exchange transaction between the school district and the contractor.

4.15. Q—A county government operates a jail. Some inmates have jobs in the jail, and their earnings are deposited into an account established for each inmate. Families of inmates also can deposit resources into the inmates' individual accounts. The county is the custodian of the individual accounts. Inmates use the resources in their individual accounts to make purchases at the commissary. Neither the county government nor any jail official has the authority to determine how the inmate will use the funds in their individual account. When an inmate is released, any remaining balance in their individual account is paid to them. Should the county report the inmate accounts in its fiduciary fund financial statements?

A—Yes. The county is holding the inmate accounts, so the control criteria in paragraph 12 of Statement 84 are met. The assets are not derived from the county's own-source revenues or from a government-mandated nonexchange transaction or voluntary nonexchange transaction. The assets also are for the benefit of individuals (the inmates), and the county does not have administrative involvement or direct financial involvement with the assets because the inmates have discretion on how the assets are spent. Finally, the assets are not derived from the government's provision of goods or services to the inmates.

4.16. Q—A government uses a clearing account to accumulate resources from withholding of employee payroll deductions and accrued employer payroll taxes that will be submitted to the appropriate taxing bodies when due. Should the government report the clearing account in the fiduciary fund financial statements?

A—No. Although the government has control of the assets because it has custody of the cash withheld, the unremitted amounts in the clearing account are a liability of the government. When the deductions are withheld from an employee's pay, the amounts withheld and accrued by the employer become a liability of the government. As a result, the government is holding the amounts for its own benefit and the criteria in paragraph 11c of Statement 84 are not met.

4.17. Q—The chess club of a public high school is established in accordance with the school's operating policies and is not legally separate from the high school. The club members organize and conduct fundraising activities to pay for the club's annual tournament and other club activities during the school year. The proceeds from the

fundraising activities are held in a separate bank account in the school's name. In determining whether those resources controlled by the school are a fiduciary activity, are the assets held for the benefit of individuals as addressed in paragraph 11c(2) of Statement 84 (and thus require evaluation of whether the school has administrative involvement or direct financial involvement), or do they benefit an organization as addressed in paragraph 11c(3) of Statement 84 (and thus require evaluation of whether the club is part of the primary government)?

A—Assets are for the benefit of an organization if the benefits accrue to the organization as an institution, rather than to the individuals that constitute the organization. However, in this scenario, because the club is not legally separate from the primary government, it is not itself an institution. As a result, the provisions in paragraph 11c(2) of Statement 84 should be applied.

Assets are for the benefit of individuals

4.18. Q—A school board is responsible for establishing the fees charged by student clubs to their members. The clubs are not legally separate from the school district. Assuming that the school board has no other policies in place related to the disbursement of funds for various student clubs, does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. Footnote 1 of Statement 84 provides examples to consider in determining whether a government has administrative involvement. The establishment of fees related to the generation of funds is analogous from a revenue standpoint to the example provided of determining eligible expenditures. In other words, establishing specific guidelines on how the resources can be spent is analogous to establishing guidelines on the amount at which resources are set. In this scenario, the school board is establishing the amount at which fees are set, and, therefore, the school district does have administrative involvement and the criterion in paragraph 11c(2) of Statement 84 is *not* met.

4.19. Q—A student club is established in accordance with the school district's operating policies. The club is not legally separate from the school district. The students of the club conduct fundraising events, the proceeds of which are deposited into a savings account controlled by the school district. The student club president, with the members of the club, establishes how the resources can be spent and approves disbursements from the account. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—No. Footnote 1 of Statement 84 provides examples to consider when determining whether a government has administrative involvement. In assessing whether a government has administrative involvement, a “substance versus form” consideration is appropriate. That is, the government's role would have substance if the school board, school administrator, or faculty advisor (representative of the school) establishes how the resources can be spent through approved policies. In this scenario, the students (the beneficiaries) are establishing how the resources can be

spent, and, therefore, the school district does *not* have administrative involvement and the criterion in paragraph 11c(2) of Statement 84 is met.

- 4.20. Q—Assume the same facts as in Question 4.19, except that the parents of the club members establish how the resources can be spent. In that scenario, does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—No. The school district does *not* have administrative involvement. The parents of the students (representatives of the beneficiaries) and not the school board, school administrator, or faculty advisor are establishing how the resources can be spent.

- 4.21. Q—A school district holds the funds raised by various student clubs, which are not legally separate from the school district. The funds are used to pay for various club activities during the year. There is no school board or school administration policy related to the club's activities and how the resources can be spent. The disbursements from the aggregated club account are approved by the faculty advisor (who is representing the school district) assigned to each club. Approval, rejection, or modification of the spending is strictly at the discretion of the faculty advisor. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The school district does have administrative involvement. The school district's role is considered to be substantive because in the absence of an approved policy, the faculty advisor (who is acting in the capacity of a school representative) has the ability to reject, modify, or approve how the resources are spent. The faculty advisor's approval is more than just a formality and is analogous to the example provided in footnote 1 of Statement 84 regarding the determination of eligible expenditures that are established by the government.

- 4.22. Q—A school board establishes and approves a policy related to the receipt, disbursement, and holding of funds for various student clubs and organizations that are not legally separate from the school district. The policy includes specific guidelines related to how the funds raised by the clubs and organizations can be spent. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The school district does have administrative involvement. The school district's role is considered to be substantive because the school has established specific guidelines on how the resources can be spent in an approved policy.

- 4.23. Q—Assume the same facts as in Question 4.22, except that the policy that applies to all clubs only addresses issues such as the authorized account signers and the prohibition of spending for illegal activities. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—No. The school district does *not* have administrative involvement. The school district's role is *not* considered to be substantive because the school has not

established specific guidelines regarding how the resources of the clubs and organizations can be spent.

- 4.24. Q—Assume the same facts as in Question 4.22, except that the state establishes specific guidelines on how the resources can be spent through administrative policy. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The school district does have administrative involvement. The school district's role is considered to be substantive because the school district is required to follow the specific guidelines established by the state, through legislation or policy, regarding how the resources can be spent.

- 4.25. Q—A county government operates a jail. Some inmates have jobs in the jail, and their earnings are deposited into an account established for each inmate. Families of inmates also can deposit resources into the inmates' individual accounts. Inmates sometimes use the resources in their accounts to order stationary or magazines from outside of the facility, to the extent that there are adequate funds in their individual accounts. A jail corrections officer is required to provide a signature authorizing an inmate's expense when ordering items outside of the correction facility. The purpose of the signature is to help ensure that contraband does not enter the facility. For purposes of applying paragraph 11c(2) in Statement 84, does the county have administrative involvement with the individual accounts?

A—No. Ensuring that illegal items are not purchased by the inmates does not constitute administrative involvement. Keeping contraband out of the facility is a general goal of all activities within the jail, thus, ensuring compliance with contraband laws is not specific to this activity.

- 4.26. Q—A public university receives funds, which it controls, from an alumnus to provide for a scholarship program for incoming freshman students who are majoring in a business-related field and have demonstrated financial need. The scholarship recipients are required to maintain a minimum 3.5 grade point average each semester to receive the scholarship funds. The university is responsible for selecting the scholarship recipients and monitoring the recipients' compliance each semester. Does the university have administrative involvement with the scholarship program, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. Footnote 1 of Statement 84 provides three examples to consider in determining whether a government has administrative involvement. In this scenario, because the university is determining the eligible scholarship recipients and monitoring those recipients for compliance with the scholarship requirements, its responsibilities are considered to be administrative involvement.

4.27. Q—The school district traditionally matches all student clubs’ funds when a disbursement is approved. In that scenario, does the school district have direct financial involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The matching of funds provided by the school is a manifestation of direct financial involvement as described in the examples provided in footnote 1 of Statement 84.

Assets are for the benefit of organizations or other governments

4.28. Q—A public university holds funds received from a foundation that is a legally separate 501(c)(3) organization. The foundation is not a component unit of the university. The funds are for the sole purpose of granting science and engineering scholarships at the end of the school year. The funds are contributed by foundation members and may be withdrawn by the foundation at any time. Students submit applications to the foundation. The foundation’s executive director selects recipients based on the criteria established by the foundation. The recipients’ compliance with the scholarship criteria is monitored by the foundation. Once awarded, the university applies scholarship awards to recipients’ student accounts. In determining whether those resources controlled by the university are fiduciary, are the requirements in paragraph 11c(3) of Statement 84 met?

A—Yes. The university is holding the resources for the foundation and not the individual student scholarship recipients. The foundation is a legally separate entity that is not a component unit so it is not part of the university’s reporting entity. Finally, the resources held are not derived from the university’s provision of goods or services to the foundation. As a result, the requirements in paragraph 11c(3) of Statement 84 are met.

4.29. Q—The public high school students raised funds that are restricted for a not-for-profit organization’s (NFP) hurricane relief efforts and requested that the high school hold those resources during the fundraising campaign. The NFP is a legally separate organization and is not a component unit. The proceeds from the fundraising activities are not own-source revenues and are held by the high school in a separate bank account that is restricted to the disbursement of those resources to the NFP. In determining whether those resources controlled by the school are fiduciary, are the assets held for the benefit of individuals as addressed in paragraph 11c(2) of Statement 84 and thus require evaluation of whether the school has administrative involvement or direct financial involvement, or do they benefit an organization as addressed in paragraph 11c(3) of Statement 84 and thus require evaluation of whether the club is part of the primary government?

A—The provisions in paragraph 11c(3) of Statement 84 should be applied. Assets are for the benefit of an organization if the benefits accrue to an organization that is legally separate from the primary government. In this example, the NFP is a legally separate organization that is not part of the school’s primary government. (See also Question 4.17.)

4.30. Q—A county government has custody of resources pursuant to a nontrust agreement with an NFP to provide the NFP with accounting and treasury services, including investment of resources at the direction of the NFP. The NFP is legally separate from the county and it does not meet the criteria in Statement 14, as amended, for inclusion as a component unit of the county. Should the accounting and treasury activity of the NFP be included in the county’s fiduciary fund financial statements?

A—Yes. Because the county has custody of the NFP resources, the control criterion in paragraph 12 of Statement 84 is met. Furthermore, the resources meet the remaining requirements of paragraph 11 of Statement 84 by being (a) *not* derived from the county’s own-source revenues or from government mandated or voluntary nonexchange transactions and (b) for the benefit of the NFP, which is *not* part of the county’s reporting entity and *not* derived from the county’s provision of services to the NFP. (See also Question 4.31 about providing services to an organization.)

4.31. Q—In Question 4.30, the county is “providing accounting and treasury services” to the NFP, but the resources held by the county are considered to be “*not* derived from the county’s provision of services.” How does the county determine whether the resources are derived from its provision of services for the purpose of applying the criterion in paragraph 11c(3) of Statement 84?

A—The service being provided by the county is associated with the holding of the resources. The resources held by the county were not received in exchange for the accounting and treasury services (or any other services) provided by the county to the NFP. However, any fees earned and held by the county, which do derive from the provision of accounting and treasury services to the NFP, should *not* be reported in the fiduciary fund financial statements of the county.

Control of Assets

4.32. Q—A state sponsors a college tuition savings plan. The state is not the trustee of the plan. The plan does not meet the requirements in Statement 14, as amended, to be a component unit of the state. The state hires a third party to administer the savings plan. The assets are held by the third party and are not in a state investment account. Participants in the plan open an investment account with the third party to save for the future qualified higher education expenses of a beneficiary. Withdrawals can be used at any college or university. The participant may choose among a list of investment portfolios that are selected by the state. The state does not guarantee any of the investments or benefits associated in the college tuition savings plan. In this scenario, is the state controlling the assets of the college tuition savings plan, as described in paragraph 12 of Statement 84?

A—No. In this example, the state is not controlling the assets of the college tuition savings plan. The third party, not the state, is holding the assets. Further, the participants in the plan are responsible for the use, exchange, or employment of the assets. The selection of investment options would not, by itself, result in the

determination that the state controls the assets. As a result, the control criterion in paragraph 12 of Statement 84 is *not* met.

- 4.33. Q—The Touchdown Club is a legally separate 501(c)(3) association that has its own board comprised of parents of high school football players and other program supporters. The club is not a component unit of the school district. The funds raised by the association are not held in an account of the school district. In this scenario, is the school district controlling the assets of the club, as described in paragraph 12 of Statement 84, and if not, should the school district still report the club’s activities?

A—No. The control criteria in paragraph 12 of Statement 84 are not met because the school district is not holding the funds, nor do they have the ability to direct the use, exchange, or employment of the funds. Because the school district does not have control of the assets and the club is not a component unit, the club’s activities would not be reported in the financial statements of the school district.

- 4.34. Q—A state sponsors an Achieving a Better Life Experience (ABLE) savings plan under Internal Revenue Code (IRC) Section 529a (the ABLE plan). The ABLE plan allows eligible individuals with disabilities to save for medical and other qualified disability-related expenses. The assets of the ABLE plan are invested in a master trust (a legally separate trust) that is managed by an investment manager. An independent trust company is the trustee. The trust is not a component unit of the state. Individuals from other states may invest in the master trust as well. The underlying investments are aggregated into portfolio options, which are offered to ABLE plan participants (the individual account owners), that may consist of one or more mutual funds or bank products. The state is a member of the trust and may participate in discussions regarding the underlying investments that comprise the portfolio options offered by the trust, but the state does not exercise any control over the trust. Participants in the ABLE plan may make contributions to and withdrawals from the plan, subject to the provisions of the ABLE plan agreement. The ABLE plan participants may direct that their contributions be invested in one or more portfolio options offered through the master trust, for which the participant receives units of participation in the portfolio option. The ABLE plan participants do not have any control over the underlying investments that comprise the portfolio options. Recordkeeping and reporting to the ABLE plan participants are the responsibility of the third-party administrator. In this scenario, is the state controlling the assets of the ABLE plan, as described in paragraph 12 of Statement 84?

A—No. In this example, the state does not control the assets. The master trust, not the state, is holding the assets. Furthermore, the participants in the ABLE plan are responsible for the use, exchange, or employment of the assets. Participating in the selection of investment options would not, by itself, result in the determination that the state controls the assets. As a result, the control criterion in paragraph 12 of Statement 84 is *not* met.

- 4.35. Q—Assume the same facts as in Question 4.34, except that the state does not participate in the master trust described in that question. Instead, assets are held in a

state ABLE trust fund established in accordance with an ABLE Act implemented by that state. Per the trust agreement, the assets are dedicated to providing benefits to eligible disabled recipients in accordance with the benefit terms, and the assets are legally protected from the creditors of the state. The state's Comptroller serves as trustee of the trust. The underlying investments are held in a custody account in the name and tax identification number of the state. However, recordkeeping, investment management, and plan administration are outsourced to a third-party administrator. In this scenario, is the state controlling the assets of the ABLE plan, as described in paragraph 12 of Statement 84?

A—Yes. In this example, the state is controlling the assets. Acting as the trustee, the state is holding the assets.

Own-Source Revenues

4.36. Q—A county government has a revenue-sharing agreement with the state pursuant to the county's business licensing function. The county imposes an annual license fee of \$1,500. The county retains \$1,350 and remits the remaining amount to the state. The fees to be remitted to the state are maintained in a separate county bank account. Should the state portion of the fees collected be considered own-source revenues of the county, as described in paragraph 13 of Statement 84?

A—Yes. The nature of that transaction is exchange or exchange-like resulting in the fees collected being the county's own-source revenue, as discussed in paragraph 13 of Statement 84.

4.37. Q—A university charges each enrolled student an activity fee to fund student programs and activities. The university's board of regents approves the fee to be charged. The university management evaluates the student proposals for expenditure of the fees, and the board makes the final decision to authorize the expenditure. The university bills the activity fee with the student's tuition each year and deposits the fees received into its central bank account. Should the student activity fees collected be considered own-source revenues of the university, as described in paragraph 13 of Statement 84?

A—Yes. The university is obligated to provide a product or service for which a fee is charged. The student activity fees collected, therefore, are own-source revenues of the university.

4.38. Q—A state maintains an IRC Section 529 prepaid college tuition plan. Participants in the plan purchase tuition credits at their present price even though they will not be used until a future year when the cost of those credits likely will be higher. The state invests the proceeds from the sale of those credits to help provide for the difference between the present and future value of the credits. Should the purchased tuition

credits be considered own-source revenues of the state, as described in paragraph 13 of Statement 84?

A—Yes. In a prepaid tuition plan, the state is obligated to provide a product or service for which a fee is charged to external parties. That transaction, therefore, is an own-source revenue of the state.

- 4.39. Q—A county collects property taxes on behalf of the other tax-levying governments within its jurisdiction. The county collects a fee, equal to 1 percent of the amount billed, from the other governments to provide this service. The taxes are deposited into the county collector’s property tax distribution account, a custodial fund. Should the county report the fees in the custodial fund with the taxes collected?

A—No. The county is obligated to provide the collection service for which a fee is charged to the other taxing governments. The nature of that transaction is exchange or exchange-like, resulting in own-source revenues of the county. Paragraph 11b(1) of Statement 84 states that an activity is not fiduciary if the assets are derived from the government’s own-source revenues. Therefore, the county should report the fees in its governmental fund financial statements.

Reporting Fiduciary Activities in Fiduciary Funds

Investment Trust Funds

- 4.40. Q—A county treasurer is the ex-officio treasurer of school districts within the county. The school districts are not component units of the county. On behalf of a school district within the county, the treasurer purchases and holds a certificate of deposit in a trust in which the assets are (a) dedicated to providing investment return benefits to the school district, in accordance with the benefit terms, and (b) legally protected from the creditors of the county. Within the county’s financial statements, should this investment be reported in an investment trust fund?

A—Yes. A specific investment held for the school district meets the definition of an individual investment account that should be reported by the county as an investment trust fund in accordance with paragraph 16 of Statement 84. The amounts reported in the investment trust fund should not also be reported in other fiduciary funds. In other words, the fiduciary fund that reports any other resources held for the school district should not include an asset for the district’s position in the investment trust fund.

- 4.41. Q—A state administers an investment pool for its local governments. The assets of the pool are not held in a trust that meets the criteria in paragraph 11c(1) of Statement 84. Should the investment pool be reported as an investment trust fund?

A—No. Paragraph 16 of Statement 84 requires that an investment trust fund be used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in paragraph 11c(1) of Statement 84. Because this external investment pool is not held

in a trust that meets that criteria, paragraph 18 of Statement 84 requires that the activity be reported by the state in a separate external investment pool fund column, within the custodial funds classification.

Private-Purpose Trust Funds

4.42. Q—A city is the trustee and custodian for the cash collected from fees charged by the local cemetery association for future maintenance of the cemetery. The association is a not-for-profit association and is not a component unit of the city. The activity is administered through a cemetery care trust in which the assets are (a) dedicated to providing cemetery plot maintenance to individuals who have paid the fees for such maintenance, in accordance with the benefit terms, and (b) legally protected from the creditors of the government. The activity meets the criteria in Statement 84 to be a fiduciary activity. Should the cemetery care fund be reported in a private-purpose trust fund?

A—Yes. The activity should be reported in a private-purpose trust fund because the criteria in paragraph 17 of Statement 84 are met.

Custodial Funds

4.43. Q—Assume the same facts as in Question 4.42, except that the activity is *not* administered through a trust that meets the criteria in paragraph 11c(1) of Statement 84. Should the cemetery care fund be reported in a custodial fund?

A—Yes. In accordance with paragraph 18 of Statement 84, because the activity is not administered through a trust that meets the criteria in paragraph 11c(1), the activity should be reported in a custodial fund.

4.44. Q—A state administers two investment pools, one for local governments and one for school districts. Neither of the pools' assets is held in a trust that meets the criteria in paragraph 11c(1) of Statement 84. As a result, the pools should be reported in the state's fiduciary fund financial statements as custodial funds. How would the two investment pools be reported in the custodial funds?

A—As required by paragraph 18 of Statement 84, the external portions of the two investment pools would be combined and reported in a single external investment pool fund column within the custodial funds classification in the basic financial statements.

Business-type activity exception

4.45. Q—A port authority (a stand-alone business-type activity) collects a leasehold excise tax from the businesses and individuals that rent buildings that are publicly owned by the state or the county on the port authority's land. The amount subject to the excise tax is the monthly rent paid. The port authority collects the taxes on behalf of the state and the county and is required to remit all of the taxes to the state's department of revenue, which then distributes the appropriate share to the county.

The collected taxes are normally remitted quarterly to the state. The activity meets the criteria in Statement 84 to be a fiduciary activity (custodial fund assets) of the port. For purposes of determining whether the custodial fund assets are normally expected to be held for three months or less, how often and when should the port authority make the assessment?

A—Paragraph 19 of Statement 84 allows the port authority to assess whether custodial fund assets are normally expected to be held for three months or less upon receipt of the resources. The expected holding period for a specific type of recurring receipt can be established by past practice rather than making the assessment each time a resource is received. Even though, on occasion, the remittance may be late, if the amounts are generally expected to continue to be held for three months or less, the exception in paragraph 19 can be applied.

- 4.46. Q—The municipal water department, an enterprise fund of the city, bills its customers monthly. The bills include a checkbox that allows a customer to voluntarily add one dollar to the amount of the bill. Those donated amounts will be distributed to local residents who qualify for assistance under the surrounding county’s social services program guidelines. The water department maintains a separate cash account for the donations to the county and remits the balance in the account to the county for distribution when the account balance exceeds \$3,000. Is the city required to account for the donations to the county in a custodial fund, or would the city be allowed to exercise the exception in paragraph 19 of Statement 84 to recognize the cash and liability in the enterprise fund and report additions and deductions as cash inflows and cash outflows, respectively, in the operating activities category of its statement of cash flows?

A—The city should review the history of the account balance and remittances to the county to determine whether the resources have generally been held for three months or less to determine whether a custodial fund is required. If the city has not generally held the resources for three months or less, the exception in paragraph 19 of Statement 84 is not applicable.

Statement of Fiduciary Net Position

Liability to the Beneficiaries

- 4.47. Q—The city’s parks department sponsors a youth soccer program from April through July each year. Registration is free, but each participant is encouraged to contribute to the uniforms and equipment fund. The city has determined that the contributions meet the criteria in Statement 84 to be accounted for in a custodial fund. Should the city recognize a liability in the custodial fund for those expected purchases when the donations are received at registration?

A—No. Liabilities should be recognized when the uniforms and equipment are acquired by the coaches. At that point, the city is compelled to disburse the resources.

The city will report net position in the fund for the difference between the resources held and the liabilities incurred.

Statement of Changes in Fiduciary Net Position

Disaggregation Exception

4.48. Q—A city’s parks and recreation department offers a summer baseball program. This year, the parents organized fundraisers to accumulate resources for the players to attend a tournament. The tournament will take place two months after the baseball program begins. The department is holding the resources raised by the parents and when the fundraising is complete, it will distribute all of the resources to one parent appointed by all of the parents in the group to serve as the parent administrator. The parent administrator will disburse the resources equally to the parents of each player. The parents have complete discretion over how the funds will be spent. How should the additions and deductions be reported by the city in its statement of changes in fiduciary net position?

A—Because the resources raised are expected to be held by the city’s parks and recreation department for three months or less, the city may report a single aggregated total for additions and a single aggregated total for deductions for this activity in the custodial funds column in the statement of changes in fiduciary net position as discussed in paragraph 24 of Statement 84. The descriptions of the aggregated totals should indicate the nature of the resource flows. For example, in this scenario, the additions might be described as “baseball fundraising collections,” and the deductions might be described as “baseball fundraising distributions.”

4.49. Q—How should a government report multiple activities that meet the description of a custodial fund in paragraph 18 of Statement 84 if it is expecting to hold the assets in each of those custodial funds for three months or less?

A—Because the assets in multiple custodial funds are expected to be held by the government for three months or less, the government may report, if significant, a single aggregated total for additions and a single aggregated total for deductions for *each* activity in the custodial funds column in the statement of changes in fiduciary net position. The description of each aggregated total should indicate the nature of the resource flows from the associated custodial fund activity. The aggregated totals for individual activities that are not significant can be combined; the additions might be described as “other custodial fund collections,” and the deductions might be described as “other custodial disbursements.”

4.50. Q—A city-owned cemetery is custodian for a directed perpetual care fund that was established, and is funded annually, by a local celebrity to pay for nonroutine care and maintenance of her deceased family members’ plots. An administrator appointed by the celebrity approves the disbursements from the perpetual care fund. The city has determined that the activity meets the criteria in Statement 84 to be accounted for in a custodial fund. Payments from the fund are sometimes made in less than three-

month intervals. Can the city report aggregated totals for additions and deductions as provided for in paragraph 24 of Statement 84?

A—No. Even though outflows from the fund may sometimes occur in less than three-month intervals, the annual inflows into the fund are normally expected to be held for longer than three months.

Reporting Fiduciary Component Units

4.51. Q—A public employee retirement system (PERS) that is a fiduciary component unit of a local government has two fiduciary component units of its own—one is accounted for in a pension trust fund and one is accounted for in an other employee benefit trust fund. How should the PERS and its component units be included in the fiduciary fund financial statements of the local government?

A—In accordance with paragraph 26 of Statement 84, the financial statements of the PERS, its pension trust fund component unit, and its other employee benefit trust fund component unit should be combined and reported within the pension (and other employee benefit) trust fund column in the local government’s fiduciary fund basic financial statements.

4.52. Q—Paragraph 18 of Statement 84 states that the external portion of investment pools that are not held in a trust that meets the criteria in paragraph 11c(1) should be reported in a separate column under the custodial funds classification. Is it sufficient to display that separate column in a combining statement for custodial funds, if one is presented?

A—No. The requirement in paragraph 18 of Statement 84 applies to the government’s basic financial statements and cannot be satisfied by only including the separate column in supplementary information.

4.53. Q—A public university that reports as a stand-alone business-type activity uses a single column for presenting its financial statements. The university has fiduciary component units that meet the criteria in paragraphs 6 and 8 of Statement 84. Is the university required to include fiduciary fund financial statements as part of its basic financial statements?

A—Yes. The university is required to include fiduciary fund financial statements as part of its basic financial statements. As indicated in paragraph 6 of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, government-wide financial statements that include a single column presentation for a business-type activity should not include fiduciary activities. The university can, however, choose to apply the exception in paragraph 19 of Statement 84 to the extent that fiduciary assets are expected to be held for three months or less.

Amendments to Previously Issued Questions and Answers

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

Question 5.64.4 in Implementation Guide 2015-1

5.1. Q—A state-administered cost-sharing defined benefit pension plan collects from employers and remits to a separate state agency contributions of \$75 per plan member per month for postemployment healthcare benefits, which the other state agency administers. The cash collected for postemployment healthcare benefits is credited to a liability account in the pension trust fund, which is liquidated when money is remitted to the state agency that administers the postemployment healthcare plan. Should the pension plan instead follow the requirements of Statement 74, as amended, for an OPEB plan?

A—No. In collecting and remitting contributions to the agency administering the postemployment healthcare plan, the pension plan's role in this case is that of an agent (cash conduit). Reporting the cash flow through a liability account in the pension trust fund is an appropriate way of reporting the plan's involvement. The requirements of Statement 74, as amended, would apply to fiduciary reporting by the state agency that administers the postemployment healthcare plan if the arrangement is a fiduciary activity of that agency.

Question 5.74.1 in Implementation Guide 2015-1, as Amended by Implementation Guide 2019-X

5.2. Q—A PERS administers numerous defined benefit pension plans for state employees. The plans are component units of the state. These plans remit money to an investment pool for operating expenses of the pool. Also, movements of member account asset balances occur between plans when members change employment from one state department or agency to another and, thereby, from one plan to another. In the plan's statement of changes in fiduciary net position, should an additional section, below the additions and deductions sections, be added for transfers? If not, how should these types of transactions be reported?

A—All changes in fiduciary net position should be reported either in the additions section or in the deductions section of the statement of changes in fiduciary net position. The term *transfer* implies activity internal to an entity, whereas, with the exception of transactions that are addressed in paragraph 15 of Statement 48, for purposes of financial reporting under Statement 67, movements of resources between a defined benefit pension plan and any other plan, fund, government, company, or individual are reported as external transactions. With regard to the particular types of resource movements in question:

- a. Those to an investment pool for operating expenses of the pool should be reported by the plan as investment expense.

- b. Those that move member account asset balances from one pension plan to another may be reported as separate line items within the deductions and additions sections, respectively, of each plan's statement of changes in fiduciary net position.

Question 7.52.7 in Implementation Guide 2015-1

- 5.3. Q—Should all escheat property be reported in a private-purpose trust fund?

A—No. The financial reporting requirements for escheat property are established in Statement No. 21, *Accounting for Escheat Property*, as amended. It states that escheat property held as a fiduciary activity should be reported in a private-purpose trust fund or a custodial fund, as appropriate (or in the governmental or proprietary fund in which escheat property is otherwise reported, with a corresponding liability). (See Questions 7.52.5 and 7.52.8 in Implementation Guide 2015-1, as amended.)

Question 4.17 in Implementation Guide 2017-2

- 5.4. Q—A state-administered cost-sharing multiple-employer pension plan collects \$75 per plan member per month from employers for postemployment healthcare benefits. Amounts collected by the pension plan for postemployment healthcare benefits are remitted to a separate state agency that administers the postemployment healthcare plan. The cash collected for postemployment healthcare benefits is credited to a liability account in the pension trust fund, which is liquidated when money is remitted to the state agency that administers the postemployment healthcare plan. For financial reporting purposes, should the pension plan instead report those amounts in accordance with the requirements of Statement 74, as amended, for an OPEB plan?

A—No. In collecting and remitting contributions to the agency administering the postemployment healthcare plan, the pension plan's role in this case is that of a cash conduit. Reporting the cash flow through a liability account in the trust fund is an appropriate way of reporting the pension plan's involvement.

Question 4.53 in Implementation Guide 2017-2, as Amended by Implementation Guide 2019-X

- 5.5. Q—A PERS administers more than one defined benefit OPEB plan for state employees. The plans are component units of the state. Those plans remit money to an investment pool for operating expenses of the pool. Also, movements of member account asset balances occur between OPEB plans when members change employment from one state department or agency to another and, thereby, from one plan to another. In each OPEB plan's statement of changes in fiduciary net position, should an additional section, below the additions and deductions sections, be added for transfers? If not, how should these types of transactions be reported?

A—All changes in fiduciary net position should be reported either in the additions section or in the deductions section of the statement of changes in fiduciary net

position. The term *transfer* implies activity internal to an entity, whereas, with the exception of transactions that are addressed in paragraph 15 of Statement 48, for purposes of financial reporting under Statement 74, movements of resources between a defined benefit OPEB plan and any other plan, fund, government, company, or individual are reported as external transactions. With regard to the particular types of resource movements in question:

- a. Those to an investment pool for operating expenses of the pool should be reported by the OPEB plan as investment expense.
- b. Those that move member account asset balances from one OPEB plan to another may be reported as separate line items within the deductions and additions sections, respectively, of each plan's statement of changes in fiduciary net position.

EFFECTIVE DATE AND TRANSITION

6. The requirements of this Implementation Guide are effective for financial reporting periods beginning after December 15, 2018, with the exception of Question 5.2 and Question 5.5, which are effective for financial reporting periods beginning after June 15, 2019. Earlier application is encouraged if Statement 84 has been implemented or if the provisions of Question 5.2 or Question 5.5, as applicable, in Implementation Guide 2019-X, have been implemented.

7. 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 fiduciary net position 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.

<p>The requirements in this Implementation Guide need not be applied to immaterial items.</p>

Appendix A

BACKGROUND

A1. Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and became effective for financial statements for fiscal years beginning after December 15, 2018. In December 2017, the GASB added a project to its technical agenda to develop implementation guidance related to Statement 84.

A2. 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 Statement 84.

A3. The Board assembled a consultative group for the project that was broadly representative of the GASB's stakeholders. Members of the group provided suggestions regarding potential topics to be addressed in the Implementation Guide and were provided with drafts of potential questions and answers for review and comment.

Appendix B

AMENDMENTS TO PREVIOUSLY ISSUED QUESTIONS AND ANSWERS—MARKED FOR CHANGES

B1. This appendix presents in marked form the substantive amendments to previously issued questions and answers that are proposed in paragraph 5 of this Implementation Guide. Text that is proposed to be added is underlined, and text that is proposed to be deleted is ~~struck out~~. Editorial modifications are not marked.

Question 5.64.4 in Implementation Guide 2015-1

5.1. Q—A state-administered cost-sharing defined benefit pension plan collects from employers and remits to a separate state agency contributions of \$75 per plan member per month for postemployment healthcare benefits, which the other state agency administers. The cash collected for postemployment healthcare benefits is credited to a liability account in the pension trust fund, which is liquidated when money is remitted to the state agency that administers the postemployment healthcare plan. Should the pension plan instead follow the requirements of Statement 74, as amended, for an OPEB plan?

A—No. In collecting and remitting contributions to the agency administering the postemployment healthcare plan, the pension plan’s role in this case is that of an agent (cash conduit). Reporting the cash flow through a liability account in the pension trust fund is an appropriate way of reporting the plan’s involvement. (~~Custodial fund reporting also would fit the circumstances.~~) The requirements of Statement 74, as amended, would apply to fiduciary reporting by the state agency that administers the postemployment healthcare plan if the arrangement is a fiduciary activity of that agency.

Question 5.74.1 in Implementation Guide 2015-1, as Amended by Implementation Guide 2019-X

5.2. Q—A PERS administers numerous defined benefit pension plans for state employees. The plans that are component units of the state. These plans remit money to an investment pool for operating expenses of the pool. Also, movements of member account asset balances occur between plans when members change employment from one state department or agency to another and, thereby, from one plan to another. In the plan’s statement of changes in fiduciary net position, should an additional section, below the additions and deductions sections, be added for transfers? If not, how should these types of transactions be reported?

A—All changes in fiduciary net position should be reported either in the additions section or in the deductions section of the statement of changes in fiduciary net position. The term *transfer* implies activity internal to an entity, whereas, ~~from the standpoint of Statement 67, each defined benefit pension plan is effectively a~~

~~separate entity. Thus, with the exception of transactions that are addressed in paragraph 15 of Statement 48, for purposes of financial reporting under Statement 67, movements of resources between a defined benefit pension plan and any other plan, fund, government, company, or individual are reported as external transactions, rather than transfers.~~ With regard to the particular types of resource movements in question:

- a. Those to an investment pool for operating expenses of the pool should be reported by the plan as investment expense.
- b. Those that move member account asset balances from one pension plan to another may be reported as separate line items within the deductions and additions sections, respectively, of each plan's statement of changes in fiduciary net position.

Question 7.52.7 in Implementation Guide 2015-1

5.3. Q—Should all escheat property be reported in a private-purpose trust fund?

~~A—No. The reference in paragraph 72 merely points out that private purpose trust funds may be used for escheat funds. It should not be interpreted as a requirement.~~ The financial reporting requirements for escheat property are established in Statement No. 21, *Accounting for Escheat Property*, as amended. It states that escheat property held as a fiduciary activity should be reported in a private-purpose trust fund or a custodial fund, as appropriate (or in the governmental or proprietary fund in which escheat property is otherwise reported, with a corresponding liability). (See Questions 7.52.5 and 7.52.8 in Implementation Guide 2015-1, as amended.)

Question 4.17 in Implementation Guide 2017-2

5.4. Q—A state-administered cost-sharing multiple-employer pension plan collects \$75 per plan member per month from employers for postemployment healthcare benefits. Amounts collected by the pension plan for postemployment healthcare benefits are remitted to a separate state agency that administers the postemployment healthcare plan. The cash collected for postemployment healthcare benefits is credited to a liability account in the pension trust fund, which is liquidated when money is remitted to the state agency that administers the postemployment healthcare plan. For financial reporting purposes, should the pension plan instead report those amounts in accordance with the requirements of Statement 74, as amended, for an OPEB plan?

A—No. In collecting and remitting contributions to the agency administering the postemployment healthcare plan, the pension plan's role in this case is that of a cash conduit. Reporting the cash flow through a liability account in the trust fund is an appropriate way of reporting the pension plan's involvement. ~~(Custodial fund reporting also would fit the circumstances.)~~

Question 4.53 in Implementation Guide 2017-2, as Amended by Implementation Guide 2019-X

5.5. Q—A PERS administers more than one defined benefit OPEB plan for state employees. ~~The plans that~~ are component units of the state. Those plans remit money to an investment pool for operating expenses of the pool. Also, movements of member account asset balances occur between OPEB plans when members change employment from one state department or agency to another and, thereby, from one plan to another. In each OPEB plan’s statement of changes in fiduciary net position, should an additional section, below the additions and deductions sections, be added for transfers? If not, how should these types of transactions be reported?

A—All changes in fiduciary net position should be reported either in the additions section or in the deductions section of the statement of changes in fiduciary net position. The term *transfer* implies activity internal to an entity, whereas, ~~from the standpoint of Statement 74, each defined benefit OPEB plan is effectively a separate entity. Thus,~~ with the exception of transactions that are addressed in paragraph 15 of Statement 48, for purposes of financial reporting under Statement 74, movements of resources between a defined benefit OPEB plan and any other plan, fund, government, company, or individual are reported as external transactions, ~~rather than transfers~~. With regard to the particular types of resource movements in question:

- a. Those to an investment pool for operating expenses of the pool should be reported by the OPEB plan as investment expense.
- b. Those that move member account asset balances from one OPEB plan to another may be reported as separate line items within the deductions and additions sections, respectively, of each plan’s statement of changes in fiduciary net position.

Appendix C

CODIFICATION INSTRUCTIONS

Codification of Governmental Accounting and Financial Reporting Standards—June 2019 Update

C1. The instructions that follow update the June 30, 2018 *Codification of Governmental Accounting and Financial Reporting Standards* (Codification) for the provisions 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.]

* * *

FUND ACCOUNTING

SECTION 1300

Sources: [Add GASBIG 201X-Y.]

[Under heading .706, insert the following:] *See also questions in paragraph .716 of this section.*

[Insert questions as follows:]

.716-1–.716-39 [GASBIG 201X-Y, Q4.1–Q4.39]

* * *

DEFINING THE FINANCIAL REPORTING ENTITY

SECTION 2100

Sources: [Add GASBIG 201X-Y.]

[Insert new questions .707-2–.704-4 as follows; renumber subsequent questions, as appropriate.]

.707-2–.707-4 [GASBIG 201X-Y, Q4.1–Q4.3]

.712-8 [GASBIG 201X-Y, Q4.4]

[Under heading .713, insert the following:] *See Question .712-8 in this section.*

[Insert new questions as follows; renumber subsequent questions, as appropriate.]

.713-5–.713-6 [GASBIG 201X-Y, Q4.5–Q4.6]

.715-8 [GASBIG 201X-Y, Q4.7]

* * *

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION 2200

Sources: [Add GASBIG 201X-Y.]

[Insert new questions as follows; renumber subsequent questions, as appropriate.]

.756-2 [GASBIG 201X-Y, Q4.40]

.756-5 [GASBIG 201X-Y, Q4.52]

.756-6-.756-7 [GASBIG 201X-Y, Q4.42-Q4.43]

.756-10 [GASBIG 201X-Y, Q4.51]

.756-11 [GASBIG 201X-Y, Q4.53]

.757-1 [GASBIG 201X-Y, Q4.47]

.758-1-.758-3 [GASBIG 201X-Y, Q4.48-Q4.50]

[Delete Question .759-2 and replace it with new questions .759-2-.759-7 as follows:]

.759-2 [GASBIG 201X-Y, Q4.16]

.759-3-.759-7 [GASBIG 201X-Y, Q4.42-Q4.46]

* * *

**REPORTING ENTITY AND COMPONENT UNIT
PRESENTATION AND DISCLOSURE**

SECTION 2600

Sources: [Add GASBIG 201X-Y.]

[Insert new questions as follows:]

.702-2-.702-8 [GASBIG 201X-Y, Q4.1-Q4.7]

.703-3-.703-5 [GASBIG 201X-Y, Q4.51-Q4.53]

* * *

INVESTMENTS

SECTION 150

Sources: [Add GASBIG 201X-Y.]

[Delete Question .701-5; renumber subsequent questions.]

[Insert new questions as follows; renumber subsequent questions, as appropriate.]

.726-3 [GASBIG 201X-Y, Q4.40]

.721-17 [GASBIG 201X-Y, Q4.41]

.721-18 [GASBIG 201X-Y, Q4.44]

.721-19 [GASBIG 201X-Y, Q4.52]

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COLLEGES AND UNIVERSITIES

SECTION Co5

Sources: [Add GASBIG 201X-Y.]

[Insert new questions as follows:]

.704-2 [GASBIG 201X-Y, Q4.26]

.704-3 [GASBIG 201X-Y, Q4.28]

.704-4 [GASBIG 201X-Y, Q4.37]

.704-5 [GASBIG 201X-Y, Q4.53]

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

SECTION Pe5

.711-1 [Replace current Question .711-1 with GASBIG 2019-X, Q5.2.] [GASBIG 2015-1, Q5.74.1, as amended by GASBIG 2019-X, Q5.2 and GASBIG 201X-Y, Q5.2]

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

SECTION Po50

.713-2 [Replace current Question .713-2 with GASBIG 201X-Y, Q5.5.] [GASBIG 2017-2, Q4.53, as amended by GASBIG 2019-X, Q5.3 and GASBIG 201X-Y, Q5.5]

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SPECIAL-PURPOSE GOVERNMENTS

SECTION Sp20

Sources: [Add GASBIG 201X-Y.]

[Insert new questions as follows:]

.707-3–.707-4 [GASBIG 201X-Y, Q4.45–Q4.46]

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C2. The instructions that follow update the December 31, 2018 Codification for the provisions 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.

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FUND ACCOUNTING

SECTION 1300

.706-5 [Replace Question .706-5 with GASBIG 201X-Y, Q5.3.] [GASBIG 2015-1, Q7.52.7, as amended by GASBS 84, ¶17 and ¶18 and GASBIG 2019-X, Q5.3]

* * *

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

SECTION Pe5

.701-24 [Replace current Question .701-24 with GASBIG 201X-Y, Q5.1.] [GASBIG 2015-1, Q5.64.4, as amended by GASBS 84, ¶5, ¶18, ¶22, and ¶25, GASBIG 2016-1, Q5.8, and GASBIG 201X-Y, Q5.1]

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

SECTION Po50

.701-17 [Replace current Question .701-17 with GASBIG 201X-Y, Q5.4.] [GASBIG 2017-2, Q4.17, as amended by GASBS 84, ¶5, ¶18, ¶22, and ¶25 and GASBIG 201X-Y, Q5.4]

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Comprehensive Implementation Guide—June 2019 Update

C3. The instructions that follow update the June 30, 2018 *Comprehensive Implementation Guide* for the provisions 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*.

* * *

Insert new Chapter 11 material as follows:

QUESTIONS AND ANSWERS

11.1 Introduction

11.2 Scope and Applicability of Statement 84

11.3 Identifying Fiduciary Activities

11.4 Fiduciary Component Units

11.5 Pension Arrangements or OPEB Arrangements

11.5.1–11.5.7. [GASBIG 201X-Y, Q4.1–Q4.7]

11.6 Component Units That Are Not Pension Arrangements or OPEB Arrangements

11.7 Control Applicability

11.7.1. [GASBIG 201X-Y, Q4.8]

11.8 Pension and OPEB Arrangements That Are Not Component Units

11.9 Administered through Trusts That Meet Specified Criteria

11.10 Not Administered through Trusts That Meet Specified Criteria

11.10.1. [GASBIG 201X-Y, Q4.9]

11.11 Other Fiduciary Activities

See also Sections 11.12–11.31 in this chapter for a discussion of the specific criteria identified in paragraph 11 of Statement 84.

11.11.1–11.11.8. [GASBIG 201X-Y, Q4.10–Q4.17]

11.12 Paragraph 11a

See Questions 11.30.1–11.30.4.

11.13 Paragraph 11b

11.14 Derived from government's own-source revenue

See Questions 11.31.1–11.31.4.

11.15 Derived from government-mandated nonexchange transactions or voluntary nonexchange transactions

11.16 Paragraph 11c

11.17 Paragraph 11c(1)

11.18 Assets are administered through a trust in which the government is not a beneficiary

11.19 Assets are dedicated to providing benefits to recipients in accordance with the benefit terms

11.20 Assets are legally protected from creditors of the government

11.21 Paragraph 11c(2)

11.22 Assets are for the benefit of individuals

11.23 Administrative involvement and direct financial involvement

See also Questions 11.24.1–11.24.9 for a discussion of considerations related to administrative involvement and Question 11.25.1 for a discussion of considerations related to direct financial involvement for purposes of applying paragraph 11c(2) of Statement 84.

11.23.1. [GASBIG 201X-Y, Q4.18]

11.24 Administrative Involvement

11.24.1–11.24.8. [GASBIG 201X-Y, Q4.19–Q4.26]

11.25 Direct Financial Involvement

11.25.1. [GASBIG 201X-Y, Q4.27]

11.26 Assets not derived from provision of goods or services

11.27 Paragraph 11c(3)

11.28 Assets are for the benefit of organizations or other governments

11.28.1–11.28.4. [GASBIG 201X-Y, Q4.28–Q4.31]

11.29 Assets not derived from provision of goods or services

11.30 Control of Assets

11.30.1–11.30.4. [GASBIG 201X-Y, Q4.32–Q4.35]

11.31 Own-Source Revenues

11.31.1–11.31.4. [GASBIG 201X-Y, Q4.36–Q4.39]

11.32 Reporting Fiduciary Activities in Fiduciary Funds

11.33 Pension (and Other Employee Benefit) Trust Funds

11.34 Investment Trust Funds

11.34.1–11.34.2. [GASBIG 201X-Y, Q4.40–Q4.41]

11.35 Private-Purpose Trust Funds

11.35.1. [GASBIG 201X-Y, Q4.42]

11.36 Custodial Funds

11.36.1–11.36.2. [GASBIG 201X-Y, Q4.43–Q4.44]

11.37 Business-Type Activity Exception

11.37.1–11.37.2. [GASBIG 201X-Y, Q4.45–Q4.46]

11.38 Statement of Fiduciary Net Position

11.39 Liability to the Beneficiaries

11.39.1. [GASBIG 201X-Y, Q4.47]

11.40 Pension Plans and OPEB Plans Reported in a Pension (or Other Employee Benefit Trust Fund)

11.41 Statement of Changes in Fiduciary Net Position

11.42 Disaggregation Exception

11.43.1–11.43.3. [GASBIG 201X-Y, Q4.48–Q4.50]

11.44 Pension Plans and OPEB Plans Reported in a Pension (or Other Employee Benefit Trust Fund)

11.45 Reporting Fiduciary Component Units

11.45.1–11.45.3. [GASBIG 201X-Y, Q4.51–Q4.53]

11.46 Effective Date and Transition

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[Revise the following questions as indicated:]

5.64.4. [Replace current Question 5.64.4 with GASBIG 201X-Y, Q5.1.] [GASBIG 2015-1, Q5.64.4, as amended by GASBS 84, ¶5, ¶18, ¶22, and ¶25, GASBIG 2016-1, Q5.8, and GASBIG 201X-Y, Q5.1]

5.74.1. [Replace current Question 5.74.1 with GASBIG 201X-Y, Q5.2.] [GASBIG 2015-1, Q5.74.1, as amended by GASBIG 2019-X, Q5.2 and GASBIG 201X-Y, Q5.2]

[Delete Questions 6.6.1 and 7.81.2.]

7.52.7. [Replace current Question 7.52.7 with GASBIG 201X-Y, Q5.3.] [GASBIG 2015-1, Q7.52.7, as amended by GASBS 84, ¶17 and ¶18 and GASBIG 2019-X, Q5.3]

8.97.3. [Replace current Question 8.97.3 with GASBIG 201X-Y, Q5.4.] [GASBIG 2017-2, Q4.17, as amended by GASBS 84, ¶5, ¶18, ¶22, and ¶25 and GASBIG 201X-Y, Q5.4]

8.114.2. [Replace current Question 8.114.2 with GASBIG 201X-Y, Q5.5.] [GASBIG 2017-2, Q4.53, as amended by GASBIG 2019-X, Q5.3 and GASBIG 201X-Y, Q5.5]