

---

---

JUNE 2019

# Governmental Accounting Standards Series

---

---

## Implementation Guide No. 2019-2, *Fiduciary Activities*



**GOVERNMENTAL ACCOUNTING STANDARDS BOARD**  
OF THE FINANCIAL ACCOUNTING FOUNDATION

For information on prices and discount rates, contact:

Order Department  
Governmental Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116  
Telephone Orders: 1-800-748-0659

*Please ask for our Product Code No. GIG2019-2.*

# **Implementation Guide No. 2019-2, *Fiduciary Activities***

**June 2019**



**GOVERNMENTAL ACCOUNTING STANDARDS BOARD**  
of the Financial Accounting Foundation  
401 Merritt 7, PO Box 5116, Norwalk, Connecticut 06856-5116



# Implementation Guide of the Governmental Accounting Standards Board

## Implementation Guide No. 2019-2, *Fiduciary Activities*

June 2019

### 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 .....	4.1–4.38
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 .....	4.10–4.30
Assets Are for the Benefit of Individuals .....	4.17–4.26
Assets Are for the Benefit of Organizations or Other Governments .....	4.27–4.30
Control of Assets .....	4.31–4.34
Own-Source Revenues .....	4.35–4.38
Reporting Fiduciary Activities in Fiduciary Funds .....	4.39–4.46
Investment Trust Funds .....	4.39–4.40
Private-Purpose Trust Funds .....	4.41
Custodial Funds .....	4.42–4.46
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 .....	4.51–4.52
Amendments to Previously Issued Questions and Answers .....	5
Question 5.64.4 in Implementation Guide 2015-1 .....	5.1
Question 7.52.7 in Implementation Guide 2015-1 .....	5.2
Question 4.17 in Implementation Guide 2017-2 .....	5.3
Effective Date and Transition .....	6–7
Appendix A: Background .....	A1–A4
Appendix B: Codification Instructions .....	B1–B2



## 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 4.6.1, 4.9.6, 5.64.4, 6.43.5, and 7.52.7; Implementation Guide No. 2016-1, *Implementation Guidance Update—2016*, Question 5.8; and Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Question 4.17.

### 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 employers, 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 employers, 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 employers, nonemployer contributing entities, and the plan administrator for financial reporting purposes.

4.3. Q—Should pension or OPEB plans that are administered through equivalent arrangements that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, as

applicable, be considered legally separate from the employers, nonemployer contributing entities, and the plan administrator for financial reporting purposes?

A—Determining whether those plans are legally separate from the employers, nonemployer contributing entities, and the plan administrator is a legal issue. 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, may or may not be legally separate. If the pension or OPEB plan is legally separate, the criteria in paragraph 6 and the financial burden provision in paragraph 7 of Statement 84 are applicable. If the pension or OPEB plan is not legally separate, the criteria in paragraphs 10a and 10b of Statement 84 are 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, whose terms expired sequentially over the first five years, to the pension plan board. 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 in 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 (for example, a sponsoring 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 (for example, a sponsoring 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 (for example, a sponsoring 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. Furthermore, in accordance with paragraph 7 of Statement 84, a government is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation 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 (for example, a sponsoring 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 other government (for example, a sponsoring government) performs the duties of a governing board in the absence of one; and (c) the other government is legally obligated or has otherwise assumed the obligation 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 to make contributions 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, the primary government should not 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 defined benefit 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 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 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 4.41 and 4.42.)

- 4.11. 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 does complete the project satisfactorily, 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.

- 4.12. Q—Would the activity described in Question 4.11 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 4.11. 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.

- 4.13. 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.

- 4.14. 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. Moreover, the assets 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, although the assets may be used to generate commissary revenue for the county, the assets themselves are not derived from the government's provision of goods or services to the inmates. (See also Question 4.24.)

- 4.15. 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 its 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 present obligation to sacrifice resources that the government has no discretion to avoid and, therefore, are liabilities 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.

- 4.16. Q—A 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 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—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 that 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 and thus require evaluation of whether the school has administrative involvement or direct financial involvement. (See also Question 4.28.)

### **Assets are for the benefit of individuals**

- 4.17. 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 regarding 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 fees are set. In that 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.

4.18. 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 held 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. For example, the government’s role would have substance if the school board, school administrator, or faculty advisor (who is representing the school district) establishes how the resources can be spent through approved policies. In that 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.

4.19. Q—Assume the same facts as in Question 4.18, 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.

4.20. 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 how the resources of the club 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 district 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.

4.21. Q—A school board establishes and approves a policy related to the disbursement of funds for various student clubs that are not legally separate from the school district. The policy

includes specific guidelines related to how the funds raised by the clubs 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.

- 4.22. Q—Assume the same facts as in Question 4.21, 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 can be spent.

- 4.23. Q—Assume the same facts as in Question 4.21, 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.

- 4.24. 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 signature is required to help ensure that contraband does not enter the facility. For purposes of applying paragraph 11c(2) of 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 the county, thus, ensuring compliance with contraband laws is not specific to this activity. (See also Question 4.14.)

- 4.25. Q—A public university receives funds, which it controls, from an alumnus to provide 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. In that 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.

4.26. Q—A 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.

### **Assets are for the benefit of organizations or other governments**

4.27. 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. The resources are contributed by foundation members to the foundation and are deposited with the university by the foundation and may be withdrawn by the foundation at any time. Students submit applications to the foundation. The foundation's executive director, who is not a university employee, selects recipients based on the criteria established by the foundation and the recipients are not required to attend the university that holds the foundation's resources. The recipients' compliance with the scholarship criteria is monitored by the foundation. If a scholarship is awarded to a student of the university, the university applies the scholarship amount to that recipient's student account. 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.

4.28. Q—A public high school's student club 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 NFP 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 4.16.)

4.29. 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 in 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 4.30.)

- 4.30. Q—In Question 4.29, the county “provide[s] the NFP with accounting and treasury services,” 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—Resources would be derived from the provision of goods or services if they are received in exchange for the accounting and treasury services (or any other services) provided by the county to the NFP. In this case, the service being provided by the county is associated with the holding of the resources in a fiduciary capacity. Therefore, the resources held in custody for the NFP are not derived from the provision of goods or services. 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**

- 4.31. Q—A state sponsors a college tuition savings plan. The state is not the trustee of the plan. The plan has its own board. The plan does not meet the requirements in Statement 14, as amended, to be a component unit of the state. The board 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 board. The state does not guarantee any of the investments or benefits associated with the college tuition savings plan. In that scenario, is the state controlling the assets of the college tuition savings plan, as described in paragraph 12 of Statement 84?

A—No. In that scenario, the state is not controlling the assets of the college tuition savings plan. The third party, not the state, is holding the assets. Furthermore, the participants in the plan are responsible for the use, exchange, or employment of the assets. As a result, the control criterion in paragraph 12 of Statement 84 is *not* met.

- 4.32. 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 club are not held in an account of the school district. Spending of the funds is at the sole discretion of the club's board. In that 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.

- 4.33. 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 has its own board and 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 that scenario, is the state controlling the assets of the ABLE plan, as described in paragraph 12 of Statement 84?

A—No. In that scenario, 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.

- 4.34. Q—Assume the same facts as in Question 4.33, 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 the 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 that scenario, is the state controlling the assets of the ABLE plan, as described in paragraph 12 of Statement 84?

A—Yes. In that scenario, the state is controlling the assets. Acting as the trustee, the state is holding the assets.

### ***Own-Source Revenues***

- 4.35. Q—A county government imposes an annual license fee of \$1,500 pursuant to the county’s business licensing function. The county government enters into a revenue-sharing agreement with the state that results in the county retaining \$1,350 from each license fee and remitting 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.

- 4.36. Q—A university charges each enrolled student an activity fee to fund student programs and activities. The university management evaluates the student proposals for disbursement of the fees and authorizes the disbursement. 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.

- 4.37. 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.

- 4.38. 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***

- 4.39. 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 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.

- 4.40. 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 the external portion of the 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***

- 4.41. 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 trust has its own board. 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. (See also Question 4.10.)

### ***Custodial Funds***

- 4.42. Q—Assume the same facts as in Question 4.41, 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. (See also Question 4.10.)

- 4.43. 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 fiduciary fund basic financial statements.

- 4.44. 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 *external investment pool fund* 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.

### ***Business-type activity exception***

- 4.45. Q—A port authority (a stand-alone business-type activity) collects a leasehold excise tax levied by the state and the county from the businesses and individuals that rent buildings that are 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 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 port authority normally remits the collected taxes 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 normal expected holding period for a specific type of recurring receipt can be established by past practice of the authority rather than making the assessment each time a resource is received. Even though, on occasion, the remittance may be late, if the amounts are normally expected to continue to be held for three months or less, the exception in paragraph 19 can be applied.

- 4.46. Q—A 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 for the surrounding county's social services program. Those donated amounts will be distributed to local residents who qualify for assistance under the 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. The water department has determined that the activity is a fiduciary activity. 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 normally have been held for three months or less to determine whether a custodial fund is required. If the resources are normally not held by the city 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—A city's parks department sponsors a youth soccer program from April through July each year. Registration is free, but each participant is encouraged to provide resources to the uniforms and equipment fund. Uniforms and equipment are acquired by volunteer coaches who are not employees of the city. The city has determined that the resources 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 resources 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.” (See also Question 4.49.)

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 of 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.” (See also Question 4.48.)

4.50. Q—The city is holding resources for a legally separate organization that is not a component unit. 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 sometimes are 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 inflows into the fund are normally held by the city 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—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 and is engaged in other fiduciary activities. 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 normally 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 7.52.7 in Implementation Guide 2015-1**

- 5.2. 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**

- 5.3. 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.

## **EFFECTIVE DATE AND TRANSITION**

6. The requirements of this Implementation Guide are effective for financial reporting periods beginning after December 15, 2018. Earlier application is encouraged if Statement 84 has 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.

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. Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and became effective for financial statements for reporting periods 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.

A4. The Exposure Draft of this Implementation Guide was issued for public comment in December 2018. Twenty-four 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 certain others were 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

### CODIFICATION INSTRUCTIONS

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

B1. The instructions that follow update the December 31, 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 2019-2.]

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

.706-5 [Replace Question .706-5 with GASBIG 2019-2, Q5.2.] [GASBIG 2015-1, Q7.52.7, as amended by GASBS 84, ¶17 and ¶18 and GASBIG 2019-2, Q5.2]

[Insert questions as follows:]

.716-1–.716-38 [GASBIG 2019-2, Q4.1–Q4.38]

\* \* \*

#### **DEFINING THE FINANCIAL REPORTING ENTITY**

#### **SECTION 2100**

Sources: [Add GASBIG 2019-2.]

.706-2 [In subparagraph (b), replace .707-8 with .707-11.] [GASBIG 2015-1, Q4.6.1, as amended by GASBIG 2019-2, Q4.1–Q4.3]

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

.707-2–.707-4 [GASBIG 2019-2, Q4.1–Q4.3]

.708-3 [In the parenthetical sentence in the answer, replace .712-8 with .712-9, .713-9 with .713-11, and .715-14 with .715-15.] [GASBIG 2015-1, Q4.9.6, as amended by GASBIG 2019-2, Q4.4–Q4.7]

[Insert new question .712-9 as follows:]

.712-9 [GASBIG 2019-2, Q4.4]

[Under heading .713, insert the following:] *See Question .712-9 in this section.*

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

.713-5—.713-6 [GASBIG 2019-2, Q4.5–Q4.6]

.714-1 [In the parenthetical sentence in the answer, replace .712-8 with .712-9, .713-9 with .713-11, and .715-4 with .715-15.] [GASBIG 2015-1, Q4.9.6, as amended by GASBIG 2019-2, Q4.4–Q4.7]

.715-8 [GASBIG 2019-2, Q4.7]

\* \* \*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**SECTION 2200**

Sources: [Add GASBIG 2019-2.]

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

.756-2 [GASBIG 2019-2, Q4.39]

.756-5 [GASBIG 2019-2, Q4.44]

.756-6—.756-7 [GASBIG 2019-2, Q4.41–Q4.42]

.756-10 [GASBIG 2019-2, Q4.51]

.756-11 [GASBIG 2019-2, Q4.52]

.757-1 [GASBIG 2019-2, Q4.47]

.758-1—.758-3 [GASBIG 2019-2, Q4.48–Q4.50]

[Delete Question .759-2 and replace it with new questions .759-2—.759-8 as follows:]

.759-2 [GASBIG 2019-2, Q4.15]

.759-3—.759-8 [GASBIG 2019-2, Q4.41–Q4.46]

\* \* \*

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

**SECTION 2600**

Sources: [Add GASBIG 2019-2.]

[Insert new questions as follows:]

.702-2—.702-8 [GASBIG 2019-2, Q4.1–Q4.7]

.703-3—.703-4 [GASBIG 2019-2, Q4.51–Q4.52]

\* \* \*

**INVESTMENTS**

**SECTION 150**

Sources: [Add GASBIG 2019-2.]

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

[Insert new questions as follows:]

.721-17 [GASBIG 2019-2, Q4.40]

.721-18 [GASBIG 2019-2, Q4.43]

.721-19 [GASBIG 2019-2, Q4.45]

.726-1 [In the answer, replace .726-4 with .726-5.] [GASBIG 2015-1, Q6.43.5, as amended by GASBS 84, ¶18 and GASBIG 2019-2, Q4.39]

[Insert new Question .726-3 as follows; renumber subsequent questions.]

.726-3 [GASBIG 2019-2, Q4.39]

\* \* \*

## **COLLEGES AND UNIVERSITIES**

## **SECTION Co5**

Sources: [Add GASBIG 2019-2.]

[Insert new questions as follows:]

.704-2 [GASBIG 2019-2, Q4.25]

.704-3 [GASBIG 2019-2, Q4.27]

.704-4 [GASBIG 2019-2, Q4.36]

.704-5 [GASBIG 2019-2, Q4.52]

\* \* \*

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

## **SECTION Pe5**

.701-24 [Replace current Question .701-24 with GASBIG 2019-2, 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 2019-2, Q5.1]

\* \* \*

## **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 2019-2, Q5.3.] [GASBIG 2017-2, Q4.17, as amended by GASBS 84, ¶5, ¶18, ¶22, and ¶25 and GASBIG 2019-2, Q5.3]

\* \* \*

Sources: [Add GASBIG 2019-2.]

[Insert new questions as follows:]

.707-3–.707-4 [GASBIG 2019-2, Q4.45–Q4.46]

\* \* \*

## ***Comprehensive Implementation Guide—June 2019 Update***

B2. The instructions that follow update the December 31, 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 2019-2, Q4.1–Q4.7]

#### **11.6 *Component Units That Are Not Pension Arrangements or OPEB Arrangements***

#### **11.7 *Control Applicability***

11.7.1. [GASBIG 2019-2, 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 2019-2, 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.

11.11.1–11.11.7. [GASBIG 2019-2, Q4.10–Q4.16]

**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 11.24.1–11.24.8 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 2019-2, Q4.17]

**11.24 Administrative Involvement**

11.24.1–11.24.8. [GASBIG 2019-2, Q4.18–Q4.25]

**11.25 Direct Financial Involvement**

11.25.1. [GASBIG 2019-2, Q4.26]

**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 2019-2, Q4.27–Q4.30]

**11.29 Assets not derived from provision of goods or services**

**11.30 Control of Assets**

11.30.1–11.30.4. [GASBIG 2019-2, Q4.31–Q4.34]

**11.31 Own-Source Revenues**

11.31.1–11.31.4. [GASBIG 2019-2, Q4.35–Q4.38]

**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 2019-2, Q4.39–Q4.40]

**11.35 Private-Purpose Trust Funds**

11.35.1. [GASBIG 2019-2, Q4.41]

**11.36 Custodial Funds**

11.36.1–11.36.3. [GASBIG 2019-2, Q4.42–Q4.44]

**11.37 Business-Type Activity Exception**

11.37.1–11.37.2. [GASBIG 2019-2, Q4.45–Q4.46]

**11.38 Statement of Fiduciary Net Position**

**11.39 Liability to the Beneficiaries**

11.39.1. [GASBIG 2019-2, 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**

11.42.1–11.42.3. [GASBIG 2019-2, Q4.48–Q4.50]

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

**11.44 Reporting Fiduciary Component Units**

11.44.1–11.44.2. [GASBIG 2019-2, Q4.51–Q4.52]

**11.45 Effective Date and Transition**

\* \* \*

[Revise the following questions as indicated:]

4.6.1. [In subparagraph (b), replace *Section 4.8* with *Section 4.8 and Questions 11.5.1–11.5.3.*] [GASBIG 2015-1, Q4.6.1, as amended by GASBIG 2019-2, Q4.1–Q4.3]

4.9.6. [In the parenthetical sentence in the answer, replace *Sections 4.17–4.22* with *Sections 4.17–4.22 and Questions 11.5.4–11.5.7.*] [GASBIG 2015-1, Q4.9.6, as amended by GASBIG 2019-2, Q4.4–Q4.7]

5.64.4. [Replace current Question 5.64.4 with GASBIG 2019-2, 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 2019-2, Q5.1]

[Replace Question 6.6.1 with the following:]

6.6.1. [Question number not used]

6.43.5. [In the answer, replace *Questions 6.45.1–6.45.3* with *Questions 6.45.1–6.45.3 and Question 11.34.1.*] [GASBIG 2015-1, Q6.43.5, as amended by GASBS 84, ¶18 and GASBIG 2019-2, Q4.39]

[Replace Question 7.81.2 with the following:]

7.81.2. [Question number not used]

7.52.7. [Replace current Question 7.52.7 with GASBIG 2019-2, Q5.2.] [GASBIG 2015-1, Q7.52.7, as amended by GASBS 84, ¶17 and ¶18 and GASBIG 2019-2, Q5.2]

8.97.3. [Replace current Question 8.97.3 with GASBIG 2019-2, Q5.3.] [GASBIG 2017-2, Q4.17, as amended by GASBS 84, ¶5, ¶18, ¶22, and ¶25 and GASBIG 2019-2, Q5.3]