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## Implementation Guide No. 2017-1, *Implementation Guidance Update—2017*



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

## Implementation Guide No. 2017-1, *Implementation Guidance Update—2017*

April 2017

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## INTRODUCTION

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

## IMPLEMENTATION GUIDANCE

### Applicability of This Implementation Guide

2. The requirements of this Implementation Guide apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer.
3. This Implementation Guide supersedes *Implementation Guide No. 2015-1*, Question 7.8.5, as well as all questions in Sections 8.1–8.68, and Implementation Guide No. 2016-1, *Implementation Guidance Update—2016*, Questions 4.65, 4.66, and 5.16–5.34. This Implementation Guide amends Implementation Guide 2015-1, Questions 3.50.1, 3.50.3, 5.60.1, 5.60.2, 5.61.1, 5.63.1, 5.64.1–5.64.3, 5.66.2, 5.70.4, 5.76.1, 5.76.3, 5.76.4, 5.86.2, 5.113.1, 5.117.1, 5.117.2, 5.120.1, 5.121.2, 5.145.1, 5.145.2, 5.161.2, 5.185.1, 5.185.2, 5.224.1, 5.224.2, 7.22.6, and Z.33.26, and Implementation Guide 2016-1, Questions 4.2, 4.12, 4.14, 4.22, 4.59, 4.72, 5.3, 5.5–5.7, 5.9, 5.13, and 5.39.

### New Questions and Answers

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

### Cash Flows Reporting

- 4.1. Q—How should the changes in an employer's liability to employees for defined benefit pensions or defined benefit postemployment benefits other than pensions (OPEB) and an employer's deferred outflows of resources and deferred inflows of resources related to pensions or OPEB be reported in a statement of cash flows and its accompanying schedule that reconciles operating income to net cash provided by operating activities?

A—An employer's cash contributions during its fiscal year to a defined benefit pension plan that is administered through a trust that meets the criteria in paragraph 4 of Statement No. 68, *Accounting and Financial Reporting for Pensions*, or to a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, should be reported in the statement of cash flows as cash flows from operating activities, as should cash outflows for amounts paid for pensions or OPEB regardless of whether the defined benefit pension plan or defined benefit OPEB plan is administered through a trust that meets the specified criteria. In addition, the changes in each of the following should be presented separately in the schedule that provides the reconciliation of operating income to net cash flows from operating activities: (a) the employer's liability to employees for defined benefit pensions or defined benefit OPEB, (b) the employer's deferred outflows of resources related to pensions or OPEB, and (c) the employer's deferred inflows of resources related to pensions or OPEB.

## The Financial Reporting Entity

- 4.2. Q—A government hospital is the sole member of a limited liability company (LLC) that is a legally separate entity that provides rehabilitation services to patients. There is no separate board for the LLC. The government hospital officials have approval authority over the LLC's operating and capital budgets and are responsible for managing the LLC's operations; therefore, the LLC is a component unit of the hospital. Is the hospital required to use the blending method for this component unit in the hospital's financial statements?

A—Yes. Paragraph 53a of Statement No. 14, *The Financial Reporting Entity*, as amended, states that a component unit should be included in the reporting entity financial statements using the blending method when the component unit's governing body is substantively the same as the governing body of the primary government and (a) there is a financial benefit or burden relationship between the primary government and the component unit or (b) management of the primary government has operational responsibility for the component unit. In the absence of a separate governing board of the LLC, the government hospital being the sole member of the LLC is tantamount to the component unit having the same governing board as the primary government. Additionally, the government hospital management has operational responsibility for the LLC. Thus, the component unit should be blended within the hospital's financial statements.

## Pensions—Plan and Employer Accounting and Reporting

- 4.3. Q—If more than one trust that meets the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, has been established to accumulate assets for purposes of providing pensions through a single-employer pension plan and assets in any of the trusts may be used interchangeably to make benefit payments to any plan member, does Statement 67 apply to the separate reporting of each trust?

A—No. Absent a legal restriction that limits the use of the assets of any of the trusts to paying benefits for a specific subset of plan members, the arrangement described is one pension plan that is administered using multiple trusts. The net position of all the trusts (in the aggregate) constitutes the fiduciary net position of the pension plan. Therefore, Statement 67 would apply only in financial statements of the pension plan (issued in a stand-alone pension plan financial report or included in the financial report of another government), which would incorporate the balances and activities of all the trusts.

- 4.4. Q—An employer provides pensions through a single-employer pension plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67 (Trust A). Benefits are paid through Trust A. The employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. Should the balances and activities of Trust A and Trust B be included in the balances and activities of the single-employer pension plan?

A—No. In this circumstance, only the balances and activities of Trust A should be reported as part of the single-employer pension plan. In the circumstance described, benefit payments can be made to plan members through Trust A but cannot be made through Trust B. As a result, the assets in Trust B do not have present service capacity as pension plan assets. Therefore, the balances and activities of Trust B are not part of the pension plan. Instead, the assets in Trust B should continue to be reported as assets of the employer in accordance with paragraph 115 or paragraph 116 of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within*



*the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as applicable.*

- 4.5. Q—Would the answer in Question 4.4 be different if, instead, Trust A is used to administer an agent multiple-employer pension plan and Trust B is established by one agent employer?

A—No. For the same reasons discussed in the answer in Question 4.4, only the balances and activities of Trust A should be reported as part of the agent multiple-employer pension plan. The assets in Trust B should continue to be reported as assets of the individual employer in accordance with paragraph 115 or paragraph 116 of Statement 73, as applicable.

- 4.6. Q—Would the answer in Question 4.4 be different if, instead, Trust A is used to administer a cost-sharing multiple-employer pension plan and Trust B is established by one cost-sharing employer?

A—No. For the same reasons discussed in the answer in Question 4.4, only the balances and activities of Trust A should be reported as part of the cost-sharing multiple-employer pension plan. The assets in Trust B should continue to be reported as assets of the individual employer in accordance with paragraph 115 or paragraph 116 of Statement 73, as applicable.

- 4.7. Q—An employer provides pensions through a single-employer pension plan that is administered through a trust that meets the criteria in paragraph 4 of Statement 68 (Trust A). Benefits are paid through Trust A. The employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. For purposes of determining the employer's net pension liability, does the pension plan's fiduciary net position include the net position of Trust A and the net position of Trust B?

A—No. In the circumstance described, benefit payments can be made to employees through Trust A but cannot be made through Trust B. As a result, the assets in Trust B do not have present service capacity as pension plan assets. Therefore, only the net position of Trust A is included as part of the pension plan's fiduciary net position. The assets in Trust B should continue to be reported as assets of the employer. Accordingly, amounts associated with Trust B should be reported in the employer's government-wide financial statements as governmental or business-type activities and in the employer's governmental or proprietary fund financial statements.

- 4.8. Q—Would the answer in Question 4.7 be different if Trust A is used to administer an agent multiple-employer pension plan and Trust B is established by one agent employer?

A—No. For the same reasons identified in the answer in Question 4.7, in the circumstances in this question, only the net position of Trust A is included as part of the pension plan's fiduciary net position. The assets in Trust B should continue to be reported as assets of the individual employer. Accordingly, amounts associated with Trust B should be reported in the employer's government-wide financial statements as governmental or business-type activities and in the employer's governmental or proprietary fund financial statements.

- 4.9. Q—Would the answer in Question 4.7 be different if Trust A is used to administer a cost-sharing multiple-employer pension plan and Trust B is established by one cost-sharing employer?

A—No. For the same reasons identified in the answer in Question 4.7, in the circumstances in this question, only the net position of Trust A is included as part of the pension plan's fiduciary net position. The assets in Trust B should continue to be reported as assets of the individual employer. Accordingly, amounts associated with Trust B should be reported in the employer's government-wide financial statements as governmental or business-type activities and in the employer's governmental or proprietary fund financial statements.

- 4.10. Q—Can the employer in Question 4.7, Question 4.8, or Question 4.9 report its pension liability to employees for benefits net of the fiduciary net position of Trust B?

A—No. As noted in the answers in Questions 4.7–4.9, in all three circumstances, the assets in Trust B are employer assets. Financial reporting standards provide only for the pension plan's fiduciary net position to offset the total pension liability. Because there is no specific right-of-offset provision for reporting an employer's liability to employees for pensions net of related employer assets, the employer assets held in Trust B should not reduce the amount reported by the employer as its liability to employees for pensions.

- 4.11. Q—Should the employer in Question 4.7, Question 4.8, or Question 4.9 consider the assets accumulated in Trust B restricted for purposes of its government-wide or proprietary fund statement of net position or governmental fund balance sheet?

A—Yes. The trust provision that limits the use of the assets in Trust B to future employer contributions to the pension plan is an external limitation such that the assets accumulated in Trust B should be considered restricted. Further, in accordance with paragraph 10 of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in determining the restricted net position or restricted fund balance, the restricted assets should be reduced by the amount of the pension liability that those resources will be used to liquidate.

- 4.12. Q—A city's defined benefit pension plan for firefighters provides a postemployment health insurance subsidy in the form of an additional monthly cash payment to each pension recipient. There is no limitation on the use of the additional cash payment by recipients. Should the health insurance subsidy be classified as an additional pension for financial reporting purposes?

A—Yes. In this circumstance, the use of the postemployment health insurance subsidy that is provided as an additional monthly cash payment to retirees and beneficiaries is not limited to payment of healthcare costs. Therefore, the subsidy should be considered retirement income. All retirement income should be classified as pensions.

- 4.13. Q—The terms of a postemployment benefit plan provide that those who retire from service will receive an amount, defined in terms of dollars or a formula, that may be used only (a) to offset the retiree's cost of premium payments for participation in the employer's healthcare insurance group with active employees or (b) for reimbursement of other healthcare costs, if the retirees provide proof of healthcare insurance costs or direct healthcare claims that are not reimbursed by others. Should the benefit be classified as a pension for financial reporting purposes?

A—No. Even though the benefit is defined in terms of a dollar amount or formula, because the benefit is limited to the provision of postemployment healthcare, it should be classified as OPEB for financial reporting purposes.

- 4.14. Q—An employer provides disability benefits as a source of income until a recipient becomes eligible for pension benefits. An employee is required to terminate his or her

employment to become eligible for the disability benefits. Should the disability benefits be classified as pensions for financial reporting purposes?

A—The disability benefit program described provides postemployment benefits (that is, benefits provided after employment as part of an employee's total compensation for services), as indicated by the facts that eligibility for the benefits requires terminating employment and that the benefits are long term. If those long-term disability benefits are provided through a defined benefit pension plan, they should be classified as pensions. If those disability benefits are provided separately from a defined benefit pension plan, they should be classified as OPEB.

- 4.15. Q—If a pension and some other benefit that is not a pension (for example, postemployment healthcare benefits [classified as OPEB] or active employee benefits) are administered through a single trust, can that arrangement be considered as meeting the criterion in paragraph 3b of Statement 67 or paragraph 4b of Statement 68—that is, that “pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms”?

A—The pension partition of the trust would meet the criterion in paragraph 3b of Statement 67 or paragraph 4b of Statement 68 (regarding dedicated purpose) only if steps have been taken to ensure that the assets, once initially allocated to pensions, are dedicated solely to providing pensions until the point in time at which all benefits provided through the pension plan have been paid. That is, in the context of Statement 67 or Statement 68, dedicated purpose should be understood as referring to the purpose of providing pensions through a single plan rather than, for example, providing pensions and some other benefit such as postemployment healthcare or active employee benefits.

- 4.16. Q—Each year, an employer makes a single contribution to a trust that is used to administer a pension plan, as well as to provide postemployment healthcare benefits (OPEB) under the provisions of Internal Revenue Code (IRC) Section 401(h). A determination has been made that the Section 401(h) account meets the criteria in paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and that the pension partition of the trust meets the criteria in paragraph 3 of Statement 67. For financial reporting purposes, is it necessary to separate the assets held in the pension partition of the trust from the assets held in the Section 401(h) account within the trust?

A—Yes. Assets should be allocated between the pension plan and the OPEB plan. This requires, in part, allocation of the employer's total contribution between the pension plan and the OPEB plan and separate reporting of each plan's fiduciary net position. Statement 74 does not specify the manner in which the allocations should be made because that depends on the specific circumstances, including the benefit structure and terms and the method(s) of financing the pension and postemployment healthcare benefits. Therefore, an accounting policy should be adopted and applied consistently from period to period.

- 4.17. Q—An employer provides pensions through a plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67. The employer made a contribution to the trust during the period. Assets in the trust were invested, which produced investment income to the trust. Assets in the trust were not used to make benefit payments during the period. Instead, the employer made benefit payments to inactive plan members from its own resources. Should the pension plan's statement of changes in fiduciary net position report only the activity that passed through the trust?

A—No. The requirements of Statement 67 for reporting a statement of changes in fiduciary net position apply to reporting for the *pension plan*, not solely the activities of a

trust through which the pension plan is administered, and the objective of Statement 67 is to report on all activity of the pension plan. Accordingly, the pension plan's statement of changes in fiduciary net position should include, as contributions from the employer, benefit payments made by the employer for pensions as the benefits come due that will not be reimbursed to the employer using pension plan assets. In addition, deductions from pension plan fiduciary net position should include benefit payments, whether made through the trust or by employers for pensions as the benefits come due. In the circumstances described, an amount equal to the benefit payments should be recognized both as an addition to and a deduction from pension plan fiduciary net position.

- 4.18. Q—A government includes the pension plan through which it provides benefits to its employees as a fiduciary fund in its financial report. The pension plan does not issue a stand-alone financial report. Should the government make the note disclosures and present the schedules of required supplementary information (RSI) required by Statement 67 for the pension plan, as well as the note disclosures and schedules of RSI required for an employer that provides benefits through the plan?

A—Yes. In this circumstance, the presentation of information from two perspectives is required within the same report—first, from the perspective of an employer that provides its employees with benefits through the pension plan and, second, from the standpoint of the pension plan itself. Accordingly, in addition to applying employer reporting requirements, the government should include in its financial report information required by Statement 67 for the pension plan. However, footnote 9 or footnote 11 of Statement 67, as applicable, provides for coordination of employer and plan note disclosures or schedules of RSI within the employer's financial report with the objective of avoiding unnecessary duplication of information within that report.

- 4.19. Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension service credits to any employee with at least 20 years of service. Acceptance of the employer's early termination offer would increase the pension paid to the employee. For purposes of applying Statement 67 or Statement 68, does the early retirement incentive affect the amounts reported by the pension plan or the employer about the pension liability of the employer(s)?

A—Yes. Although the benefit in this scenario is a termination benefit, Statement No. 47, *Accounting for Termination Benefits*, as amended, and Statement 67 or Statement 68, as applicable, require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the defined benefit pension liability of the employer(s) that is required by Statement 67 or Statement 68.

- 4.20. Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying Statement 67 or Statement 68 for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as "pay-as-you-go" financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the pension plan's fiscal year-end or the measurement date used by the employer, as applicable. The projection should include both vested and nonvested plan members, considering relevant demographic assumptions with regard to all plan members, and the requirements of

Statement 67 or Statement 68 related to the projection of benefit payments apply without regard for the timing or method of an employer's financing of the benefits.

- 4.21. Q—Significant changes to benefit terms for pensions provided through a single-employer or cost-sharing multiple-employer plan are announced after the pension plan's December 31, 20X7 fiscal year-end but before the financial statements are issued. Should the changes to the benefit terms be reflected in the measure of the employer's net pension liability in the pension plan's December 31, 20X7 financial report?

A—No. In accordance with paragraph 10 of Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, as amended, the changes to the benefit terms should be disclosed as a subsequent event in the pension plan's December 31, 20X7 financial report.

- 4.22. Q—Should the discount rate calculated in accordance with the requirements of Statement 67 or Statement 68, as applicable, be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of Statement 67 or Statement 68, as applicable, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of Statement 67 or Statement 68 and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

- 4.23. Q—There is a formal, written policy for an employer to contribute the actuarially determined contribution; however, historically, the employer has only contributed 80 percent of that actuarially determined contribution. Is this fact relevant to the projection of cash flows for purposes of determining the discount rate?

A—Yes. Paragraph 42 of Statement 67 or paragraph 28 of Statement 68, as applicable, requires that if a formal, written policy related to contributions exists, application of professional judgment should consider the most recent five-year contribution history as a key indicator of future contributions. Therefore, in this circumstance, the fact that the employer has historically contributed only 80 percent of the actuarially determined contribution should be considered a key indicator in determining future contributions.

- 4.24. Q—For purposes of determining the discount rate in accordance with the requirements of Statement 67 or Statement 68, as applicable, if an employer has an adopted policy of making benefit payments from its own resources as the benefits come due and the employer will not be reimbursed for those amounts from trust assets, would projected cash flows from employer contributions always equal projected cash flows for benefit payments?

A—Generally, no. All projected benefit payments, including those that are expected to be made from the employer's resources, should be included in projected outflows from pension plan fiduciary net position. In contrast, unless a pension plan is closed to new entrants, a portion of the projected cash flows from employer contributions should be allocated to future plan members. (See Question 4.22 in Implementation Guide 2016-1.) In addition, for purposes of projecting cash flows from employer contributions, regardless of whether the plan is closed to new entrants, an evaluation should be made as to whether the employer will have the ability and willingness to make benefit payments from its own resources for all periods in the projection. In any periods in which those conditions are

not expected to be met, the projected cash flows from employer contributions should not exceed the amounts expected to be paid from the employer's resources.

- 4.25. Q—If no trust (or equivalent arrangement) that meets the criteria in paragraph 3 of Statement 67 has been established for a defined benefit pension plan, is pension plan reporting required?

A—No. If the pension plan is not administered through a trust (or equivalent arrangement) that meets the criteria in paragraph 3 of Statement 67, there is no pension plan reporting (that is, a statement of fiduciary net position, a statement of changes in fiduciary net position, notes to basic financial statements, or RSI for the pension plan in accordance with the requirements of Statement 67). However, paragraphs 115 and 116 of Statement 73, as applicable, establish reporting requirements for any assets accumulated for pension purposes. Specifically, those paragraphs require that such assets continue to be reported as assets of the employer or nonemployer contributing entity associated with the pension plan and provide that, if a government holds such assets for others, they be reported in an agency fund.

- 4.26. Q—A city provides pensions through a single-employer pension plan that is administered through a revocable trust—that is, the city retains the right to revoke its contributions of assets to the trust at its discretion. The trust is not reported as a fiduciary fund in the financial report of another entity. How should the city report assets that it accumulates in the trust?

A—Because the trust does not meet the criterion in paragraph 3a of Statement 67 that employer contributions to the pension plan, as well as earnings on those contributions, be irrevocable, the requirements in paragraph 115 of Statement 73 apply. Paragraph 115 of Statement 73 requires that assets accumulated to pay benefits through such pension plans continue to be reported as assets of the employer. Therefore, the city in this case should report the balances and activity of the trust as part of a governmental or proprietary fund, rather than as a fiduciary fund.

- 4.27. Q—Does the notion of a payable to the pension plan (for example, a short-term payable for legally or contractually required contributions outstanding as of the end of the reporting period) apply if a multiple-employer pension plan through which an employer provides pensions is not administered through a trust (or equivalent arrangement) that meets the criteria in paragraph 3 of Statement 67?

A—No. The notion of a payable to the pension plan does not apply if an employer provides pensions through a multiple-employer pension plan that is not administered through a trust (or equivalent arrangement) that meets the criteria in paragraph 3 of Statement 67 because assets accumulated in such an arrangement remain assets of the employer.

- 4.28. Q—Paragraph 15a of Statement 68 specifies that one of the characteristics of a special funding situation is that the amount of contributions for which the nonemployer entity legally is responsible is *not* dependent upon one or more events unrelated to the pensions. If a nonemployer contributing entity is legally required to contribute a specified ("flat") dollar amount, is the amount considered to be dependent upon one or more events or circumstances unrelated to pensions?

A—No. A specified dollar amount is not considered to be dependent upon an event or circumstance unrelated to pensions. Therefore, in this circumstance, the contribution would satisfy the condition in paragraph 15a of Statement 68 that, to be a special funding situation, the amount of contributions not be dependent upon one or more events unrelated to the pensions.

- 4.29. Q—A primary government and its component unit provide pensions through the same cost-sharing pension plan. How should each government determine the pension liability to employees to report in its stand-alone financial statements?

A—Paragraph 11 of Statement 68 indicates that for *classification* purposes, a primary government and its component unit are considered one employer. However, for purposes of recognition and measurement, the primary government and component unit should be considered separate employers, and each should apply the requirements of Statement 68 for cost-sharing employers.

- 4.30. Q—In the circumstances described in Question 4.29, what requirements apply for purposes of note disclosures and RSI in the stand-alone financial report of the component unit?

A—In its stand-alone financial report, the component unit should apply the cost-sharing employer requirements of Statement 68 for note disclosures and RSI.

- 4.31. Q—A primary government and its discretely presented component unit provide pensions through the same cost-sharing pension plan. If it is determined that some or all note disclosures and RSI related to the component unit are essential for fair presentation of the reporting entity's financial statements, should the reporting entity's notes to financial statements and RSI present aggregated information for the reporting entity as a whole or separate information for the primary government and for the component unit?

A—In accordance with paragraph 62 of Statement 14, the reporting entity's notes to financial statements and RSI should distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units.

- 4.32. Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government's June 30, 20X7 financial report, the government's net pension liability or proportionate share of the collective net pension liability, as applicable, is measured as of September 30, 20X6. How should the payment to the pension plan that is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph 34, paragraph 57, or paragraph 106 of Statement 68, as applicable.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

- 4.33. Q—For its June 30, 20X7 fiscal year-end, a government measures its net pension liability or proportionate share of the collective net pension liability, as applicable, as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–

June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government's financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government's fiscal year-end.

- 4.34. Q—If a retiree is deceased and, therefore, a beneficiary is receiving the retiree's pension payments, should the beneficiary be included in the count of the number of employees that is used to determine the average of the expected remaining service lives of employees?

A—Yes. Inactive employees include retirees or their beneficiaries currently receiving benefits. Therefore, the beneficiary of a deceased employee should be included in the count of employees for purposes of determining the average of the expected remaining service lives of employees.

- 4.35. Q—If a cost-sharing employer contributes according to a statutorily established rate and that statutorily established rate is actuarially determined, should the cost-sharing employer present the schedule required by paragraph 81b of Statement 68?

A—Yes. The schedule required by paragraph 81b of Statement 68 should be presented if the cost-sharing employer's contributions are established by statute or contract, regardless of the manner in which the statutorily or contractually required contribution is determined.

## **Accounting and Financial Reporting for Certain Investments and for External Investment Pools**

- 4.36. Q—A local government has an investment position in an external investment pool. How should the local government's investment position be categorized within the fair value hierarchy for purposes of the note disclosure requirement in paragraph 81a(2) of Statement No. 72, *Fair Value Measurement and Application*?

A—If the external investment pool is compliant with paragraph 4 of Statement No. 79, *Certain External Investment Pools and Pool Participants*, and for financial reporting purposes elects to measure all of its investments at amortized cost, the local government's investment position should not be measured at fair value. Instead, it should be measured at amortized cost in accordance with paragraph 41 of Statement 79 and, thus, should not be categorized within the fair value hierarchy for purposes of paragraph 81a(2) of Statement 72.

If, instead, the external investment pool generally measures its investments at fair value in accordance with paragraph 5 of Statement 79 or paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended, the local government's position should be measured at fair value in accordance with paragraph 41 of Statement 79 and paragraph 11 of Statement 31, as amended. This is the case regardless of whether the pool transacts with participants at a floating net asset value per share or a fixed net asset value per share (for example, \$1.00). Positions in those pools also are not required to be categorized within the fair value hierarchy for purposes of paragraph 81a(2) of Statement 72.

- 4.37. Q—A local government external investment pool sponsored by a county treasurer has investments in a money market mutual fund and a state-sponsored external investment



pool. The local government external investment pool is compliant with paragraph 4 of Statement 79 and elects to apply the provisions of that Statement. The state-sponsored external investment pool also is compliant with paragraph 4 of Statement 79 and elects to apply the provisions in that Statement. As part of the portfolio diversification requirements in Statement 79, paragraph 27 of that Statement provides that a qualifying external investment pool should have no more than 5 percent of its total assets in investments of any one issuer of securities. Does this 5 percent limit apply to the local government external investment pool's investments in the money market mutual fund or to its investments in the state-sponsored external investment pool?

A—The 5 percent limit does not apply to either of the investments. The 5 percent limit does not apply to the qualifying local government external investment pool's investments in a money market mutual fund because a money market mutual fund is subject to the Securities and Exchange Commission's money market fund requirements, including portfolio diversification requirements. The 5 percent limit also does not apply to the qualifying local government external investment pool's investments in the state-sponsored external investment pool in this circumstance. Because the state-sponsored pool is compliant with paragraph 4 of Statement 79, including the portfolio diversification requirements, the pooled investments held by the state-sponsored pool are sufficiently diversified for application of the 5 percent limit by the local government external investment pool to be unnecessary.

## **Other Implementation Guidance**

### **Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions**

- 4.38. Q—Paragraphs 22 and 25 of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establish the requirements for the display or disclosure of the purposes for which fund balance amounts have been restricted, committed, or assigned. At what level of detail should those amounts be reported?

A—To provide for a consistent minimum level of detail within the governmental fund financial statements, it would be appropriate for governments to apply the same minimum level-of-detail consideration to both governmental fund expenditures and fund balances. Paragraph 87 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires governmental fund expenditures to be classified at a minimum by "function." Because paragraphs 22 and 25 of Statement 54 refer to *purposes* but do not elaborate on what that term was intended to mean when determining the minimum level of detail that should be reported, the guidance in Statement 34 should be applied to determine the minimum level of detail for those reporting requirements. Therefore, governments may provide fund balance information at a more detailed level without also having to do so for expenditures.

### **Statement No. 77, Tax Abatement Disclosures**

- 4.39. Q—A government enters into an agreement with a manufacturing company in which the company agrees to relocate to the government's jurisdiction and the government agrees to not levy taxes on the manufacturing company's office building for a period of 10 years. The government is subject to a property tax cap that limits the growth of its total property tax levy to 2 percent per year. The full amount allowed under the cap is levied on properties that are not subject to the agreement. Therefore, the government does not expect that overall tax revenues will be reduced. Does this agreement have the characteristic described in paragraph 4 of Statement No. 77, *Tax Abatement Disclosures*,

that tax revenues are reduced as a result of the government promising to forgo tax revenues to which it is otherwise entitled?

A—Yes. As part of the agreement, the government promises to forgo tax revenues in relation to the individual or entity in the agreement. To qualify as a tax abatement agreement that is subject to Statement 77, it is not necessary that the government forgo tax revenue in the aggregate. The fact that the government in this example may effectively recoup the tax revenue associated with the agreement from other taxpayers is not relevant to determining whether the agreement meets the definition of a tax abatement. If the agreement meets the other criteria in the definition of a tax abatement, the tax abatement should be disclosed in accordance with the requirements of Statement 77.

- 4.40. Q—A local government enters into an agreement with a real estate developer for the purpose of stimulating economic growth. Under the terms of the agreement, (a) the developer will construct a building; (b) a baseline for property tax revenues for the specific geographic area in which the building will be constructed will be established prior to the start of the project; and (c) the developer will receive an amount from the additional property tax revenues above the baseline, based on certain costs incurred by the developer related only to the developer's building. Does this agreement meet the definition of a tax abatement in Statement 77?

A—Yes. Unlike the transaction described in Question 4.77 in Implementation Guide 2016-1, this agreement meets the definition of a tax abatement in Statement 77, although both may be labeled as a tax increment financing. The developer is promising to take the specific action of constructing a building for purposes of economic development, and the government is forgoing tax revenues to which it is otherwise entitled by providing some or all of the additional property tax revenues above the baseline to the developer. Although many tax abatements directly reduce the amount of taxes paid and do not involve the actual collection and return of taxes, the mechanism used to conduct the transaction is not relevant to determining whether a transaction meets the definition of an abatement. Therefore, the fact that the developer pays property taxes and subsequently receives amounts from the government related to the additional property tax revenues means that the government did, in substance, forgo tax revenues.

- 4.41. Q—A legally separate development authority has been authorized by a local government to enter into agreements with individuals and entities that result in the local government forgoing tax revenues. If those agreements meet the definition of a tax abatement in Statement 77, which entity's financial statements should include the required disclosures—the development authority, the local government, or both?

A—The local government's financial statements should include the disclosures required by Statement 77. The development authority's financial statements should not include the disclosures because its tax revenues are not forgone.

## **Amendments to Previously Issued Questions and Answers**

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

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

### ***Question 4.2 in Implementation Guide 2016-1***

- 5.1. Q—Are the requirements of Statements No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, No. 40, *Deposit and Investment Risk Disclosures*, and Statement 72, as amended, applicable to all of the reporting entity's deposits and investments?

A—Except for certain component unit presentations subject to Statement 14, as amended, Statements 3 and 40, as amended, apply to all deposits with financial institutions and investments that are reported on the face of a governmental reporting entity's financial statements. Statement 72 applies to all deposits and investments that should be reported at fair value. In addition, paragraph 69 of Statement 72, as amended, provides for measurement of certain investments at other than fair value. Therefore, the Statements apply to deposit and investment transactions of all funds, including those for which the reporting entity is a custodian and that are reported in an agency, trust, or other fund—such as deferred compensation plan assets and pooled amounts invested by a state treasurer on behalf of local governments. (See also Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, and Question 1.52.1 in Implementation Guide 2015-1 concerning IRC Section 457 deferred compensation plan assets.)

Many of the deposits and investments that are subject to the disclosure requirements of Statements 3 and 40, as amended, and Statement 72 may be reported in the statement of net position/balance sheet using different titles. For example, some deposits and investments may be reported in the statement of net position/balance sheet as “cash and cash equivalents.” (See Question 1.26.6 in Implementation Guide 2015-1.) Others may be reported in the statement of net position/balance sheet using titles that do not identify their nature as deposits and investments. For example, securities held as escheat property may be reported without specific identification of the nature of the item. Regardless of how those securities are titled, if they meet the definition of an investment, they are subject to the measurement and disclosure requirements of Statements 3 and 40, as amended, and Statement 72.

Sometimes questions arise as to whether annuity contracts that are in the name of lottery prize winners are subject to the disclosure requirements of Statements 3 and 40, as amended, and Statement 72. If they are reported in the government's financial statements, they are subject to those requirements. Further, Statements 3, 40, and 72, as amended, apply to deposits and investments held by another entity for a government—for example, amounts held by fiscal agents for bond payments and reserves—if they are reported on the face of the government's financial statements.

Statements 3, 40, and 72, as amended, also apply to deposits and investments of component units included in a reporting entity's financial statements, although the manner in which they are applied should consider the requirements of Statement 14, as amended. Specifically, Statement 14 requires that disclosures for discretely presented component units be made separately from disclosures for the primary government and its blended component units. Applying the requirements of Statement 14 also may result in not presenting disclosures required by Statements 3 and 40, as amended, and Statement 72 for some discretely presented component units. (See Question 1.4.5 in Implementation Guide 2015-1 about disclosures for discretely presented component units.)

Disclosure requirements do not apply to deposits and investments that are not reported in the statement of net position/balance sheet—for example, amounts held by escrow agents on debt that is reported as defeased in substance in accordance with Statements No. 7, *Advance Refundings Resulting in Defeasance of Debt*, and No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, as amended.

## **Risk Financing and Related Insurance Issues**

### ***Question 3.50.1 in Implementation Guide 2015-1, as Amended***

- 5.2. Q—Does Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended, apply to long-term disability benefits provided by employers to active and retired employees?

A—Determination of the applicable accounting and financial reporting requirements that an employer should follow for disability benefits depends on:

- a. Whether the disability benefits are provided through a defined benefit pension plan or are provided separately, and
- b. Whether the benefits are expected to be provided to *disability-retired* employees or to *temporarily disabled* employees pending their expected return to active status.

Long-term disability benefits that are provided through a defined benefit pension plan are classified as pension benefits. An employer should account for and report such benefits in conformity with the requirements of Statement 68, as amended, or Statement 73, as applicable. Long-term disability benefits that are provided separately from a defined benefit pension plan and are expected to benefit disability retirees are classified as OPEB. An employer should account for and report those benefits in conformity with the requirements of Statement 75. Short-term disability benefits that are provided separately from a defined benefit pension plan and are expected to benefit temporarily disabled employees pending their expected return to service should be accounted for as risk financing activities in conformity with the requirements of Statement 10, as amended.

### ***Question 3.50.3 in Implementation Guide 2015-1***

- 5.3. Q—Does Statement 10, as amended, apply to health, dental, or other medical benefits provided to active employees and retirees and their dependents and beneficiaries?

A—Statement 10, as amended, applies to health benefits provided to active employees and their dependents and beneficiaries. Health benefits provided to *retirees* and their dependents and beneficiaries are *OPEB* and should be accounted for in accordance with the requirements of Statement 75.

## **The Financial Reporting Entity**

### ***Question 4.12 in Implementation Guide 2016-1***

- 5.4. Q—A housing authority is the general partner of a limited tax credit partnership (a legally separate entity) and is financially accountable for the limited tax credit partnership. Therefore, the housing authority includes it as a component unit. The limited partners have a 99.99 percent equity interest in the limited tax credit partnership. Paragraph 78 of Statement 14, as amended, requires any equity interest of the minority participants to be

reported as restricted net position, nonexpendable; however, paragraph 9 of Statement 63 requires the net investment in capital assets component of net position to include capital assets, net of accumulated depreciation, reduced by outstanding obligations that are attributable to the acquisition, construction, or improvement of those assets. How should the components of net position be classified if the limited tax credit partnership holds capital assets that will revert to the housing authority?

A—Statement 34, as amended, and Statement 63 do not establish a prioritization for the calculation of the components of net position. Because the housing authority's legal ownership is limited to 0.01 percent of the net position of the limited tax credit partnership, the housing authority should first calculate its 0.01 percent of each component of net position and then report the remaining 99.99 percent of net position as restricted net position, nonexpendable.

## **Pensions—Plan and Employer Accounting and Reporting (Statements 67 and 68, as Amended)**

### ***Question 5.60.1 in Implementation Guide 2015-1***

- 5.5. Q—Does Statement 67 require that stand-alone financial reports be issued for defined benefit pension plans?

A—No. Statement 67 establishes standards that apply to financial reporting for defined benefit plans that are administered through trusts that meet the criteria in paragraph 3 of that Statement, including stand-alone financial reports, when such reports, prepared in conformity with generally accepted accounting principles (GAAP), are issued.

### ***Question 5.60.2 in Implementation Guide 2015-1***

- 5.6. Q—A city reports a single-employer defined benefit pension plan as a pension trust fund in its basic financial statements. The plan issues a stand-alone financial report prepared in conformity with the requirements of Statement 67, as amended. Does the city have to apply all the requirements of Statement 67, as amended, for the pension trust fund?

A—No. Although, in general, Statement 67, as amended, applies to financial reporting of the plan in stand-alone financial statements and in circumstances in which the plan is included as a pension trust fund of another government, for purposes of including the pension plan as a pension trust fund in the city's financial report, footnotes 9 and 11 of Statement 67 limit the applicability of the note disclosure and RSI requirements of that Statement to circumstances in which defined benefit pension plan financial statements are presented *solely* in the financial report of the city. Therefore, because a stand-alone plan financial report is prepared in conformity with the requirements of Statement 67, as amended, that Statement does not require that the city include the information identified in the detailed disclosure and RSI requirements of Statement 67, as amended, as part of its presentation of the pension plan as a pension trust fund in its financial report. Paragraph 106 of Statement 34, as amended, requires that, in this circumstance, the notes to the financial statements of the city include information about how to obtain the stand-alone plan financial report.

### ***Question 5.61.1 in Implementation Guide 2015-1***

- 5.7. Q—A pension plan's trust agreement includes a provision for return of amounts remaining in the trust to an employer if all obligations associated with a plan that is administered through the trust have been fulfilled. Is this provision consistent with the criterion in paragraph 3a of Statement 67 regarding the irrevocability of contributions?

A—Yes. As used in paragraph 3a of Statement 67, irrevocability is understood to mean that an employer no longer has ownership or control of the assets, except for any reversionary right once *all* benefits have been paid. That is, for purposes of the Statement, the trust should be so constituted that assets may flow from an employer to the trust, but not from the trust to an employer—unless and until all obligations to pay benefits in accordance with the plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the trust.

### ***Question 4.14 in Implementation Guide 2016-1***

- 5.8. Q—A defined benefit pension plan's trust agreement includes a provision for the return of trust assets to an employer if the funded status of the plan reaches a specified level, regardless of whether all obligations associated with the plan that is administered through the trust have been fulfilled. Is this provision consistent with the criterion in paragraph 3a of Statement 67 regarding the irrevocability of contributions?

A—No. A provision for the reversion of trust assets to an employer prior to the point at which all obligations associated with the plan have been fulfilled is not consistent with the criterion related to irrevocability of contributions. A plan that has such a provision is not within the scope of Statement 67, and the assets accumulated for purposes of providing pensions through such a plan should be accounted for in conformity with the requirements of paragraphs 115 and 116 of Statement 73.

### ***Question 5.63.1 in Implementation Guide 2015-1***

- 5.9. Q—A public employee retirement system (PERS) administers the assets, the payment of benefits, and the general recordkeeping and support services for pensions provided to the employees of three employer governments. A separate actuarial valuation is performed for separate classes of plan members (for example, general government employees versus public safety employees), and employers make contributions for each class at the rate for the class applied to the employer's active-employee covered payroll for the class. Plan assets legally are available to pay benefits to any plan member. What type of plan(s) is the PERS administering?

A—The classification of the plan depends on whether there are legal restrictions on the use of the assets to provide benefits to each of the different classes of plan members. In this situation, although different rates are calculated for different classes of plan members, all plan assets legally are available to pay benefits of any plan member, regardless of their employment class. Therefore, this plan is a cost-sharing multiple-employer plan for purposes of applying Statement 67, as amended.

### ***Question 5.64.1 in Implementation Guide 2015-1, as Amended***

- 5.10. Q—Does Statement 67, as amended, apply to a postemployment healthcare plan in which benefits are provided through a trust that also is used to provide defined benefit pensions?

A—No. Consistent with prior pension and OPEB Statements, paragraph 6 of Statement 67 and paragraph 10 of Statement 74 distinguish between pensions and OPEB. This includes the classification of postemployment healthcare benefits as OPEB, regardless of the manner in which those benefits are provided. As a result, if (a) a trust is used to administer both a pension plan and an OPEB plan and (b) the OPEB partition of the trust meets the criteria in paragraph 3 of Statement 74 relative to the assets held for OPEB (see Question 4.12 in Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*), the OPEB partition of the trust is subject to the plan reporting requirements of Statement 74. (See also Question 5.12.)

### ***Question 5.64.2 in Implementation Guide 2015-1, as Amended***

- 5.11. Q—Is separate financial reporting required for (a) a defined benefit pension plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67 and (b) a postemployment healthcare plan that is administered by the pension plan through a trust that meets the criteria in paragraph 3 of Statement 74?

A—Yes. The pension and postemployment healthcare plans are required to be reported as two plans, not one, and separate reporting of those plans is required. Paragraph 6 of Statement 67 and paragraph 10 of Statement 74 are consistent in classifying as pensions retirement income and all other benefits provided through a pension plan, except postemployment healthcare benefits, which are classified as OPEB for financial reporting purposes. Paragraph 6 of Statement 67 states, “For financial reporting purposes, assets accumulated and managed for the payment of postemployment healthcare benefits should be accounted for and reported as part of an OPEB plan.”

The complement to that paragraph is paragraph 10a of Statement 74, which includes as OPEB plans—to which the requirements of that Statement are applicable—plans that provide postemployment healthcare benefits, “whether provided separately from or provided through a pension plan.” In regard to the latter arrangement, Statements 67 and 74 are consistent in viewing the postemployment healthcare benefits and related assets as an OPEB plan administered by, but separate from, the pension plan.

### ***Question 5.64.3 in Implementation Guide 2015-1, as Amended***

- 5.12. Q—How should a postemployment healthcare plan administered by a defined benefit pension plan through a trust that meets the criteria in paragraph 3 of Statement 74 be reported?

A—A postemployment healthcare plan administered by a defined benefit pension plan should be accounted for as a separate OPEB plan in accordance with the requirements of Statement 74. Statement 34, as amended, provides additional guidance regarding financial reporting of the defined benefit pension plan and the postemployment healthcare plan (a) in stand-alone plan reports (for example, if the plans are included as trust funds in the report of a PERS that administers them; paragraphs 139–141, as amended) and (b) if the plans are included as pension and other employee benefit trust funds, in the report of the employer or sponsor of the plans (paragraph 106, as amended).

*Stand-alone reports.* A PERS that issues a financial report of the plans that it administers, including the pension plan and the postemployment healthcare plan, should present combining fiduciary fund financial statements (including notes) for all plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, as applicable, accompanied by required schedules for each plan as applicable. The requirement to present combining financial statements should be met by one of the following methods:

- a. Presenting a separate column for each plan on the statement of fiduciary net position and the statement of changes in fiduciary net position
- b. Presenting additional combining statements for those plans as part of the basic financial statements, in order to break out information aggregated on the original statements.

*Plans reported as trust funds by the employer or sponsor.* Fiduciary fund financial statements are required to include a separate column for each fiduciary fund type, including pension and other employee benefit trust funds as one of those fund types. If separate financial reports of the individual pension and postemployment healthcare plans prepared in conformity with GAAP have been issued, the notes to the financial statements should include information about how to obtain those reports. In that case, separate plan financial statements (including notes) for those plans are not required to be presented in the employer's or sponsor's report. If separate GAAP-basis plan reports have not been issued, separate financial statements (including notes) for individual pension and postemployment healthcare plans should be presented in the notes to the financial statements and should be accompanied by required schedules of each plan, as applicable. (See paragraph 106 of Statement 34, as amended.)

### **Question 5.66.2 in Implementation Guide 2015-1**

- 5.13. Q—If, within a single trust, a portion of the assets are legally restricted to pay the defined benefit pensions of a particular class of the employees of all local governments within a state (for example, elected officials) and a portion is legally restricted to pay the defined benefit pensions of another class of employees of the local governments, should the portion of the assets associated with each class be considered assets of a separate plan?

A—Yes, if, on an ongoing basis, each portion of assets held in the trust may not legally be used to pay benefits to other classes of plan members. Paragraph 13 of Statement 67 requires, in that circumstance, that the portion of trust assets restricted to pay benefits to each class of plan members be considered assets of a separate defined benefit pension plan for financial reporting purposes. In this case, because each plan is used to provide benefits to more than one employer, each plan would be reported as a separate multiple-employer plan.

### **Question 5.70.4 in Implementation Guide 2015-1**

- 5.14. Q—A pension plan has a noninterest-bearing long-term receivable for employer contributions. Can the plan report the receivable at its full contract value, or is the plan required to report the receivable at its discounted present value?

A—Neither Statement 67 nor other pronouncements applicable to pension plans for purposes of preparing financial statements in conformity with GAAP require that a receivable be valued at its discounted present value. (Guidance in Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, as amended, addresses this issue but is not applicable to fiduciary activities.) Therefore, the pension plan can report the contributions receivable at its full contract value. If, however, the receivable is reported at its discounted present value, paragraph 17 of Statement 67 requires that interest be accrued using the effective interest method, unless use of the straight-line method would not produce significantly different results.



### **Question 5.76.1 in Implementation Guide 2015-1**

- 5.15. Q—May a defined benefit pension plan separately display (a) realized gains and losses on sales of investments during the reporting period and (b) unrealized gains and losses on investments?

A—No. In accordance with paragraph 13 of Statement 31, if identified separately as a component of investment income, the net increase (decrease) in the fair value of investments during the reporting period should be displayed as a single line item in the statement of changes in fiduciary net position. In fair value reporting, the increase (decrease) in an investment's fair value is recognized as an addition to (deduction from) the plan's fiduciary net position each reporting period. However, a realized gain or loss on an investment sold during a reporting period is the difference between the proceeds of the sale and the *original* cost of the investment. Thus, when an investment that has been held for more than one year is sold, the realized gain (loss) may include amounts that were recognized as increases (decreases) in prior periods.

The net increase (decrease) for any year may *not* be the sum of realized and unrealized gains (losses). Therefore, attempts to identify unrealized gains (losses) by calculating realized gains (losses) for a particular year and subtracting them from the net increase (decrease) for that year could produce an incorrect result.

Although realized gains and losses should not be displayed separately in the financial statement, disclosure of realized gains and losses is permitted in the notes to the financial statements, if disclosure also is made of both of the following, as required by Statement 67, paragraph 24:

- a. That the calculation of the realized gains and losses disclosed is independent of the calculation of the net change in the fair value of pension plan investments reported in the financial statements
- b. Realized gains and losses on investments sold in the current year that had been held for more than one year were included in investment income reported for a previous year or years (as part of the reported net increase or decrease for those years).

### **Question 5.76.3 in Implementation Guide 2015-1**

- 5.16. Q—A pension plan chooses to separately display interest income in its statement of changes in fiduciary net position. Should the amortization of premium (discount) on bonds be included in the amount reported as interest income?

A—No. Interest income should be reported at the stated (or coupon) interest rate. If the stated rate is zero, no interest income should be reported for that bond. (Effectively, interest on a zero-coupon bond is reflected in the reported fair value and, therefore, in the reported net increase [decrease] in fair value.)

### **Question 5.76.4 in Implementation Guide 2015-1**

- 5.17. Q—In its reports to its investors, an investment company that offers pooled investment vehicles for pension plans reports all investment income as an increase (decrease) in investors' accounts. Is this form of reporting acceptable for use by the pension plan in its financial statements?

A—Yes. Statement 67, paragraph 23, provides that a net increase (decrease) may be combined for financial reporting purposes with interest, dividends, and other investment

income. In addition, paragraph 26 provides that investment-related costs should be reported as investment expense if they are separable from (a) investment income and (b) the administrative expense of the pension plan. Based on those provisions, because the income is reported to the plan net of related expense and, therefore, investment-related costs are not readily separable from investment income, a plan could comply with the requirements of Statement 67 with regard to reporting investment income using the form of reporting provided by the investment company.

### ***Question 5.86.2 in Implementation Guide 2015-1***

- 5.18. Q—How should investments in mutual funds be viewed in relation to the requirement in Statement 67, paragraph 30b(3), to disclose investments in any one organization that represent 5 percent or more of the pension plan's fiduciary net position? For example, is a mutual fund an *organization*, as the term is used in that paragraph, to which the 5 percent criterion applies?

A—Mutual funds diversify investments among organizations. Therefore, for purposes of the requirements of Statement 67, paragraph 30b(3), the 5 percent test need not be applied to a mutual fund.

### ***Question 5.113.1 in Implementation Guide 2015-1***

- 5.19. Q—Statement 67 addresses financial statement display as well as disclosures for defined benefit pension plans that are administered through trusts that meet the criteria in paragraph 3 of that Statement, but only disclosures for defined contribution pension plans that are administered through trusts that meet the criteria in paragraph 3 of that Statement. Does this mean that financial statements for defined contribution pension plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 are not required?

A—No. Defined contribution pension plans that are administered through trusts (or equivalent arrangements) that meet the criteria in paragraph 3 of Statement 67 should follow the disclosure requirements of Statement 67, as well as all other accounting and financial reporting requirements applicable to transactions and other events reported in their basic financial statements, including notes to those statements, and RSI. Those requirements include the provisions of paragraphs 106–109 of Statement 34, as amended, which discuss the required financial statements for fiduciary funds—a statement of fiduciary net position and a statement of changes in fiduciary net position.

### ***Question 5.117.1 in Implementation Guide 2015-1***

- 5.20. Q—A pension plan's trust agreement includes a provision for return of amounts remaining in the trust to an employer if all obligations associated with a plan that is administered through the trust have been fulfilled. Is this provision consistent with the criterion in paragraph 4a of Statement 68 regarding the irrevocability of contributions?

A—Yes. As used in paragraph 4a of Statement 68, irrevocability is understood to mean that an employer no longer has ownership or control of the assets, except for any reversionary right once *all* benefits have been paid. That is, for purposes of the Statement, the trust should be so constituted that assets may flow from an employer to the trust, but not from the trust to an employer—unless and until all obligations to pay benefits in accordance with the plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the trust.

### ***Question 5.117.2 in Implementation Guide 2015-1, as Amended***

- 5.21. Q—A pension plan's trust agreement includes a provision for the return of trust assets to an employer if the funded status of the plan reaches a specified level, regardless of whether all obligations associated with the plan that is administered through the trust have been fulfilled. Is this provision consistent with the criterion in paragraph 4a of Statement 68 regarding the irrevocability of contributions?

A—No. A provision for the reversion of trust assets to an employer prior to the point at which all obligations associated with the plan have been fulfilled is not consistent with the criterion related to irrevocability of contributions. Pensions that are provided through a plan that has such a provision are not within the scope of Statement 68, and an employer should report those pensions by applying the requirements of Statement 73.

### ***Question 5.120.1 in Implementation Guide 2015-1***

- 5.22. Q—A PERS administers the assets, the payment of benefits, and the general recordkeeping and support services for pensions provided to the employees of three employer governments. A separate actuarial valuation is performed for separate classes of employees (for example, general government employees versus public safety employees), and employers make contributions for each class at the rate for the class applied to the employer's active-employee covered payroll for the class. Plan assets legally are available to pay benefits to any employee. What type of plan(s) is the PERS administering?

A—The classification of the plan depends on whether there are legal restrictions on the use of the assets to provide benefits to each of the different classes of employees. In this situation, although different rates are calculated for different classes of employees, all plan assets legally are available to pay benefits of any employee, regardless of their employment class. Therefore, this plan is a cost-sharing multiple-employer plan for purposes of applying Statement 68, as amended.

### ***Question 5.121.2 in Implementation Guide 2015-1***

- 5.23. Q—If, within a single trust, a portion of the assets are legally restricted to pay the defined benefit pensions of a particular class of the employees of all local governments within a state (for example, elected officials) and a portion is legally restricted to pay the defined benefit pensions of another class of employees of the local governments, should the portion of the assets associated with each class be considered assets of a separate plan?

A—Yes, if, on an ongoing basis, each portion of assets held in the trust may not legally be used to pay benefits to other classes of employees. Paragraph 14 of Statement 68 requires, in that circumstance, that the portion of trust assets restricted to pay benefits to each class of employees be considered assets of a separate defined benefit pension plan for financial reporting purposes. In this case, because each plan is used to provide benefits to more than one employer, each plan would be classified as a separate multiple-employer plan.

### ***Question 5.145.1 in Implementation Guide 2015-1, as Amended***

- 5.24. Q—If, at the end of the reporting period, benefit payments are due and payable and the pension plan's fiduciary net position is sufficient for payment of those benefits, should any portion of a single or agent employer's net pension liability be recognized in financial

statements prepared using the current financial resources measurement focus and modified accrual basis of accounting?

A—No. In circumstances in which benefit payments are due and payable and the pension plan's fiduciary net position is sufficient for payment of those benefits, no portion of the net pension liability should be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting.

***Question 5.145.2 in Implementation Guide 2015-1, as Amended***

- 5.25. Q—If, at the end of the reporting period, benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits, should any portion of a single or agent employer's net pension liability be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting?

A—Yes. In circumstances in which benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits, the employer should recognize an amount equal to the amount of benefit payments due and payable that exceeds the pension plan's fiduciary net position as a net pension liability in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting.

***Question 5.185.1 in Implementation Guide 2015-1, as Amended***

- 5.26. Q—If, at the end of the reporting period, benefit payments are due and payable and the pension plan's fiduciary net position is sufficient for payment of those benefits, should any portion of a cost-sharing employer's proportionate share of the collective net pension liability be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting?

A—No. In circumstances in which benefit payments are due and payable and the pension plan's fiduciary net position is sufficient for payment of those benefits, no portion of the employer's proportionate share of the collective net pension liability should be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting.

***Question 5.185.2 in Implementation Guide 2015-1, as Amended***

- 5.27. Q—If, at the end of the reporting period, benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits, should any portion of a cost-sharing employer's proportionate share of the collective net pension liability be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting?

A—Yes. In circumstances in which benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits, the employer should recognize an amount equal to its proportionate share of the amount of benefit payments due and payable that exceeds the pension plan's fiduciary net position as its proportionate share of the collective net pension liability in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting.

### ***Question 5.224.1 in Implementation Guide 2015-1, as Amended***

- 5.28. Q—If, at the end of the reporting period, benefit payments are due and payable and the pension plan's fiduciary net position is sufficient for payment of those benefits, should any portion of a governmental nonemployer contributing entity's proportionate share of the collective net pension liability be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting?

A—No. In circumstances in which benefit payments are due and payable and the pension plan's fiduciary net position is sufficient for payment of those benefits, no portion of the entity's proportionate share of the collective net pension liability should be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting.

### ***Question 5.224.2 in Implementation Guide 2015-1, as Amended***

- 5.29. Q—If, at the end of the reporting period, benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits, should any portion of a governmental nonemployer contributing entity's proportionate share of the collective net pension liability be recognized in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting?

A—Yes. In circumstances in which benefit payments are due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits, the governmental nonemployer contributing entity should recognize an amount equal to its proportionate share of the amount of benefit payments due and payable that exceeds the pension plan's fiduciary net position as its proportionate share of the collective net pension liability in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting.

## **Basic Financial Statements and Management's Discussion and Analysis**

### ***Question 4.59 in Implementation Guide 2016-1***

- 5.30. Q—A historical treasure donated 10 years ago was not recorded. Its acquisition value, determined as of the date of the donation, was \$500,000. If the treasure instead had been donated in the current year, it is estimated that its acquisition value would be \$1,500,000. When this asset is initially reported in the current year as a correction of an error, should it be reported at \$500,000 or \$1,500,000?

A—Donated assets should be reported at acquisition value, which is determined as of the date of donation, as stated in paragraph 79 of Statement 72. The value of \$500,000 is the appropriate amount at which to report the donated historical treasure in the current year.

### ***Question 7.22.6 in Implementation Guide 2015-1, as Amended***

- 5.31. Q—If a government reports a liability to employees for defined benefit pensions or defined benefit OPEB in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension or OPEB liability to employees under Statement 68, as amended, Statement 73, or Statement 75, the amount of the pension or OPEB

liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the pension or OPEB plan’s fiduciary net position, if any, available to pay that amount. Therefore, for a pension liability to employees reported under Statement 68, as amended, or for an OPEB liability to employees for benefits provided through an OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of Statement 75, there would be no amount that is “due” within one year unless the pension or OPEB plan’s fiduciary net position is less than the amount of benefit payments expected to be paid within one year. For a pension liability to employees reported under Statement 73 or an OPEB liability to employees for benefits provided through an OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of Statement 75, there is no pension or OPEB plan fiduciary net position; therefore, the amount “due” within one year would be the full amount of benefit payments expected to be paid within one year.

## **Other Implementation Guidance**

### **Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions**

#### **Question Z.33.26 in Implementation Guide 2015-1, as amended**

- 5.32. Q—How should an employer account for and report a payment from the federal government to the employer pursuant to the early retiree reinsurance program established by the Patient Protection and Affordable Care Act of 2010?

A—A payment from the federal government reimbursing an employer for early retiree healthcare benefit payments under the early retiree reinsurance program should be accounted for as a *voluntary nonexchange transaction*, as discussed in paragraph 7 of Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, following the applicable recognition requirements of that Statement. Neither the receipt of such a payment nor the anticipation that additional payments may be received in the future affects the measurements of an employer’s obligations or expense for OPEB required by Statement 75.

If an employer subsequently uses the proceeds to make a contribution to a plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 74, that contribution should be accounted for as an employer contribution. (For guidance regarding a similar transaction, see Technical Bulletin No. 2006-1, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*, as amended.)

### **Statement No. 51, Accounting and Financial Reporting for Intangible Assets**

#### **Question 4.72 in Implementation Guide 2016-1**

- 5.33. Q—How should an intangible asset that meets the definition of an investment and, therefore, is not subject to the provisions of Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, under paragraph 3a, as amended, be measured in the financial statements?

A—Footnote 2 of Statement 51, as amended, states that the accounting and financial reporting for intangible assets that meet the definition of investments generally should

follow authoritative guidance for investments. Statement 72 provides no fair value exceptions related to intangible assets; therefore, intangible assets that meet the definition of an investment should be reported at fair value.

## **EFFECTIVE DATE AND TRANSITION**

6. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented. Changes adopted to conform to the provisions of this Implementation Guide should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Implementation Guide should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Implementation Guide is applied, the notes to financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

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

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





## Appendix A

### BACKGROUND

A1. In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. As a result of that Statement, GASB Implementation Guides were elevated to Category B in the hierarchy of generally accepted accounting principles.

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

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

A4. The Exposure Draft of this Implementation Guide was issued for public comment in November 2016. Nineteen 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. Generally, those issues are not addressed in this Implementation Guide but will continue to be monitored.



## Appendix B

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

B1. This appendix describes the issues addressed in new questions and answers presented in paragraph 4 of this Implementation Guide and the reasons for modifications to previously issued questions and answers that are included in paragraphs 3 and 5 of this Guide.

<b>Primary Reference(s)</b>	<b>Description</b>
4.1	New question and answer to address reporting information about defined benefit pensions and defined benefit OPEB in the statement of cash flows and its accompanying schedule that reconciles operating income to net cash provided by operating activities.
4.2	New question and answer to address the presentation of a component unit LLC in a primary government's financial statements in a circumstance in which the primary government is the sole member of the LLC.
4.3	New question and answer to address the applicability of Statement 67 to a single-employer pension plan in a circumstance in which there is more than one trust that meets the criteria in paragraph 3 of that Statement.
4.4–4.6	New questions and answers to address whether the balances and activities of a trust from which pensions cannot be paid should be reported as part of the pension plan for purposes of Statement 67.
4.7–4.10	New questions and answers to address whether the net position of a trust from which pensions cannot be paid should be included in the pension plan's fiduciary net position and, hence, be incorporated into the employer's net pension liability, for purposes of Statement 68.
4.11	New question and answer to address employer reporting of assets that are held in a trust from which pensions cannot be paid.
4.12–4.14	New questions and answers to address classification of certain benefits as pensions or OPEB.
4.15–4.16	New questions and answers to address financial reporting in circumstances in which pensions and another benefit are provided through a single trust.
4.17	New question and answer to address pension plan reporting for benefit payments made by an employer from employer resources.
4.18	New question and answer to address applicability of the requirements of Statement 67 for note disclosures and RSI in a circumstance in which the pension plan through which an employer provides pensions is included as a fiduciary fund in an employer's financial report.

<b>Primary Reference(s)</b>	<b>Description</b>
4.19	New question and answer to address accounting for an early retirement incentive.
4.20	New question and answer to address considerations related to including benefit payments in the projection of benefit payments for purposes of Statements 67 and 68.
4.21	New question and answer to address accounting for changes of pension plan benefit terms after a pension plan's fiscal year-end but before the financial statements are issued.
4.22–4.24	New questions and answers to address determination of the discount rate for purposes of measuring the total pension liability in accordance with Statements 67 and 68.
4.25–4.27	New questions and answers to address the requirements that are applicable in circumstances in which a pension plan is not administered through a trust that meets the criteria in paragraph 3 of Statement 67.
4.28	New question and answer to address whether a requirement for a nonemployer contributing entity to contribute a specified dollar amount to the pension plan would satisfy the conditions in Statement 68 to be classified as a special funding situation.
4.29–4.31	New questions and answers to address financial reporting in circumstances in which a primary government and its component unit provide pensions through the same cost-sharing pension plan.
4.32–4.33	New questions and answers to address accounting for legally required contributions to a defined benefit pension plan in a government's financial statements prepared using the economic resources measurement focus.
4.34	New question and answer to address the treatment of beneficiaries of a deceased retiree for purposes of determining the average of the expected remaining service lives of employees in conformity with Statement 68.
4.35	New question and answer to address the applicability of requirements for the presentation of RSI about contributions in a circumstance in which a cost-sharing employer's statutorily established contribution requirement is actuarially determined.
4.36	New question and answer to address the categorization of a government's investment position in an external investment pool for purposes of note disclosures that are required by Statement 72 about an investment's categorization within the fair value hierarchy.
4.37	New question and answer to address the applicability of the portfolio diversification requirements of Statement 79 to an external investment pool's investments in a money market mutual fund or in another external investment pool.

<b>Primary Reference(s)</b>	<b>Description</b>
4.38	New question and answer to address the minimum level of detail for the display or disclosure of the purposes for which fund balance amounts have been restricted, committed, or assigned.
4.39–4.40	New questions and answers to address characteristics of a tax abatement, as defined in Statement 77.
4.41	New question and answer to address applicability of the requirements of Statement 77 in a circumstance in which one government's agreements with individuals and entities result in a second government forgoing tax revenues.
5.1	Amends Question 4.2 in IG 2016-1 to clarify the application to escheat activities.
5.2	Amends Question 3.50.1 in IG 2015-1 to reflect the effects of Statement 75.
5.3	Amends Question 3.50.3 in IG 2015-1 to reflect the effects of Statement 75.
5.4	Amends Question 4.12 in IG 2016-1 to clarify the scenario.
5.5	Amends Question 5.60.1 in IG 2015-1 to reflect the effects of Statement 73.
5.6	Amends Question 5.60.2 in IG 2015-1 for a technical correction in the answer.
5.7	Amends Question 5.61.1 in IG 2015-1 for technical corrections in the answer.
5.8	Amends Question 4.14 in IG 2016-1 for technical corrections in the question and in the answer.
5.9	Amends Question 5.63.1 in IG 2015-1 for clarity.
5.10	Amends Question 5.64.1 in IG 2015-1 to reflect the effects of Statement 74.
5.11	Amends Question 5.64.2 in IG 2015-1 to add specificity to the question and to correct a cross-reference.
5.12	Amends Question 5.64.3 in IG 2015-1 to add specificity to the question and for a technical correction in the answer.
5.13	Amends Question 5.66.2 in IG 2015-1 for technical corrections in the question and in the answer.
5.14	Amends Question 5.70.4 in IG 2015-1 to add specificity to the question and to the answer.
5.15	Amends Question 5.76.1 in IG 2015-1 for a technical correction in the answer.

<b>Primary Reference(s)</b>	<b>Description</b>
5.16	Amends Question 5.76.3 in IG 2015-1 for a technical correction in the question.
5.17	Amends Question 5.76.4 in IG 2015-1 for clarity.
5.18	Amends Question 5.86.2 in IG 2015-1 to remove a reference to banks that sponsor mutual funds.
¶3/¶D2/¶D4	Amends Question 4.22 in IG 2016-1 to add a cross-reference to a new illustration in nonauthoritative Appendix C of this Implementation Guide.
5.19	Amends Question 5.113.1 in IG 2015-1 to add specificity to the question and to the answer.
5.20	Amends Question 5.117.1 in IG 2015-1 for technical corrections in the answer.
5.21	Amends Question 5.117.2 in IG 2015-1 for technical corrections in the question and in the answer.
5.22	Amends Question 5.120.1 in IG 2015-1 for clarity.
5.23	Amends Question 5.121.2 in IG 2015-1 for clarity.
5.24	Amends Question 5.145.1 in IG 2015-1 for clarity.
5.25	Amends Question 5.145.2 in IG 2015-1 for clarity.
¶3/¶D2/¶D4	Amends Question 5.161.2 in IG 2015-1 for the effects of Question 4.29 in this Implementation Guide.
5.26	Amends Question 5.185.1 in IG 2015-1 for clarity.
5.27	Amends Question 5.185.2 in IG 2015-1 for clarity.
5.28	Amends Question 5.224.1 in IG 2015-1 for clarity.
5.29	Amends Question 5.224.2 in IG 2015-1 for clarity.
5.30	Amends Question 4.59 in IG 2016-1 to correct a paragraph reference.
5.31	Amends Question 7.22.6 in IG 2015-1 to reflect the effects of Statement 75.
5.32	Amends Question Z.33.26 in IG 2015-1 to reflect the effects of Statement 75.
5.33	Amends Question 4.72 in IG 2016-1 for a technical correction in the question.

## Appendix C

### ILLUSTRATIONS

C1. This nonauthoritative appendix presents an illustration related to Statements 67 and 68. The facts assumed in this example are illustrative only and may not be indicative of current economic conditions. The example is not intended to modify or limit the requirements being illustrated or to indicate the GASB's endorsement of the policies or practices shown. Application of certain provisions may require accounting treatments, disclosures, or formats other than those illustrated. In some cases, amounts that may be considered immaterial are used to illustrate specific requirements or alternatives. No inferences regarding determining materiality should be drawn from this illustration. Amounts presented may include rounding differences.

#### **Illustration C1—Determination of the Discount Rate in Circumstances in Which Total Employer Contributions to the Pension Plan Equal Benefit Payments Made**

The following illustration is an example of the projections and calculations used to determine the discount rate as required by paragraphs 40–45 of Statement 67 or paragraphs 26–31 or 64–69 of Statement 68, as applicable. The discount rate is the single rate that reflects (1) the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits, to the extent that the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and pension plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

In this illustration, projected cash flows into and out of the pension plan are assumed to be contributions to the pension plan (Table 1), benefit payments (Table 2), pension plan administrative expense (Table 2), and pension plan investment earnings (Table 2). These projected cash flows are used to project the pension plan's fiduciary net position at the beginning of each period (Table 2). The pension plan's projected fiduciary net position at the beginning of each period is compared to the amount of benefit payments projected to occur in that period (Table 3). In this illustration, it is assumed that the pension plan's fiduciary net position is expected to always be invested using a strategy to achieve the long-term expected rate of return on pension plan investments. Consequently, in this illustration, the benefit payments that are projected to occur in a period are discounted using the long-term expected rate of return on pension plan investments if the amount of the pension plan's beginning fiduciary net position is projected to be sufficient to make the benefit payments in that period (Table 3, column (f)). In periods in which benefit payments are projected to be greater than the amount of the pension plan's fiduciary net position, they are discounted using a municipal bond rate as required by paragraph 40 of Statement 67, or paragraph 26 or 64 of Statement 68, as applicable (Table 3, column (g)).

Determining the single rate that is the discount rate for purposes of Statement 67 or Statement 68 is an iterative process that involves the following steps:

1. A single rate that is between the long-term expected rate of return on pension plan investments and the municipal bond rate used to calculate amounts in Table 3, column (g), is selected.
2. The selected rate is used to calculate the total actuarial present value of all projected benefit payments.

3. The total actuarial present value resulting from step 2 is compared to the sum of the actuarial present values determined in Table 3, columns (f) and (g).
4. If the selected rate results in a total actuarial present value greater than the sum of the actuarial present values determined in columns (f) and (g) in Table 3, a new higher rate is selected. If the total actuarial present value is less than the sum of the actuarial present values determined in columns (f) and (g) in Table 3, a new lower rate is selected.
5. Steps 2–4 are repeated until the single rate is determined that results in a total actuarial present value of all projected benefit payments equal to the sum of the actuarial present values determined in Table 3, columns (f) and (g).

In this illustration, solving for the single rate that satisfies the condition of step 5 results in a discount rate of 5.07 percent (rounded). The proof of this calculation is shown in Table 3, column (h).

## Facts and Assumptions

The following facts are assumed in this illustration:

- a. Active plan members contribute 5.00 percent of covered payroll to the pension plan.
- b. In all years, the employer makes contributions to the pension plan in an amount equal to the benefit payments made to plan members (inactive employees) as the benefits come due and makes no other contributions to the pension plan. The employer is expected to have the ability and willingness to make contributions equal to the amount of benefit payments for all periods in the projection.
- c. Benefit payments are projected as required by paragraph 39 of Statement 67, or paragraphs 24 and 25 or paragraphs 62 and 63 of Statement 68, as applicable.
- d. For purposes of determining service cost, total covered payroll increases 4.25 percent per year.
- e. The service cost is 7.23 percent of covered payroll.
- f. The pension plan's initial fiduciary net position is \$621,193,000.
- g. Initial pension plan administrative expense is \$931,790.
- h. Total pension plan administrative expense increases 3.00 percent per year and is allocated to current employees based on the ratio of current plan members (active and inactive employees) to total plan members (active and inactive employees).
- i. Contributions, benefit payments, and pension plan administrative expense occur halfway through the year.
- j. The long-term expected rate of return on pension plan investments is 7.00 percent.
- k. The tax-exempt, high-quality general obligation municipal bond index rate is 3.85 percent.



**Table 1: Projection of Contributions**

Year	Projected Covered Payroll			Projected Contributions				
	Covered Payroll for Current Employees (a)	Covered Payroll for Future Employees (b)	Total Covered Payroll (c) = (a) + (b)	Total Employer Contributions (d)	Employer Contributions Related to Payroll of Future Employees (e) = (b) × 7.23%	Employer Contributions for Current Employees (f) = (d) – (e)	Contributions from Current Employees (g) = (a) × 5.00%	Total Contributions Related to Current Employees (h) = (f) + (g)
1	\$ 3,207,965,517	\$ -	\$ 3,207,965,517	\$ 319,990,000	\$ -	\$ 319,990,000	\$ 160,398,276	\$ 480,388,276
2	3,110,202,767	234,101,284	3,344,304,051	339,049,531	16,925,523	322,124,008	155,510,138	477,634,146
3	3,068,064,536	418,372,437	3,486,436,973	360,146,270	30,248,327	329,897,943	153,403,227	483,301,170
4	3,053,072,857	581,537,687	3,634,610,544	383,256,934	42,045,175	341,211,759	152,653,643	493,865,402
5	2,993,374,379	795,707,113	3,789,081,492	408,107,955	57,529,624	350,578,331	149,668,719	500,247,050
6	2,962,588,091	987,529,364	3,950,117,455	434,123,095	71,398,373	362,724,722	148,129,405	510,854,127
7	2,923,778,187	1,194,219,260	4,117,997,447	461,183,031	86,342,052	374,840,979	146,188,909	521,029,888
8	2,833,388,143	1,459,624,195	4,293,012,338	489,896,015	105,530,829	384,365,186	141,669,407	526,034,593
9	2,774,788,524	1,700,676,838	4,475,465,362	519,752,746	122,958,935	396,793,811	138,739,426	535,533,237
10	2,706,090,131	1,959,582,509	4,665,672,640	550,246,832	141,677,815	408,569,017	135,304,507	543,873,524
11	2,626,540,413	2,237,423,314	4,863,963,727	581,212,386	161,765,706	419,446,680	131,327,021	550,773,701
12	2,535,341,093	2,535,341,092	5,070,682,185	612,454,418	183,305,161	429,149,257	126,767,055	555,916,312
13	2,431,645,642	2,854,540,536	5,286,186,178	643,227,892	206,383,281	436,844,611	121,582,282	558,426,893
14	2,369,665,109	3,141,183,982	5,510,849,091	673,882,044	227,107,602	446,774,442	118,483,255	565,257,697
15	2,298,024,071	3,447,036,106	5,745,060,177	703,535,054	249,220,710	454,314,344	114,901,204	569,215,548
16	2,156,121,085	3,833,104,150	5,989,225,235	732,265,500	277,133,430	455,132,070	107,806,054	562,938,124
17	2,060,443,211	4,183,324,096	6,243,767,307	760,314,937	302,454,332	457,860,605	103,022,161	560,882,766
18	2,017,829,500	4,491,297,918	6,509,127,418	787,031,458	324,720,839	462,310,619	100,891,475	563,202,094
19	1,900,014,293	4,885,751,040	6,785,765,333	812,167,688	353,239,800	458,927,888	95,000,715	553,928,603
20	1,768,540,090	5,305,620,270	7,074,160,360	835,674,152	383,596,346	452,077,806	88,427,005	540,504,811
21	1,696,206,800	5,678,605,375	7,374,812,175	857,454,810	410,563,169	446,891,641	84,810,340	531,701,981
22	1,614,530,755	6,073,710,937	7,688,241,692	877,588,241	439,129,301	438,458,940	80,726,538	519,185,478
23	1,522,848,473	6,492,143,491	8,014,991,964	895,725,208	469,381,974	426,343,234	76,142,424	502,485,658
24	1,420,456,951	6,935,172,171	8,355,629,122	912,049,061	501,412,948	410,636,113	71,022,848	481,658,961
25	1,306,611,504	7,404,131,856	8,710,743,360	926,684,942	535,318,733	391,366,209	65,330,575	456,696,784
26	1,180,523,494	7,900,426,459	9,080,949,953	939,382,565	571,200,833	368,181,732	59,026,175	427,207,907

(Table continued on next page.)

**Table 1 (continued)**

Year	Projected Covered Payroll			Projected Contributions				
	Covered Payroll for Current Employees (a)	Covered Payroll for Future Employees (b)	Total Covered Payroll (c) = (a) + (b)	Total Employer Contributions (d)	Employer Contributions Related to Payroll of Future Employees (e) = (b) × 7.23%	Employer Contributions for Current Employees (f) = (d) – (e)	Contributions from Current Employees (g) = (a) × 5.00%	Total Contributions Related to Current Employees (h) = (f) + (g)
27	1,041,357,936	8,425,532,390	9,466,890,326	949,705,386	609,165,992	340,539,394	52,067,897	392,607,291
28	986,923,317	8,882,309,848	9,869,233,165	957,478,788	642,191,002	315,287,786	49,346,166	364,633,952
29	823,094,046	9,465,581,529	10,288,675,575	962,370,996	684,361,545	278,009,451	41,154,702	319,164,153
30	750,816,100	9,975,128,187	10,725,944,287	964,082,250	721,201,768	242,880,482	37,540,805	280,421,287
31	670,907,815	10,510,889,104	11,181,796,919	962,563,075	759,937,282	202,625,793	33,545,391	236,171,184
32	582,851,164	11,074,172,124	11,657,023,288	957,769,817	800,662,645	157,107,172	29,142,558	186,249,730
33	486,097,871	11,666,348,907	12,152,446,778	948,916,695	843,477,026	105,439,669	24,304,894	129,744,563
34	380,067,773	12,288,857,993	12,668,925,766	936,480,998	888,484,433	47,996,565	19,003,389	66,999,954
35	396,220,653	12,811,134,458	13,207,355,111	920,442,355	926,245,021	-	19,811,033	19,811,033
36	275,373,354	13,493,294,349	13,768,667,703	901,411,927	975,565,181	-	13,768,668	13,768,668
37	287,076,722	14,066,759,358	14,353,836,080	879,721,488	1,017,026,702	-	14,353,836	14,353,836
38	149,638,741	14,814,235,372	14,963,874,113	855,318,653	1,071,069,217	-	7,481,937	7,481,937
39	155,998,388	15,443,840,375	15,599,838,763	828,834,956	1,116,589,659	-	7,799,919	7,799,919
40	162,628,319	16,100,203,591	16,262,831,910	800,654,556	1,164,044,720	-	8,131,416	8,131,416
41	169,540,023	16,784,462,243	16,954,002,266	770,695,965	1,213,516,620	-	8,477,001	8,477,001
42	-	17,674,547,362	17,674,547,362	739,547,062	1,277,869,774	-	-	-
43	-	18,425,715,625	18,425,715,625	707,068,154	1,332,179,240	-	-	-
44	-	19,208,808,539	19,208,808,539	673,614,297	1,388,796,857	-	-	-
45	-	20,025,182,902	20,025,182,902	639,450,327	1,447,820,724	-	-	-
46	-	20,876,253,175	20,876,253,175	604,721,760	1,509,353,105	-	-	-
47	-	21,763,493,935	21,763,493,935	569,920,436	1,573,500,612	-	-	-
48	-	22,688,442,427	22,688,442,427	535,290,819	1,640,374,387	-	-	-
49	-	23,652,701,230	23,652,701,230	501,013,348	1,710,090,299	-	-	-
50	-	24,657,941,032	24,657,941,032	467,326,667	1,782,769,137	-	-	-
51	-	25,705,903,526	25,705,903,526	434,341,367	1,858,536,825	-	-	-
52	-	26,798,404,426	26,798,404,426	402,191,323	1,937,524,640	-	-	-
53	-	27,937,336,614	27,937,336,614	370,975,484	2,019,869,437	-	-	-
54	-	29,124,673,420	29,124,673,420	340,760,787	2,105,713,888	-	-	-
55	-	30,362,472,040	30,362,472,040	311,605,437	2,195,206,728	-	-	-

(Table continued on next page.)

**Table 1 (continued)**

Year	Projected Covered Payroll			Projected Contributions				
	Covered Payroll for Current Employees (a)	Covered Payroll for Future Employees (b)	Total Covered Payroll (c) = (a) + (b)	Total Employer Contributions (d)	Employer Contributions Related to Payroll of Future Employees (e) = (b) × 7.23%	Employer Contributions for Current Employees (f) = (d) – (e)	Contributions from Current Employees (g) = (a) × 5.00%	Total Contributions Related to Current Employees (h) = (f) + (g)
56	-	31,652,877,102	31,652,877,102	283,558,910	2,288,503,014	-	-	-
57	-	32,998,124,379	32,998,124,379	256,676,502	2,385,764,393	-	-	-
58	-	34,400,544,665	34,400,544,665	231,004,777	2,487,159,379	-	-	-
59	-	35,862,567,813	35,862,567,813	206,599,031	2,592,863,653	-	-	-
60	-	37,386,726,945	37,386,726,945	183,511,650	2,703,060,358	-	-	-
61	-	38,975,662,840	38,975,662,840	161,797,929	2,817,940,423	-	-	-
62	-	40,632,128,511	40,632,128,511	141,513,163	2,937,702,891	-	-	-
63	-	42,358,993,973	42,358,993,973	122,709,738	3,062,555,264	-	-	-
64	-	44,159,251,217	44,159,251,217	105,437,129	3,192,713,863	-	-	-
65	-	46,036,019,394	46,036,019,394	89,727,349	3,328,404,202	-	-	-
66	-	47,992,550,218	47,992,550,218	75,592,039	3,469,861,381	-	-	-
67	-	50,032,233,602	50,032,233,602	63,028,289	3,617,330,489	-	-	-
68	-	52,158,603,530	52,158,603,530	52,001,176	3,771,067,035	-	-	-
69	-	54,375,344,180	54,375,344,180	42,449,583	3,931,337,384	-	-	-
70	-	56,686,296,308	56,686,296,308	34,283,291	4,098,419,223	-	-	-
71	-	59,095,463,901	59,095,463,901	27,400,440	4,272,602,040	-	-	-
72	-	61,607,021,117	61,607,021,117	21,675,887	4,454,187,627	-	-	-
73	-	64,225,319,514	64,225,319,514	16,972,848	4,643,490,601	-	-	-
74	-	66,954,895,593	66,954,895,593	13,160,360	4,840,838,951	-	-	-
75	-	69,800,478,656	69,800,478,656	10,104,549	5,046,574,607	-	-	-
76	-	72,766,998,999	72,766,998,999	7,680,272	5,261,054,028	-	-	-
77	-	75,859,596,456	75,859,596,456	5,779,849	5,484,648,824	-	-	-
78	-	79,083,629,305	79,083,629,305	4,301,418	5,717,746,399	-	-	-
79	-	82,444,683,550	82,444,683,550	3,166,402	5,960,750,621	-	-	-
80	-	85,948,582,601	85,948,582,601	2,302,044	6,214,082,522	-	-	-
81	-	89,601,397,362	89,601,397,362	1,653,048	6,478,181,029	-	-	-
82	-	93,409,456,750	93,409,456,750	1,169,939	6,753,503,723	-	-	-

(Table continued on next page.)

**Table 1** (continued)

Year	Projected Covered Payroll			Projected Contributions				
	Covered Payroll for Current Employees (a)	Covered Payroll for Future Employees (b)	Total Covered Payroll (c) = (a) + (b)	Total Employer Contributions (d)	Employer Contributions Related to Payroll of Future Employees (e) = (b) × 7.23%	Employer Contributions for Current Employees (f) = (d) – (e)	Contributions from Current Employees (g) = (a) × 5.00%	Total Contributions Related to Current Employees (h) = (f) + (g)
83	-	97,379,358,662	97,379,358,662	817,793	7,040,527,631	-	-	-
84	-	101,517,981,405	101,517,981,405	564,597	7,339,750,056	-	-	-
85	-	105,832,495,615	105,832,495,615	381,248	7,651,689,433	-	-	-
86	-	110,330,376,679	110,330,376,679	256,106	7,976,886,234	-	-	-
87	-	115,019,417,688	115,019,417,688	168,797	8,315,903,899	-	-	-
88	-	119,907,742,940	119,907,742,940	110,591	8,669,329,815	-	-	-
89	-	125,003,822,015	125,003,822,015	69,847	9,037,776,332	-	-	-
90	-	130,316,484,451	130,316,484,451	43,654	9,421,881,826	-	-	-
91	-	135,854,935,040	135,854,935,040	29,103	9,822,311,803	-	-	-
92	-	141,628,769,779	141,628,769,779	17,462	10,239,760,055	-	-	-
93	-	147,647,992,495	147,647,992,495	11,641	10,674,949,857	-	-	-
94	-	153,923,032,176	153,923,032,176	5,821	11,128,635,226	-	-	-
95	-	160,464,761,043	160,464,761,043	2,911	11,601,602,223	-	-	-
96	-	167,284,513,387	167,284,513,387	2,911	12,094,670,318	-	-	-
97	-	174,394,105,206	174,394,105,206	-	12,608,693,806	-	-	-

**Table 2: Projection of the Pension Plan's Fiduciary Net Position**

Year	Projected Beginning Fiduciary Net Position (a)	Total Contributions Related to Current Employees (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
1	\$ 621,193,000	\$ 480,388,276	\$ 319,990,000	\$ 931,790	\$ 49,064,837	\$ 829,724,323
2	829,724,323	477,634,146	339,049,531	909,427	62,899,334	1,030,298,845
3	1,030,298,845	483,301,170	360,146,270	900,109	76,399,837	1,228,953,473
4	1,228,953,473	493,865,402	383,256,934	891,723	89,866,829	1,428,537,047
5	1,428,537,047	500,247,050	408,107,955	882,405	103,191,577	1,622,985,314
6	1,622,985,314	510,854,127	434,123,095	873,087	116,264,000	1,815,107,259
7	1,815,107,259	521,029,888	461,183,031	863,769	129,121,916	2,003,212,263
8	2,003,212,263	526,034,593	489,896,015	854,451	141,459,803	2,179,956,193
9	2,179,956,193	535,533,237	519,752,746	845,133	153,119,671	2,348,011,222
10	2,348,011,222	543,873,524	550,246,832	834,883	164,108,499	2,504,911,530
11	2,504,911,530	550,773,701	581,212,386	824,633	174,249,591	2,647,897,803
12	2,647,897,803	555,916,312	612,454,418	815,315	183,345,476	2,773,889,858
13	2,773,889,858	558,426,893	643,227,892	805,997	191,176,045	2,879,458,907
14	2,879,458,907	565,257,697	673,882,044	796,679	197,732,388	2,967,770,269
15	2,967,770,269	569,215,548	703,535,054	787,361	203,015,178	3,035,678,580
16	3,035,678,580	562,938,124	732,265,500	778,043	206,543,811	3,072,116,972
17	3,072,116,972	560,882,766	760,314,937	769,657	208,041,124	3,079,956,268
18	3,079,956,268	563,202,094	787,031,458	760,339	207,736,299	3,063,102,864
19	3,063,102,864	553,928,603	812,167,688	750,089	205,352,579	3,009,466,269
20	3,009,466,269	540,504,811	835,674,152	739,839	200,305,818	2,913,862,907
21	2,913,862,907	531,701,981	857,454,810	728,658	192,543,551	2,779,924,971
22	2,779,924,971	519,185,478	877,588,241	716,545	182,025,572	2,602,831,235
23	2,602,831,235	502,485,658	895,725,208	704,432	168,410,147	2,377,297,400
24	2,377,297,400	481,658,961	912,049,061	691,387	151,322,966	2,097,538,879
25	2,097,538,879	456,696,784	926,684,942	676,478	130,354,459	1,757,228,702
26	1,757,228,702	427,207,907	939,382,565	661,569	105,056,741	1,349,449,216

(Table continued on next page.)

**Table 2** (continued)

<b>Year</b>	<b>Projected Beginning Fiduciary Net Position (a)</b>	<b>Total Contributions Related to Current Employees (b)</b>	<b>Projected Benefit Payments (c)</b>	<b>Projected Administrative Expense (d)</b>	<b>Projected Investment Earnings (e)</b>	<b>Projected Ending Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)</b>
27	1,349,449,216	392,607,291	949,705,386	645,729	74,940,411	866,645,803
28	866,645,803	364,633,952	957,478,788	628,957	39,893,623	313,065,633
29	313,065,633	319,164,153	962,370,996	611,253	-	-
30	-	280,421,287	964,082,250	593,549	-	-
31	-	236,171,184	962,563,075	574,913	-	-
32	-	186,249,730	957,769,817	556,277	-	-
33	-	129,744,563	948,916,695	537,641	-	-
34	-	66,999,954	936,480,998	518,073	-	-
35	-	19,811,033	920,442,355	497,574	-	-
36	-	13,768,668	901,411,927	478,006	-	-
37	-	14,353,836	879,721,488	458,439	-	-
38	-	7,481,937	855,318,653	437,940	-	-
39	-	7,799,919	828,834,956	417,441	-	-
40	-	8,131,416	800,654,556	397,873	-	-
41	-	8,477,001	770,695,965	377,374	-	-
42	-	-	739,547,062	357,806	-	-
43	-	-	707,068,154	338,238	-	-
44	-	-	673,614,297	318,671	-	-
45	-	-	639,450,327	300,035	-	-
46	-	-	604,721,760	281,399	-	-
47	-	-	569,920,436	263,695	-	-
48	-	-	535,290,819	245,991	-	-
49	-	-	501,013,348	228,287	-	-
50	-	-	467,326,667	212,447	-	-
51	-	-	434,341,367	196,607	-	-
52	-	-	402,191,323	180,767	-	-
53	-	-	370,975,484	165,858	-	-
54	-	-	340,760,787	151,881	-	-
55	-	-	311,605,437	137,904	-	-

(Table continued on next page.)

**Table 2** (continued)

<b>Year</b>	<b>Projected Beginning Fiduciary Net Position (a)</b>	<b>Total Contributions Related to Current Employees (b)</b>	<b>Projected Benefit Payments (c)</b>	<b>Projected Administrative Expense (d)</b>	<b>Projected Investment Earnings (e)</b>	<b>Projected Ending Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)</b>
56	-	-	283,558,910	124,859	-	-
57	-	-	256,676,502	112,746	-	-
58	-	-	231,004,777	100,633	-	-
59	-	-	206,599,031	89,452	-	-
60	-	-	183,511,650	79,202	-	-
61	-	-	161,797,929	69,884	-	-
62	-	-	141,513,163	60,566	-	-
63	-	-	122,709,738	52,180	-	-
64	-	-	105,437,129	44,726	-	-
65	-	-	89,727,349	38,203	-	-
66	-	-	75,592,039	31,681	-	-
67	-	-	63,028,289	26,090	-	-
68	-	-	52,001,176	21,431	-	-
69	-	-	42,449,583	17,704	-	-
70	-	-	34,283,291	13,977	-	-
71	-	-	27,400,440	11,182	-	-
72	-	-	21,675,887	8,387	-	-
73	-	-	16,972,848	6,523	-	-
74	-	-	13,160,360	5,591	-	-
75	-	-	10,104,549	3,727	-	-
76	-	-	7,680,272	2,795	-	-
77	-	-	5,779,849	1,863	-	-
78	-	-	4,301,418	1,863	-	-
79	-	-	3,166,402	932	-	-
80	-	-	2,302,044	932	-	-
81	-	-	1,653,048	932	-	-
82	-	-	1,169,939	-	-	-

(Table continued on next page.)

**Table 2** (continued)

<b>Year</b>	<b>Projected Beginning Fiduciary Net Position (a)</b>	<b>Total Contributions Related to Current Employees (b)</b>	<b>Projected Benefit Payments (c)</b>	<b>Projected Administrative Expense (d)</b>	<b>Projected Investment Earnings (e)</b>	<b>Projected Ending Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)</b>
83	-	-	817,793	-	-	-
84	-	-	564,597	-	-	-
85	-	-	381,248	-	-	-
86	-	-	256,106	-	-	-
87	-	-	168,797	-	-	-
88	-	-	110,591	-	-	-
89	-	-	69,847	-	-	-
90	-	-	43,654	-	-	-
91	-	-	29,103	-	-	-
92	-	-	17,462	-	-	-
93	-	-	11,641	-	-	-
94	-	-	5,821	-	-	-
95	-	-	2,911	-	-	-
96	-	-	2,911	-	-	-
97	-	-	-	-	-	-



**Table 3: Actuarial Present Values of Projected Benefit Payments**

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments			Actuarial Present Values of Projected Benefit Payments		
		Projected Benefit Payments (c)	"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f) = (d) / (1 + 7.00%) <sup>(a - 0.5)</sup>	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1 + 3.85%) <sup>(a - 0.5)</sup>	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1 + 5.07%) <sup>(a - 0.5)</sup>
1	\$ 621,193,000	\$ 319,990,000	\$ 319,990,000	\$ -	\$ 309,346,009	\$ -	\$ 312,176,247
2	829,724,323	339,049,531	339,049,531	-	306,328,554	-	314,813,606
3	1,030,298,845	360,146,270	360,146,270	-	304,102,140	-	318,270,338
4	1,228,953,473	383,256,934	383,256,934	-	302,445,272	-	322,354,816
5	1,428,537,047	408,107,955	408,107,955	-	300,987,223	-	326,697,717
6	1,622,985,314	434,123,095	434,123,095	-	299,227,920	-	330,758,358
7	1,815,107,259	461,183,031	461,183,031	-	297,083,659	-	334,424,552
8	2,003,212,263	489,896,015	489,896,015	-	294,934,498	-	338,108,149
9	2,179,956,193	519,752,746	519,752,746	-	292,438,591	-	341,409,359
10	2,348,011,222	550,246,832	550,246,832	-	289,342,122	-	344,003,672
11	2,504,911,530	581,212,386	581,212,386	-	285,630,904	-	345,833,679
12	2,647,897,803	612,454,418	612,454,418	-	281,293,909	-	346,843,128
13	2,773,889,858	643,227,892	643,227,892	-	276,100,789	-	346,697,802
14	2,879,458,907	673,882,044	673,882,044	-	270,335,379	-	345,698,107
15	2,967,770,269	703,535,054	703,535,054	-	263,767,307	-	343,499,221
16	3,035,678,580	732,265,500	732,265,500	-	256,578,357	-	340,279,265
17	3,072,116,972	760,314,937	760,314,937	-	248,978,124	-	336,269,387
18	3,079,956,268	787,031,458	787,031,458	-	240,866,267	-	331,293,412
19	3,063,102,864	812,167,688	812,167,688	-	232,298,187	-	325,381,841
20	3,009,466,269	835,674,152	835,674,152	-	223,384,638	-	318,648,202
21	2,913,862,907	857,454,810	857,454,810	-	214,212,001	-	311,180,691
22	2,779,924,971	877,588,241	877,588,241	-	204,898,876	-	303,123,142
23	2,602,831,235	895,725,208	895,725,208	-	195,451,856	-	294,462,498
24	2,377,297,400	912,049,061	912,049,061	-	185,994,210	-	285,364,729
25	2,097,538,879	926,684,942	926,684,942	-	176,615,800	-	275,956,798
26	1,757,228,702	939,382,565	939,382,565	-	167,323,201	-	266,243,114

(Table continued on next page.)

Table 3 (continued)

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments			Actuarial Present Values of Projected Benefit Payments		
		Projected Benefit Payments (c)	"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f) = (d) / (1 + 7.00%) <sup>(a - 0.5)</sup>	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1 + 3.85%) <sup>(a - 0.5)</sup>	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1 + 5.07%) <sup>(a - 0.5)</sup>
27	1,349,449,216	949,705,386	949,705,386	-	158,095,239	-	256,183,814
28	866,645,803	957,478,788	-	957,478,788	-	338,805,450	245,820,923
29	313,065,633	962,370,996	-	962,370,996	-	327,911,955	235,157,647
30	-	964,082,250	-	964,082,250	-	316,316,838	224,211,336
31	-	962,563,075	-	962,563,075	-	304,110,154	213,058,848
32	-	957,769,817	-	957,769,817	-	291,377,739	201,770,848
33	-	948,916,695	-	948,916,695	-	277,982,086	190,262,088
34	-	936,480,998	-	936,480,998	-	264,168,597	178,710,487
35	-	920,442,355	-	920,442,355	-	250,018,598	167,176,243
36	-	901,411,927	-	901,411,927	-	235,772,158	155,821,781
37	-	879,721,488	-	879,721,488	-	221,568,449	144,736,132
38	-	855,318,653	-	855,318,653	-	207,436,015	133,932,693
39	-	828,834,956	-	828,834,956	-	193,560,964	123,524,645
40	-	800,654,556	-	800,654,556	-	180,048,039	113,568,433
41	-	770,695,965	-	770,695,965	-	166,885,959	104,045,293
42	-	739,547,062	-	739,547,062	-	154,204,139	95,023,728
43	-	707,068,154	-	707,068,154	-	141,966,211	86,467,803
44	-	673,614,297	-	673,614,297	-	130,235,238	78,402,758
45	-	639,450,327	-	639,450,327	-	119,046,745	70,835,955
46	-	604,721,760	-	604,721,760	-	108,407,619	63,757,229
47	-	569,920,436	-	569,920,436	-	98,381,160	57,189,325
48	-	535,290,819	-	535,290,819	-	88,977,665	51,123,129
49	-	501,013,348	-	501,013,348	-	80,192,546	45,541,133
50	-	467,326,667	-	467,326,667	-	72,027,571	40,429,837
51	-	434,341,367	-	434,341,367	-	64,461,870	35,763,459
52	-	402,191,323	-	402,191,323	-	57,477,504	31,518,673
53	-	370,975,484	-	370,975,484	-	51,050,960	27,669,884
54	-	340,760,787	-	340,760,787	-	45,154,581	24,190,154
55	-	311,605,437	-	311,605,437	-	39,760,399	21,053,337

(Table continued on next page.)

**Table 3 (continued)**

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments			Actuarial Present Values of Projected Benefit Payments		
		Projected Benefit Payments (c)	"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f) = (d) / (1 + 7.00%) <sup>(a - 0.5)</sup>	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1 + 3.85%) <sup>(a - 0.5)</sup>	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1 + 5.07%) <sup>(a - 0.5)</sup>
56	-	283,558,910	-	283,558,910	-	34,840,349	18,234,175
57	-	256,676,502	-	256,676,502	-	30,368,183	15,709,264
58	-	231,004,777	-	231,004,777	-	26,317,653	13,456,049
59	-	206,599,031	-	206,599,031	-	22,664,596	11,453,858
60	-	183,511,650	-	183,511,650	-	19,385,492	9,683,092
61	-	161,797,929	-	161,797,929	-	16,458,098	8,125,503
62	-	141,513,163	-	141,513,163	-	13,861,079	6,763,960
63	-	122,709,738	-	122,709,738	-	11,573,713	5,582,261
64	-	105,437,129	-	105,437,129	-	9,575,926	4,565,113
65	-	89,727,349	-	89,727,349	-	7,847,034	3,697,513
66	-	75,592,039	-	75,592,039	-	6,365,760	2,964,748
67	-	63,028,289	-	63,028,289	-	5,110,969	2,352,741
68	-	52,001,176	-	52,001,176	-	4,060,452	1,847,476
69	-	42,449,583	-	42,449,583	-	3,191,744	1,435,377
70	-	34,283,291	-	34,283,291	-	2,482,165	1,103,321
71	-	27,400,440	-	27,400,440	-	1,910,290	839,274
72	-	21,675,887	-	21,675,887	-	1,455,164	631,902
73	-	16,972,848	-	16,972,848	-	1,097,194	470,928
74	-	13,160,360	-	13,160,360	-	819,200	347,532
75	-	10,104,549	-	10,104,549	-	605,665	253,963
76	-	7,680,272	-	7,680,272	-	443,288	183,720
77	-	5,779,849	-	5,779,849	-	321,232	131,590
78	-	4,301,418	-	4,301,418	-	230,201	93,207
79	-	3,166,402	-	3,166,402	-	163,176	65,302
80	-	2,302,044	-	2,302,044	-	114,234	45,186
81	-	1,653,048	-	1,653,048	-	78,988	30,882
82	-	1,169,939	-	1,169,939	-	53,831	20,802

(Table continued on next page.)

**Table 3** (continued)

Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
			"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f) = (d) / (1 + 7.00%) <sup>(a - 0.5)</sup>	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1 + 3.85%) <sup>(a - 0.5)</sup>	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1 + 5.07%) <sup>(a - 0.5)</sup>
83	-	817,793	-	817,793	-	36,233	13,839
84	-	564,597	-	564,597	-	24,088	9,094
85	-	381,248	-	381,248	-	15,662	5,844
86	-	256,106	-	256,106	-	10,131	3,737
87	-	168,797	-	168,797	-	6,430	2,344
88	-	110,591	-	110,591	-	4,056	1,462
89	-	69,847	-	69,847	-	2,467	879
90	-	43,654	-	43,654	-	1,485	523
91	-	29,103	-	29,103	-	953	332
92	-	17,462	-	17,462	-	551	189
93	-	11,641	-	11,641	-	353	120
94	-	5,821	-	5,821	-	170	57
95	-	2,911	-	2,911	-	82	27
96	-	2,911	-	2,911	-	79	26
97	-	-	-	-	-	-	-
Total					\$ 6,878,061,032	+ \$ 5,048,805,625	= \$ 11,926,866,657

## Appendix D

### CODIFICATION INSTRUCTIONS

D1. The instructions that follow update the June 30, 2016 *Codification of Governmental Accounting and Financial Reporting Standards* (Codification) for the effects of this Implementation Guide. Only the question number from this Implementation Guide is listed if the question and answer will be cited in full in the Codification.

\* \* \*

[Update cross-references throughout.]

\* \* \*

#### REPORTING CAPITAL ASSETS

#### SECTION 1400

.704-9 [Replace current Question .704-9 with GASBIG 2017-1, Q5.30.] [GASBIG 2016-1, Q4.59, as amended by GASBIG 2017-1, Q5.30]

.719-7 [Replace current Question .719-7 with GASBIG 2017-1, Q5.33.] [GASBIG 2016-1, Q4.72, as amended by GASBIG 2017-1, Q5.33]

\* \* \*

#### COMPREHENSIVE ANNUAL FINANCIAL REPORT

#### SECTION 2200

Sources: [Add GASB Implementation Guide 2017-1.]

.708-5 [Replace current Question .708-5 with GASBIG 2017-1, Q5.31.] [GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Question .733-4 as follows:]

.733-4 [GASBIG 2017-1, Q4.38]

\* \* \*

#### CASH FLOWS STATEMENTS

#### SECTION 2450

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert new Question .713-9 as follows:]

.713-9 [GASBIG 2017-1, Q4.1]

\* \* \*

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

**SECTION 2600**

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert new Question .706-13 as follows; renumber subsequent questions.]

.706-13 [GASBIG 2017-1, Q4.2]

[Insert new Question .707-2 as follows:]

.707-2 [GASBIG 2017-1, Q5.4]

\* \* \*

**CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

**SECTION C20**

.701-2 [Replace current Question .701-2 with GASBIG 2017-1, Q5.1.] [GASBIG 2016-1, Q4.2, as amended by GASBIG 2017-1, Q5.1]

\* \* \*

**CLAIMS AND JUDGMENTS**

**SECTION C50**

.701-2 [Replace current Question .701-2 with GASBIG 2017-1, Q5.2.] [GASBIG 2015-1, Q3.50.1, as amended by GASBIG 2016-1, Q5.3 and GASBIG 2017-1, Q5.2]

.701-4 [Replace current Question .701-4 with GASBIG 2017-1, Q5.3.] [GASBIG 2015-1, Q3.50.3, as amended by GASBIG 2017-1, Q5.3]

\* \* \*

**INVESTMENTS**

**SECTION I50**

Sources: [Add GASB Implementation Guide 2017-1.]

.701-2 [Replace current Question .701-2 with GASBIG 2017-1, Q5.1.] [GASBIG 2016-1, Q4.2, as amended by GASBIG 2017-1, Q5.1]

[Insert new Questions .713-9 and .713-10 as follows:]

.713-9—.713-10 [GASBIG 2017-1, Q4.36 and Q4.37]

\* \* \*

**INVESTMENTS—REVERSE REPURCHASE  
AGREEMENTS**

**SECTION I55**

.701-2 [Replace current Question .701-2 with GASBIG 2017-1, Q5.1.] [GASBIG 2016-1, Q4.2, as amended by GASBIG 2017-1, Q5.1]

\* \* \*

**ACCOUNTING FOR PARTICIPATION IN JOINT VENTURES  
AND JOINTLY GOVERNED ORGANIZATIONS**

**SECTION J50**

.711-2 [Replace current Question .711-2 with GASBIG 2017-1, Q5.4.] [GASBIG 2016-1, Q4.12, as amended by GASBIG 2017-1, Q5.4]

\* \* \*

**NONEXCHANGE TRANSACTIONS**

**SECTION N50**

.701-5 [Replace current Question .701-5 with GASBIG 2017-1, Q5.32.] [GASBIG 2015-1, QZ.33.26, as amended by GASBIG 2016-1, Q5.39 and GASBIG 2017-1, Q5.32]

\* \* \*

**PENSION ACTIVITIES—REPORTING FOR BENEFITS  
PROVIDED THROUGH TRUSTS THAT MEET  
SPECIFIED CRITERIA—DEFINED CONTRIBUTION**

**SECTION P21**

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert new Question .703-1 as follows:]

.703-1 [GASBIG 2017-1, Q4.28]

\* \* \*

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

**SECTION P22**

Sources: [Remove GASB Implementation Guide 2016-1; add GASB Implementation Guide 2017-1.]

[Delete current Questions .701-1 and .702-1—.702-6.]

[Insert new Question .706-1 as follows:]

.706-1 [GASBIG 2017-1, Q4.27]

.708-1 [Replace current Question .708-1 with the following:]

Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is “due” within one year is the amount of benefit

payments expected to be paid within one year, net of the pension plan's fiduciary net position, if any, available to pay that amount. For a pension liability to employees reported under this section, there is no pension plan fiduciary net position; therefore, the amount "due" within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Question .725-1 as follows:]

- .725-1 Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is "due" within one year is the amount of benefit payments expected to be paid within one year, net of the pension plan's fiduciary net position, if any, available to pay that amount. For a pension liability to employees reported under this section, there is no pension plan fiduciary net position; therefore, the amount "due" within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Question .743-1 as follows:]

- .743-1 Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is "due" within one year is the amount of benefit payments expected to be paid within one year, net of the pension plan's fiduciary net position, if any, available to pay that amount. For a pension liability to employees reported under this section, there is no pension plan fiduciary net position; therefore, the amount "due" within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Question .754-1 as follows:]

- .754-1 Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is "due" within one year is the amount of benefit payments expected to be paid within one year, net of the pension plan's fiduciary net position, if any, available to pay that amount. For a pension liability to employees reported under this section, there is no pension plan fiduciary net position; therefore, the amount



“due” within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

\* \* \*

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

**SECTION P23**

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert the following:]

**GASB IMPLEMENTATION GUIDES**

**.701 Scope and Applicability of This Section**

No questions assigned.

**.702 Reporting Accumulated Assets**

.702-1—.702-3 [GASBIG 2017-1, Q4.25–Q4.27]

\* \* \*

[Rename section as follows:]

**POSTEMPLOYMENT BENEFITS OTHER THAN  
PENSIONS—REPORTING FOR BENEFITS  
PROVIDED THROUGH TRUSTS THAT MEET  
SPECIFIED CRITERIA—DEFINED BENEFIT**

**SECTION P50**

Sources: [Remove GASB Implementation Guide 2016-1.]

[Replace implementation guidance from former Section P50 with the following:]

**.701 Scope and Applicability of This Section**

No questions assigned.

**.702 Types of OPEB**

No questions assigned.

**.703 Types of Defined Benefit OPEB Plans and Employers**

No questions assigned.

**.704 Special Funding Situations**

No questions assigned.

**.705 OPEB Provided through OPEB Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph .101 and That Do Not Have the Characteristics in Paragraph .112**

No questions assigned.

**.706 Number of OPEB Plans**

No questions assigned.

**.707 Liabilities to Employees for OPEB**

No questions assigned.

**.708 Single and Agent Employers**

No questions assigned.

**.709 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting—single and agent employers that do not have a special funding situation**

No questions assigned.

**.710 Net OPEB liability**

.710-1 Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net position, if any, available to pay that amount. Therefore, for an OPEB liability to employees for benefits provided through an OPEB plan that is administered through a trust that meets the criteria in paragraph .101 of this section, there would be no amount that is “due” within one year unless the OPEB plan’s fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

**.711 Timing and Frequency of Actuarial Valuations**

No questions assigned.

**.712 Selection of Assumptions**

No questions assigned.

**.713 Projection of Benefit Payments**

No questions assigned.

**.714 Discount Rate**

No questions assigned.

***.715 Comparing Projections of the OPEB Plan's Fiduciary Net Position to Projected Benefit Payments***

No questions assigned.

***.716 Calculating the Discount Rate***

No questions assigned.

**.717 Attribution of the Actuarial Present Value of Projected Benefit Payments to Periods**

No questions assigned.

***.718 OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB, and support of nonemployer contributing entities***

No questions assigned.

***.719 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting—single and agent employers that have a special funding situation***

No questions assigned.

***.720 Recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting—all single and agent employers***

No questions assigned.

***.721 Support of nonemployer contributing entities***

No questions assigned.

**.722 Notes to financial statements—all single and agent employers**

No questions assigned.

***.723 OPEB plan description***

No questions assigned.

***.724 Information about the net OPEB liability***

No questions assigned.

**.725 Assumptions and Other Inputs**

No questions assigned.

**.726 The OPEB Plan's Fiduciary Net Position**

No questions assigned.

**.727 Changes in the Net OPEB Liability**

No questions assigned.

**.728 Required supplementary information—all single and agent employers**

No questions assigned.

***.729 Cost-Sharing Employers That Provide Benefits through OPEB Plans That Do Not Have the Characteristics in Paragraph .112***

No questions assigned.

**.730 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting—cost-sharing employers that do not have a special funding situation**

No questions assigned.

***.731 Proportionate share of the collective net OPEB liability***

**.731-1** Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net position, if any, available to pay that amount. Therefore, for an OPEB liability to employees for benefits provided through an OPEB plan that is administered through a trust that meets the criteria in paragraph .101 of this section, there would be no amount that is “due” within one year unless the OPEB plan’s fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

***.732 OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB***

No questions assigned.

***.733 Proportionate Share***

No questions assigned.

***.734 Change in Proportion***

No questions assigned.

***.735 Contributions during the Measurement Period***

No questions assigned.

***.736 Employer Contributions Subsequent to the Measurement Date***

No questions assigned.

***.737 Support of nonemployer contributing entities not in a special funding situation***

No questions assigned.

***.738 Measurement of the collective net OPEB liability, collective OPEB expense, and collective deferred outflows of resources and deferred inflows of resources related to OPEB***

No questions assigned.

***.739 Collective Net OPEB Liability***

No questions assigned.

***.740 Timing and Frequency of Actuarial Valuations***

No questions assigned.

***.741 Selection of Assumptions***

No questions assigned.

***.742 Projection of Benefit Payments***

No questions assigned.

***.743 Discount Rate***

No questions assigned.

***.744 Comparing projections of the OPEB plan's fiduciary net position to projected benefit payments***

No questions assigned.

***.745 Calculating the discount rate***

No questions assigned.

***.746 Attribution of the Actuarial Present Value of Projected Benefit Payments to Periods***

No questions assigned.

***.747 Collective OPEB Expense and Collective Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

No questions assigned.

***.748 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting—cost-sharing employers that have a special funding situation***

No questions assigned.

***.749 Recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting—all cost-sharing employers that provide benefits through OPEB plans that do not have the characteristics in paragraph .112***

No questions assigned.

***.750 Support of nonemployer contributing entities***

No questions assigned.

***.751 Notes to financial statements—all cost-sharing employers that provide benefits through OPEB plans that do not have the characteristics in paragraph .112***

No questions assigned.

***.752 OPEB plan description***

No questions assigned.

***.753 Information about the employer's proportionate share of the collective net OPEB liability***

No questions assigned.

***.754 Assumptions and Other Inputs***

No questions assigned.

***.755 The OPEB Plan's Fiduciary Net Position***

No questions assigned.

***.756 Additional information***

No questions assigned.

***.757 Required supplementary information—all cost-sharing employers that provide benefits through OPEB plans that do not have the characteristics in paragraph .112***

No questions assigned.

***.758 Special Funding Situations***

No questions assigned.

***.759 Single or agent employers***

No questions assigned.

***.760 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting***

No questions assigned.

***.761 Proportionate Share of the Collective Net OPEB Liability***

No questions assigned.

***.762 OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

No questions assigned.

***.763 Proportionate Share***

No questions assigned.

***.764 Change in Proportion***

No questions assigned.

***.765 Contributions during the Measurement Period***

No questions assigned.

***.766 Employer Contributions Subsequent to the Measurement Date***

No questions assigned.

***.767 Support of Nonemployer Contributing Entities in a Special Funding Situation***

No questions assigned.

***.768 Support of Nonemployer Contributing Entities Not in a Special Funding Situation***

No questions assigned.

***.769 Cost-sharing employers that provide benefits through OPEB plans that do not have the characteristics in paragraph .112***

No questions assigned.

***.770 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting***

No questions assigned.

***.771 Proportionate Share of the Collective Net OPEB Liability***

No questions assigned.

***.772 OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

No questions assigned.

***.773 Support of Nonemployer Contributing Entities in a Special Funding Situation***

No questions assigned.

***.774 Support of Nonemployer Contributing Entities Not in a Special Funding Situation***

No questions assigned.

***.775 Governmental nonemployer contributing entities***

No questions assigned.

***.776 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting***

No questions assigned.

***.777 Proportionate Share of the Collective Net OPEB Liability***

**.777-1** Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net position, if any, available to pay that amount. Therefore, for an OPEB liability to employees for benefits provided through an OPEB plan that is administered through a trust that meets the criteria in paragraph .101 of this section, there would be no amount that is “due” within one year unless the OPEB plan’s fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

***.778 Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

No questions assigned.

***.779 Proportionate Share***

No questions assigned.

***.780 Change in Proportion***

No questions assigned.

***.781 Contributions during the Measurement Period***

No questions assigned.

***.782 Governmental Nonemployer Contributing Entity Contributions Subsequent to the Measurement Date***

No questions assigned.

***.783 Recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting***

No questions assigned.

***.784 Notes to financial statements and required supplementary information***

No questions assigned.

***.785 Governmental Nonemployer Contributing Entities That Recognize a Substantial Proportion of the Collective Net OPEB Liability***

No questions assigned.



***.786 Notes to Financial Statements***

No questions assigned.

**.787 OPEB plan description**

No questions assigned.

**.788 Information about the governmental nonemployer contributing entity's proportionate share of the collective net OPEB liability**

No questions assigned.

**.789 Assumptions and other inputs**

No questions assigned.

**.790 The OPEB plan's fiduciary net position**

No questions assigned.

**.791 Additional information**

No questions assigned.

***.792 Required Supplementary Information***

No questions assigned.

***.793 Governmental Nonemployer Contributing Entities That Recognize a Less-Than-Substantial Proportion of the Collective Net OPEB Liability***

No questions assigned.

***.794 Circumstances in Which a Nonemployer Entity's Legal Obligation for Contributions Directly to an OPEB Plan Does Not Meet the Definition of a Special Funding Situation***

No questions assigned.

***.795 Alternative Measurement Method***

No questions assigned.

***.796 Payables to a Defined Benefit OPEB Plan—All Employers and Governmental Nonemployer Contributing Entities That Provide Benefits through OPEB Plans That Do Not Have the Characteristics in Paragraph .112***

No questions assigned.

***.797 Effective Date and Transition—Defined Benefit OPEB Provided through OPEB Plans That Do Not Have the Characteristics in Paragraph .112***

No questions assigned.

***.798 OPEB Provided through OPEB Plans That Have the Characteristics in Paragraph .112***

No questions assigned.

\* \* \*

[Insert new section as follows:]

**POSTEMPLOYMENT BENEFITS OTHER THAN  
PENSIONS—REPORTING FOR BENEFITS NOT  
PROVIDED THROUGH TRUSTS THAT MEET  
SPECIFIED CRITERIA—DEFINED BENEFIT**

**SECTION P52**

Sources: [Add GASB Implementation Guide 2015-1.]

[Insert the following:]

**GASB IMPLEMENTATION GUIDES**

**.701 Scope and Applicability of This Section**

No questions assigned.

**.702 Types of OPEB**

No questions assigned.

**.703 Types of Defined Benefit OPEB Plans Not Administered through Trusts That Meet the  
Criteria in Paragraph .101**

No questions assigned.

**.704 Special Funding Situations**

No questions assigned.

**.705 Defined Benefit OPEB Other Than Insured Benefits**

No questions assigned.

**.706 Employers**

No questions assigned.

***.707 Recognition and Measurement in Financial Statements Prepared Using the Economic Resources  
Measurement Focus and Accrual Basis of Accounting—Employers That Do Not Have a Special  
Funding Situation***

No questions assigned.

**.708 Total OPEB liability**

.708-1 Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net

position, if any, available to pay that amount. For an OPEB liability to employees for benefits provided through an OPEB plan that is not administered through a trust that meets the criteria in paragraph .101 of this section, there is no OPEB plan fiduciary net position; therefore, the amount “due” within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

***.709 Timing and frequency of actuarial valuations***

No questions assigned.

***.710 Selection of assumptions***

No questions assigned.

***.711 Projection of benefit payments***

No questions assigned.

***.712 Discount rate***

No questions assigned.

***.713 Attribution of the actuarial present value of projected benefit payments to periods***

No questions assigned.

***.714 OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB, and support of nonemployer contributing entities***

No questions assigned.

***.715 Recognition and Measurement in Financial Statements Prepared Using the Economic Resources Measurement Focus and Accrual Basis of Accounting—Employers That Have a Special Funding Situation***

No questions assigned.

***.716 Recognition in Financial Statements Prepared Using the Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting—All Employers***

No questions assigned.

***.717 Support of nonemployer contributing entities***

No questions assigned.

***.718 Notes to Financial Statements—All Employers***

No questions assigned.

***.719 OPEB plan description***

No questions assigned.

**.720 Information about the total OPEB liability**

No questions assigned.

**.721 Assumptions and other inputs**

No questions assigned.

**.722 Changes in the total OPEB liability**

No questions assigned.

**.723 Required Supplementary Information—All Employers**

No questions assigned.

**.724 Notes to required schedules**

No questions assigned.

**.725 Accounting and Financial Reporting for OPEB in Stand-Alone Financial Statements of Primary Governments and Component Units That Provide OPEB through the Same Defined Benefit OPEB Plan**

No questions assigned.

**.726 Recognition and Measurement in Financial Statements Prepared Using the Economic Resources Measurement Focus and Accrual Basis of Accounting**

No questions assigned.

**.727 Proportionate share of the collective total OPEB liability**

**.727-1** Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net position, if any, available to pay that amount. For an OPEB liability to employees for benefits provided through an OPEB plan that is not administered through a trust that meets the criteria in paragraph .101 of this section, there is no OPEB plan fiduciary net position; therefore, the amount “due” within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

**.728 OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

No questions assigned.

**.729 Proportionate share**

No questions assigned.

***.730 Change in proportion***

No questions assigned.

***.731 Amounts for OPEB during the measurement period***

No questions assigned.

***.732 Amounts for OPEB subsequent to the measurement date***

No questions assigned.

***.733 Support of nonemployer contributing entities in a special funding situation***

No questions assigned.

***.734 Support of nonemployer contributing entities not in a special funding situation***

No questions assigned.

***.735 Recognition in Financial Statements Prepared Using the Current Financial Resources  
Measurement Focus and Modified Accrual Basis of Accounting***

No questions assigned.

***.736 Support of nonemployer contributing entities***

No questions assigned.

***.737 Notes to Financial Statements***

No questions assigned.

***.738 OPEB plan description***

No questions assigned.

***.739 Additional information***

No questions assigned.

***.740 Required Supplementary Information***

No questions assigned.

***.741 Notes to the required schedule***

No questions assigned.

***.742 Special Funding Situations***

No questions assigned.

***.743 Employers***

No questions assigned.

**.744 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting**

No questions assigned.

***.745 Proportionate share of the collective total OPEB liability***

.745-1 Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net position, if any, available to pay that amount. For an OPEB liability to employees for benefits provided through an OPEB plan that is not administered through a trust that meets the criteria in paragraph .101 of this section, there is no OPEB plan fiduciary net position; therefore, the amount “due” within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

***.746 OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB***

No questions assigned.

***.747 Proportionate Share***

No questions assigned.

***.748 Change in Proportion***

No questions assigned.

***.749 Amounts for OPEB during the Measurement Period***

No questions assigned.

***.750 Amounts for OPEB Subsequent to the Measurement Date***

No questions assigned.

***.751 Support of nonemployer contributing entities in a special funding situation***

No questions assigned.

***.752 Support of nonemployer contributing entities not in a special funding situation***

No questions assigned.

***.753 Additional requirements***

No questions assigned.

***.754 Governmental Nonemployer Contributing Entities***

No questions assigned.

**.755 Recognition and measurement in financial statements prepared using the economic resources measurement focus and accrual basis of accounting**

No questions assigned.

***.756 Proportionate share of the collective total OPEB liability***

.756-1 Q—If a government reports a liability to employees for defined benefit OPEB in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports an OPEB liability to employees under this section, the amount of the OPEB liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the OPEB plan’s fiduciary net position, if any, available to pay that amount. For an OPEB liability to employees for benefits provided through an OPEB plan that is not administered through a trust that meets the criteria in paragraph .101 of this section, there is no OPEB plan fiduciary net position; therefore, the amount “due” within one year would be the full amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

***.757 Expense and deferred outflows of resources and deferred inflows of resources***

No questions assigned.

***.758 Proportionate Share***

No questions assigned.

***.759 Change in Proportion***

No questions assigned.

***.760 Amounts for OPEB during the Measurement Period***

No questions assigned.

***.761 Amounts for OPEB Subsequent to the Measurement Date***

No questions assigned.

***.762 Recognition in financial statements prepared using the current financial resources measurement focus and modified accrual basis of accounting***

No questions assigned.

***.763 Notes to financial statements and required supplementary information***

No questions assigned.

***.764 Governmental nonemployer contributing entities that recognize a substantial proportion of the collective total OPEB liability***

No questions assigned.

**.765 Notes to Financial Statements**

No questions assigned.

***.766 OPEB Plan Description***

No questions assigned.

***.767 Additional Information***

No questions assigned.

**.768 Required Supplementary Information**

No questions assigned.

***.769 Notes to the Required Schedule***

No questions assigned.

***.770 Governmental nonemployer contributing entities that recognize a less-than-substantial proportion of the collective total OPEB liability***

No questions assigned.

**.771 Notes to Financial Statements**

No questions assigned.

**.772 Required Supplementary Information**

No questions assigned.

**.773 Circumstances in Which a Nonemployer Entity's Legal Obligation for Defined Benefit Payments Does Not Meet the Definition of a Special Funding Situation**

No questions assigned.

***.774 Employers***

No questions assigned.

***.775 Governmental Nonemployer Contributing Entities***

No questions assigned.

**.776 Alternative Measurement Method**

No questions assigned.

**.777 Insured Benefits**

No questions assigned.

**.778 Notes to Financial Statements**



No questions assigned.

**.779 Effective Date and Transition**

No questions assigned.

**.780 Reporting Assets Accumulated for OPEB Purposes**

No questions assigned.

\* \* \*

**TAX ABATEMENTS**

**SECTION T10**

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert new Questions .702-5–.702-7 as follows:]

.702-5–.702-7 [GASBIG 2017-1, Q4.39–Q4.41]

\* \* \*

**INVESTMENT POOLS (EXTERNAL)**

**SECTION In5**

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert new Questions .702-14 and .702-15 as follows:]

.702-14–.702-15 [GASBIG 2017-1, Q4.36 and Q4.37]

\* \* \*

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

**SECTION Pe5**

Sources: [Add GASB Implementation Guide 2017-1.]

.701-1 [Replace current Question .701-1 with GASBIG 2017-1, Q5.5.] [GASBIG 2015-1, Q5.60.1, as amended by GASBIG 2017-1, Q5.5]

.701-2 [Replace current Question .701-2 with GASBIG 2017-1, Q5.6.] [GASBIG 2015-1, Q5.60.2, as amended by GASBIG 2017-1, Q5.6]

[Insert new Questions .701-5–.701-8 as follows; renumber subsequent questions.]

.701-5–.701-7 [GASBIG 2017-1, Q4.12–Q4.14]

.701-8 Q—If a pension and some other benefit that is not a pension (for example, postemployment healthcare benefits [classified as OPEB] or active employee benefits) are administered through a single trust, can that arrangement be considered as meeting

the criterion in paragraph .101b of this section—that is, that “pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms”?

A—The pension partition of the trust would meet the criterion in paragraph .101b of this section (regarding dedicated purpose) only if steps have been taken to ensure that the assets, once initially allocated to pensions, are dedicated solely to providing pensions until the point in time at which all benefits provided through the pension plan have been paid. That is, in the context of this section, dedicated purpose should be understood as referring to the purpose of providing pensions through a single plan rather than, for example, providing pensions and some other benefit such as postemployment healthcare or active employee benefits.

[GASBIG 2017-1, Q4.15]

.701-9 [Replace current Question .701-5 with GASBIG 2017-1, Q5.7.] [GASBIG 2015-1, Q5.61.1, as amended by GASBIG 2017-1, Q5.7]

.701-10 [Replace current Question .701-6 with GASBIG 2017-1, Q5.8.] [GASBIG 2016-1, Q4.14, as amended by GASBIG 2017-1, Q5.8]

.701-15 [Replace current Question .701-11 with GASBIG 2017-1, Q5.9.] [GASBIG 2015-1, Q5.63.1, as amended by GASBIG 2017-1, Q5.9]

.701-20 [Replace current Question .701-16 with GASBIG 2017-1, Q5.10.] [GASBIG 2015-1, Q5.64.1, as amended by GASBIG 2016-1, Q5.5 and GASBIG 2017-1, Q5.10]

.701-21 [Replace current Question .701-17 with GASBIG 2017-1, Q5.11.] [GASBIG 2015-1, Q5.64.2, as amended by GASBIG 2016-1, Q5.6 and GASBIG 2017-1, Q5.11]

.701-22 [Replace current Question .701-18 with GASBIG 2017-1, Q5.12.] [GASBIG 2015-1, Q5.64.3, as amended by GASBIG 2016-1, Q5.7 and GASBIG 2017-1, Q5.12]

[Insert new Question .701-25 as follows; renumber subsequent question.]

.701-23 [GASBIG 2017-1, Q4.16]

[Delete current Questions .701-22 and .701-23.]

.702-2 [Replace current Question .702-2 with GASBIG 2017-1, Q5.13.] [GASBIG 2015-1, Q5.66.2, as amended by GASBIG 2017-1, Q5.13]

[Insert new Questions .703-3–.703-6 as follows:]

.703-3–.703-6 [GASBIG 2017-1, Q4.3–Q4.6]

.706-4 [Replace current Question .706-4 with GASBIG 2017-1, Q5.14.] [GASBIG 2015-1, Q5.70.4, as amended by GASBIG 2017-1, Q5.14]

[Insert new Question .710-1 as follows:]

.710-1 [GASBIG 2017-1, Q4.17]

.712-1 [Replace current Question .712-1 with GASBIG 2017-1, Q5.15.] [GASBIG 2015-1, Q5.76.1, as amended by GASBIG 2017-1, Q5.15]

.712-3 [Replace current Question .712-3 with GASBIG 2017-1, Q5.16.] [GASBIG 2015-1, Q5.76.3, as amended by GASBIG 2017-1, Q5.16]

.712-4 [Replace current Question .712-4 with GASBIG 2017-1, Q5.17.] [GASBIG 2015-1, Q5.76.4, as amended by GASBIG 2017-1, Q5.17]

[Insert new Question .716-2 as follows; renumber subsequent questions.]

.716-2 Q—A government includes the pension plan through which it provides benefits to its employees as a fiduciary fund in its financial report. The pension plan does not issue a stand-alone financial report. Should the government make the note disclosures required by this section for the pension plan, as well as the note disclosures required for an employer that provides benefits through the plan?

A—Yes. In this circumstance, the presentation of information from two perspectives is required within the same report—first, from the perspective of an employer that provides its employees with benefits through the pension plan and, second, from the standpoint of the pension plan itself. Accordingly, in addition to applying employer reporting requirements, the government should include in its financial report information required by this section for the pension plan. However, footnote 6 of this section provides for coordination of employer and plan note disclosures within the employer's financial report with the objective of avoiding unnecessary duplication of information within that report.

[GASBIG 2017-1, Q4.18]

.716-5 [In current Question .716-4, delete *, or a bank that sponsors a mutual fund,*.] [GASBIG 2015-1, Q5.86.2, as amended by GASBIG 2017-1, Q5.18]

[Insert new Question .718-1 as follows:]

.718-1 Q—A government includes the pension plan through which it provides benefits to its employees as a fiduciary fund in its financial report. The pension plan does not issue a stand-alone financial report. Should the government present the schedules of RSI required by this section for the pension plan, as well as the schedules of RSI required for an employer that provides benefits through the plan?

A—Yes. In this circumstance, the presentation of information from two perspectives is required within the same report—first, from the perspective of an employer that provides its employees with benefits through the pension plan and, second, from the standpoint of the pension plan itself. Accordingly, in addition to applying employer reporting requirements, the government should present information required by this section with regard to the pension plan. However, footnote 8 of this section provides for coordination of employer and plan schedules of RSI within the employer's financial report with the objective of avoiding unnecessary duplication of information within that report.

[GASBIG 2017-1, Q4.18]

[Insert new Question .726-1 as follows; renumber subsequent questions.]

.726-1 Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying this section for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as “pay-as-you-go” financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the pension plan's fiscal year-end. The projection should include both vested and nonvested plan members, considering relevant demographic assumptions with regard to all plan members, and the requirements of this section related to the projection of benefit payments apply without regard for the timing or method of an employer's financing of the benefits.

[GASBIG 2017-1, Q4.20]

[Insert new Question .726-7 as follows; renumber subsequent questions.]

.726-7 [GASBIG 2017-1, Q4.21]

[Insert new Question .726-10 as follows:]

.726-10 Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension service credits to any employee with at least 20 years of service. Acceptance of the employer's early termination offer would increase the pension paid to the employee. For purposes of applying this section, does the early retirement incentive affect the amounts reported by the pension plan about the net pension liability?

A—Yes. Although the benefit in this scenario is a termination benefit, Section T25 and this section require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the net pension liability that is required by this section.

[GASBIG 2017-1, Q4.19]

[Insert new Question .727-2 as follows; renumber subsequent questions.]

.727-2 Q—Should the discount rate calculated in accordance with the requirements of this section be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of this section, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of this section and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

[GASBIG 2017-1, Q4.22]

.728-2 [In current Question .728-2, insert the following as the last sentence of the answer:] (For an example, see Illustration 4 in nonauthoritative paragraph .901 of this section.) [GASBIG 2016-1, Q4.22, as amended by GASBIG 2017-1, ¶3]

[Insert new Questions .728-3 and .728-4 as follows; renumber subsequent questions.]

.728-3 Q—There is a formal, written policy for an employer to contribute the actuarially determined contribution; however, historically, the employer has only contributed 80 percent of that actuarially determined contribution. Is this fact relevant to the projection of cash flows for purposes of determining the discount rate?

A—Yes. Paragraph .138 of this section requires that if a formal, written policy related to contributions exists, application of professional judgment should consider the most recent five-year contribution history as a key indicator of future contributions. Therefore, in this circumstance, the fact that the employer has historically contributed only 80 percent of the actuarially determined contribution should be considered a key indicator in determining future contributions.

[GASBIG 2017-1, Q4.23]

.728-4 Q—For purposes of determining the discount rate in accordance with the requirements of this section, if an employer has an adopted policy of making benefit payments from its own resources as the benefits come due and the employer will not be reimbursed for those amounts from trust assets, would projected cash flows from employer contributions always equal projected cash flows for benefit payments?

A—Generally, no. All projected benefit payments, including those that are expected to be made from the employer's resources, should be included in projected outflows from pension plan net position. In contrast, unless a pension plan is closed to new entrants, a portion of the projected cash flows from employer contributions should be allocated to future plan members. (See Question .728-2 in this section.) In addition, for purposes of projecting cash flows from employer contributions, regardless of whether the plan is closed to new entrants, an evaluation should be made as to whether the employer will have the ability and willingness to make benefit payments from its own resources for all periods in the projection. In any periods in which those conditions are not expected to be met, the projected cash flows from employer contributions should not exceed the amounts expected to be paid from the employer's resources.

[GASBIG 2017-1, Q4.24]

\* \* \*

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

**SECTION Pe6**

.702-1 [Replace current Question .702-1 with GASBIG 2017-1, Q5.19.] [GASBIG 2015-1, Q5.113.1, as amended by GASBIG 2017-1, Q5.19]

\* \* \*

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

**SECTION Po50**

Sources: [Remove GASB Implementation Guide 2015-1.]

[Delete current Questions .701-1 and .701-2.]

\* \* \*

## **SPECIAL-PURPOSE GOVERNMENTS**

## **SECTION Sp20**

.705-1 [Replace current Question .705-1 with GASBIG 2017-1, Q5.12.] [GASBIG 2015-1, Q5.64.3, as amended by GASBIG 2016-1, Q5.7 and GASBIG 2017-1, Q5.12]

\* \* \*

D2. The instructions that follow update the instructions in paragraph C1 of Statement No. 85, *Omnibus 2017*, which becomes effective for reporting periods beginning after June 15, 2017, for the effects of this Implementation Guide.

\* \* \*

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

## **SECTION P20**

Sources: [Add GASB Implementation Guide 2017-1.]

[Insert new Questions .701-9–.701-11 as follows; renumber subsequent questions.]

.701-9–.701-11 [GASBIG 2017-1, Q4.12–Q4.14]

.701-12 [Replace current Question .701-9 with GASBIG 2017-1, Q5.20.] [GASBIG 2015-1, Q5.117.1, as amended by GASBIG 2017-1, Q5.20]

.701-13 [Replace current Question .701-10 with GASBIG 2017-1, Q5.21.] [GASBIG 2015-1, Q5.117.2, as amended by GASBIG 2016-1, Q5.9 and GASBIG 2017-1, Q5.21]

[Insert new Question .701-14 as follows; renumber subsequent question.]

.701-14 Q—If a pension and some other benefit that is not a pension (for example, postemployment healthcare benefits [classified as OPEB] or active employee benefits) are administered through a single trust, can that arrangement be considered as meeting the criterion in paragraph .101b of this section—that is, that “pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms”?

A—The pension partition of the trust would meet the criterion in paragraph .101b of this section (regarding dedicated purpose) only if steps have been taken to ensure that the assets, once initially allocated to pensions, are dedicated solely to providing pensions until the point in time at which all benefits provided through the pension plan have been paid. That is, in the context of this section, dedicated purpose should be understood as referring to the purpose of providing pensions through a single plan rather than, for example, providing pensions and some other benefit such as postemployment healthcare or active employee benefits.

[GASBIG 2017-1, Q4.15]

[Delete current Questions .702-5–.702-13.]

.703-1 [Replace current Question .703-1 with GASBIG 2017-1, Q5.22.] [GASBIG 2015-1, Q5.120.1, as amended by GASBIG 2017-1, Q5.22]

.704-2 [Replace current Question .704-2 with GASBIG 2017-1, Q5.23.] [GASBIG 2015-1, Q5.121.2, as amended by GASBIG 2017-1, Q5.23]

[Insert new Question .705-8; renumber subsequent question.]

.705-8 [GASBIG 2017-1, Q4.28]

[Insert new Questions .710-4 and .710-5 as follows; renumber subsequent questions.]

.710-4–.710-5 [GASBIG 2017-1, Q4.7 and Q4.8]

[Insert new Questions .710-10 and .710-11 as follows; renumber subsequent questions.]

.710-10 Q—In Questions .710-4 and .710-5, an employer provides pensions through a single-employer or agent multiple-employer pension plan that is administered through a trust that meets the criteria in paragraph .101 of this section (Trust A). Benefits are paid through Trust A. The employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. Can the employer in Question .710-4 or Question .710-5 report its pension liability to employees for benefits net of the fiduciary net position of Trust B?

A—No. As noted in the answers in Questions .710-4 and .710-5, in both circumstances, the assets in Trust B are employer assets. Financial reporting standards provide only for the pension plan's fiduciary net position to offset the total pension liability. Because there is no specific right-of-offset provision for reporting an employer's liability to employees for pensions net of related employer assets, the employer assets held in Trust B should not reduce the amount reported by the employer as its liability to employees for pensions.

[GASBIG 2017-1, Q4.10]

.710-11 Q—Should the employer in Question .710-10 consider the assets accumulated in Trust B restricted for purposes of its government-wide or proprietary fund statement of net position or governmental fund balance sheet?

A—Yes. The trust provision that limits the use of the assets in Trust B to future employer contributions to the pension plan is an external limitation such that the assets accumulated in Trust B should be considered restricted. Further, in accordance with paragraph .119 of Section 2200, "Comprehensive Annual Financial Report," in determining the restricted net position or restricted fund balance, the restricted assets should be reduced by the amount of the pension liability that those resources will be used to liquidate.

[GASBIG 2017-1, Q4.11]

.710-14 [Replace current Question .710-10 with the following:]

Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the pension plan’s fiduciary net position, if any, available to pay that amount. Therefore, for a pension liability to employees reported under this section, there would be no amount that is “due” within one year unless the pension plan’s fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Question .713-1 as follows; renumber subsequent questions.]

- .713-1 Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying this section for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as “pay-as-you-go” financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the measurement date used by the employer. The projection should include both vested and nonvested employees that are provided with benefits through the plan, considering relevant demographic assumptions with regard to all such employees, and the requirements of this section related to the projection of benefit payments apply without regard for the timing or method of an employer’s financing of the benefits.

[GASBIG 2017-1, Q4.20]

[Insert new Question .713-10 as follows:]

- .713-10 Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension service credits to any employee with at least 20 years of service. Acceptance of the employer’s early termination offer would increase the pension paid to the employee. For purposes of applying this section, does the early retirement incentive affect the amounts reported by the employer about its pension liability?

A—Yes. Although the benefit in this scenario is a termination benefit, Section T25 and this section require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the defined benefit pension liability of the employer that is required by this section.

[GASBIG 2017-1, Q4.19]

[Insert new Question .714-2 as follows; renumber subsequent questions.]

- .714-2 Q—Should the discount rate calculated in accordance with the requirements of this section be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of this section, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting



and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of this section and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

[GASBIG 2017-1, Q4.22]

.715-2 [In current Question .715-2, insert the following as the last sentence of the answer:] (For an example, see Illustration 2 in nonauthoritative paragraph .901 of this section.) [GASBIG 2016-1, Q4.22, as amended by GASBIG 2017-1, ¶3]

[Insert new Questions .715-3 and .715-4 as follows; renumber subsequent questions.]

.715-3 Q—There is a formal, written policy for an employer to contribute the actuarially determined contribution; however, historically, the employer has only contributed 80 percent of that actuarially determined contribution. Is this fact relevant to the projection of cash flows for purposes of determining the discount rate?

A—Yes. Paragraph .127 of this section, requires that if a formal, written policy related to contributions exists, application of professional judgment should consider the most recent five-year contribution history as a key indicator of future contributions. Therefore, in this circumstance, the fact that the employer has historically contributed only 80 percent of the actuarially determined contribution should be considered a key indicator in determining future contributions.

[GASBIG 2017-1, Q4.23]

.715-4 Q—For purposes of determining the discount rate in accordance with the requirements of this section, if an employer has an adopted policy of making benefit payments from its own resources as the benefits come due and the employer will not be reimbursed for those amounts from trust assets, would projected cash flows from employer contributions always equal projected cash flows for benefit payments?

A—Generally, no. All projected benefit payments, including those that are expected to be made from the employer's resources, should be included in projected outflows from pension plan fiduciary net position. In contrast, unless a pension plan is closed to new entrants, a portion of the projected cash flows from employer contributions should be allocated to future plan members. (See Question .715-2 in this section.) In addition, for purposes of projecting cash flows from employer contributions, regardless of whether the plan is closed to new entrants, an evaluation should be made as to whether the employer will have the ability and willingness to make benefit payments from its own resources for all periods in the projection. In any periods in which those conditions are not expected to be met, the projected cash flows from employer contributions should not exceed the amounts expected to be paid from the employer's resources.

[GASBIG 2017-1, Q4.24]

[Insert new Question .718-22 as follows; renumber subsequent questions.]

.718-22 [GASBIG 2017-1, Q4.34]

[Insert new Questions .718-27 and .718-28 as follows; renumber subsequent question.]

- .718-27 Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government's June 30, 20X7 financial report, the government's net pension liability is measured as of September 30, 20X6. How should the payment to the pension plan that is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph .133 of this section.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

[GASBIG 2017-1, Q4.32]

- .718-28 Q—For its June 30, 20X7 fiscal year-end, a government measures its net pension liability as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government's financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government's fiscal year-end.

[GASBIG 2017-1, Q4.33]

.720-1 [Replace current Question .720-1 with GASBIG 2017-1, Q5.24.] [GASBIG 2015-1, Q5.145.1, as amended by GASBS 85, ¶8 and GASBIG 2017-1, Q5.24]

.720-2 [Replace current Question .720-2 with GASBIG 2017-1, Q5.25.] [GASBIG 2015-1, Q5.145.2, as amended by GASBS 85, ¶8 and GASBIG 2017-1, Q5.25]

[Insert new Questions .729-1 and .729-2 as follows:]

.729-1–.729-2 [GASBIG 2017-1, Q4.29 and Q4.30]

.731-2 [In question, replace *does this section provide* with *is there*; replace first sentence in the answer with the following:] Allocation of the pension liability to component units in circumstances in which the primary government and its component unit provide pensions through the same cost-sharing pension plan is discussed in Question .729-1 in this section. This section does not establish other specific requirements for allocation of the employer's proportionate share of the collective net pension liability or other pension-related measures to individual funds. [GASBIG 2015-1, Q5.161.2, as amended by GASBIG 2017-1, Q4.29]

[Insert new Questions .731-15 and .731-16 as follows; renumber subsequent questions.]

- .731-15 Q—In Question .739-1, an employer provides pensions through a cost-sharing multiple-employer pension plan that is administered through a trust that meets the criteria in paragraph .101 of this section (Trust A). Benefits are paid through Trust A. One cost-sharing employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. Can the employer in Question .739-1 report its pension liability to employees for benefits net of the fiduciary net position of Trust B?

A—No. As noted in the answer in Question .739-1, in that circumstance, the assets in Trust B are employer assets. Financial reporting standards provide only for the pension plan's fiduciary net position to offset the total pension liability. Because there is no specific right-of-offset provision for reporting an employer's liability to employees for pensions net of related employer assets, the employer assets held in Trust B should not reduce the amount reported by the employer as its liability to employees for pensions.

[GASBIG 2017-1, Q4.10]

- .731-16 Q—Should the employer in Question .731-15 consider the assets accumulated in Trust B restricted for purposes of its government-wide or proprietary fund statement of net position or governmental fund balance sheet?

A—Yes. The trust provision that limits the use of the assets in Trust B to future employer contributions to the pension plan is an external limitation such that the assets accumulated in Trust B should be considered restricted. Further, in accordance with paragraph .119 of Section 2200, in determining the restricted net position or restricted fund balance, the restricted assets should be reduced by the amount of the pension liability that those resources will be used to liquidate.

[GASBIG 2017-1, Q4.11]

- .731-20 [Replace renumbered Question .731-20 with the following:]

Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the “amount due within one year” determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is “due” within one year is the amount of benefit payments expected to be paid within one year, net of the pension plan's fiduciary net position, if any, available to pay that amount. Therefore, for a pension liability to employees reported under this section, there would be no amount that is “due” within one year unless the pension plan's fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Questions .736-2 and .736-3 as follows:]

- .736-2 Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government's June 30, 20X7 financial report, the government's proportionate share of the collective net pension liability is measured as of September 30, 20X6. How should the payment to the pension plan that

is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph .158 of this section.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

[GASBIG 2017-1, Q4.32]

- .736-3 Q—For its June 30, 20X7 fiscal year-end, a government measures its proportionate share of the collective net pension liability as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government's financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government's fiscal year-end.

[GASBIG 2017-1, Q4.33]

[Insert new Question .739-1 as follows; renumber subsequent questions.]

- .739-1 Q—An employer provides pensions through a cost-sharing multiple-employer pension plan that is administered through a trust that meets the criteria in paragraph .101 of this section (Trust A). Benefits are paid through Trust A. One cost-sharing employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. For purposes of determining the collective net pension liability, does the pension plan's fiduciary net position include the net position of Trust A and the net position of Trust B?

A—No. In the circumstance described, benefit payments can be made to employees through Trust A but cannot be made through Trust B. As a result, the assets in Trust B do not have present service capacity as pension plan assets. Therefore, only the net position of Trust A is included as part of the pension plan's fiduciary net position. The assets in Trust B should continue to be reported as assets of the individual employer. Accordingly, amounts associated with Trust B should be reported in the employer's government-wide financial statements as governmental or business-type activities and in the employer's governmental or proprietary fund financial statements.

[GASBIG 2017-1, Q4.9]

[Insert new Question .742-1 as follows; renumber subsequent questions.]

- .742-1 Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying this section for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as “pay-as-you-go” financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the measurement date used by the employer. The projection should include both vested and nonvested employees that are provided with benefits through the plan, considering relevant demographic assumptions with regard to all such employees, and the requirements of this section related to the projection of benefit payments apply without regard for the timing or method of an employer’s financing of the benefits.

[GASBIG 2017-1, Q4.20]

[Insert new Question .742-10 as follows:]

- .742-10 Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension service credits to any employee with at least 20 years of service. Acceptance of the employer’s early termination offer would increase the pension paid to the employee. For purposes of applying this section, does the early retirement incentive affect the amounts reported by the employer about its pension liability?

A—Yes. Although the benefit in this scenario is a termination benefit, Section T25 and this section require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the defined benefit pension liability of the employer that is required by this section.

[GASBIG 2017-1, Q4.19]

[Insert new Question .743-1 as follows; renumber subsequent questions.]

- .743-1 Q—Should the discount rate calculated in accordance with the requirements of this section be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of this section, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of this section and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

[GASBIG 2017-1, Q4.22]

.744-2 [In renumbered Question .744-2, insert the following as the last sentence of the answer:] (For an example, see Illustration 2 in nonauthoritative paragraph .901 of this section.) [GASBIG 2016-1, Q4.22, as amended by GASBIG 2017-1, ¶3]

[Insert new Question .747-22 as follows; renumber subsequent questions.]

.747-22 [GASBIG 2017-1, Q4.34]

.749-1 [Replace renumbered Question .749-1 with GASBIG 2017-1, Q5.26.] [GASBIG 2015-1, Q5.185.1, as amended by GASBS 85, ¶8 and GASBIG 2017-1, Q5.26]

.749-2 [Replace renumbered Question .749-2 with GASBIG 2017-1, Q5.27.] [GASBIG 2015-1, Q5.185.2, as amended by GASBS 85, ¶8 and GASBIG 2017-1, Q5.27]

[Insert new Question .751-3 as follows:]

.751-3 Q—A primary government and its discretely presented component unit provide pensions through the same cost-sharing pension plan. If it is determined that some or all note disclosures related to the component unit are essential for fair presentation of the reporting entity's financial statements, should the reporting entity's notes to financial statements present aggregated information for the reporting entity as a whole or separate information for the primary government and for the component unit?

A—In accordance with paragraph .122 of Section 2600, the reporting entity's notes to financial statements should distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units.

[GASBIG 2017-1, Q4.31]

[Insert new Questions .757-1 and .757-2 as follows; renumber subsequent questions.]

.757-1 Q—A primary government and its discretely presented component unit provide pensions through the same cost-sharing pension plan. If it is determined that some or all RSI related to the component unit is essential for fair presentation of the reporting entity's financial statements, should the reporting entity's RSI present aggregated information for the reporting entity as a whole or separate information for the primary government and for the component unit?

A—In accordance with paragraph .122 of Section 2600, the reporting entity's RSI should distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units.

[GASBIG 2017-1, Q4.31]

.757-2 [GASBIG 2017-1, Q4.35]

.775-13 [Replace renumbered Question .775-13 with the following:]

Q—If a government reports a liability to employees for defined benefit pensions in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension liability to employees under this section, the amount of the pension liability that is "due" within one year is the amount of benefit

payments expected to be paid within one year, net of the pension plan's fiduciary net position, if any, available to pay that amount. Therefore, for a pension liability to employees reported under this section, there would be no amount that is "due" within one year unless the pension plan's fiduciary net position is less than the amount of benefit payments expected to be paid within one year.

[GASBIG 2015-1, Q7.22.6, as amended by GASBIG 2016-1, Q5.13 and GASBIG 2017-1, Q5.31]

[Insert new Questions .780-2 and .780-3 as follows:]

- .780-2 Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government's June 30, 20X7 financial report, the government's proportionate share of the collective net pension liability is measured as of September 30, 20X6. How should the payment to the pension plan that is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph .210 of this section.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

[GASBIG 2017-1, Q4.32]

- .780-3 Q—For its June 30, 20X7 fiscal year-end, a government measures its proportionate share of the collective net pension liability as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government's financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government's fiscal year-end.

[GASBIG 2017-1, Q4.33]

.781-1 [Replace renumbered Question .781-1 with GASBIG 2017-1, Q5.28.] [GASBIG 2015-1, Q5.224.1, as amended by GASBS 85, ¶8 and GASBIG 2017-1, Q5.28]

.781-2 [Replace renumbered Question .781-2 with GASBIG 2017-1, Q5.29.] [GASBIG 2015-1, Q5.224.2, as amended by GASBS 85, ¶8 and GASBIG 2017-1, Q5.29]

\* \* \*

D3. The instructions that follow update paragraph D1 of this Implementation Guide for the effects of Statement No. 84, *Fiduciary Activities*, which becomes effective for reporting periods beginning after December 15, 2018.

\* \* \*

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

**SECTION P23**

.702-1 [Replace *holds such assets for others, they be reported in an agency fund with controls such assets as a fiduciary activity, they be reported in a custodial fund.*] [GASBIG 2017-1, Q4.25, as amended by GASBS 84, ¶5 and ¶18]

.702-2 [Revise the second sentence of the question as follows:] The trust is not a fiduciary activity of another entity. [GASBIG 2017-1, Q4.26, as amended by GASBS 84, ¶5, ¶6, and ¶10]

\* \* \*

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

**SECTION Pe5**

.701-22 [Apply the instructions in paragraph E1 of Statement 84 for current paragraph .701-18, retaining the edits from paragraph D1 of this Statement; revise sources as follows:] GASBIG 2015-1, Q5.64.3, as amended by GASBIG 2016-1, Q5.7, GASBIG 2017-1, Q5.12, and GASBS 84, ¶14–¶20 and ¶22–¶25

.716-2 [In the first sentence in the question, replace *includes* with *reports* and replace *as a fiduciary fund in its financial report with as a fiduciary activity.*] [GASBIG 2017-1, Q4.18, as amended by GASBS 84, ¶5, ¶6, and ¶10]

.718-1 [In the first sentence in the question, replace *includes* with *reports* and replace *as a fiduciary fund in its financial report with as a fiduciary activity.*] [GASBIG 2017-1, Q4.18, as amended by GASBS 84, ¶5, ¶6, and ¶10]

\* \* \*

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

**SECTION Pe6**

.702-1 [Apply the instructions in paragraph E1 of Statement 84, retaining the edits from paragraph D1 of this Statement; revise sources as follows:] GASBIG 2015-1, Q5.113.1, as amended by GASBIG 2017-1, Q5.19 and GASBS 84, ¶20 and ¶22–¶25

\* \* \*



.705-1 [Apply the instructions in paragraph E1 of Statement 84 for current paragraph .701-18, retaining the edits from paragraph D1 of this Statement; revise sources as follows:] GASBIG 2015-1, Q5.64.3, as amended by GASBIG 2016-1, Q5.7, GASBIG 2017-1, Q5.12, and GASBS 84, ¶14–¶20 and ¶22–¶25

\* \* \*

D4. The instructions that follow update the June 30, 2016 *Comprehensive Implementation Guide* for the effects of this Implementation Guide. Only the question number from this Implementation Guide is listed if the question and answer will be cited in full in the *Comprehensive Implementation Guide*.

\* \* \*

[Update cross-references throughout.]

\* \* \*

[Insert the following new questions:]

2.30.4. [GASBIG 2017-1, Q4.1]

4.31.3. [GASBIG 2017-1, Q4.2]

5.60.6–5.60.8. [GASBIG 2017-1, Q4.12–Q4.14]

5.61.3. Q—If a pension and some other benefit that is not a pension (for example, postemployment healthcare benefits [classified as OPEB] or active employee benefits) are administered through a single trust, can that arrangement be considered as meeting the criterion in paragraph 3b of Statement 67—that is, that “pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms”?

A—The pension partition of the trust would meet the criterion in paragraph 3b of Statement 67 (regarding dedicated purpose) only if steps have been taken to ensure that the assets, once initially allocated to pensions, are dedicated solely to providing pensions until the point in time at which all benefits provided through the pension plan have been paid. That is, in the context of Statement 67, dedicated purpose should be understood as referring to the purpose of providing pensions through a single plan rather than, for example, providing pensions and some other benefit such as postemployment healthcare or active employee benefits.

[GASBIG 2017-1, Q4.15]

5.64.5. [GASBIG 2017-1, Q4.16]

5.67.1–5.67.4. [GASBIG 2017-1, Q4.3–Q4.6]

5.74.2. [GASBIG 2017-1, Q4.17]

5.80.2. Q—A government includes the pension plan through which it provides benefits to its employees as a fiduciary fund in its financial report. The pension plan does not issue a stand-alone financial report. Should the government make the note disclosures required

by Statement 67 for the pension plan, as well as the note disclosures required for an employer that provides benefits through the plan?

A—Yes. In this circumstance, the presentation of information from two perspectives is required within the same report—first, from the perspective of an employer that provides its employees with benefits through the pension plan and, second, from the standpoint of the pension plan itself. Accordingly, in addition to applying employer reporting requirements, the government should include in its financial report information required by Statement 67 for the pension plan. However, footnote 9 of Statement 67 provides for coordination of employer and plan note disclosures within the employer's financial report with the objective of avoiding unnecessary duplication of information within that report.

[GASBIG 2017-1, Q4.18]

- 5.96.1. Q—A government includes the pension plan through which it provides benefits to its employees as a fiduciary fund in its financial report. The pension plan does not issue a stand-alone financial report. Should the government present the schedules of RSI required by Statement 67 for the pension plan, as well as the schedules of RSI required for an employer that provides benefits through the plan?

A—Yes. In this circumstance, the presentation of information from two perspectives is required within the same report—first, from the perspective of an employer that provides its employees with benefits through the pension plan and, second, from the standpoint of the pension plan itself. Accordingly, in addition to applying employer reporting requirements, the government should present information required by Statement 67 with regard to the pension plan. However, footnote 11 of Statement 67 provides for coordination of employer and plan schedules of RSI within the employer's financial report with the objective of avoiding unnecessary duplication of information within that report.

[GASBIG 2017-1, Q4.18]

- 5.107.8. Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension service credits to any employee with at least 20 years of service. Acceptance of the employer's early termination offer would increase the pension paid to the employee. For purposes of applying Statement 67, does the early retirement incentive affect the amounts reported by the pension plan about the net pension liability?

A—Yes. Although the benefit in this scenario is a termination benefit, Statement No. 47, *Accounting for Termination Benefits*, as amended, and Statement 67 require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the net pension liability that is required by Statement 67.

[GASBIG 2017-1, Q4.19]

- 5.107.9. Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying Statement 67 for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as “pay-as-you-go” financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the pension plan's fiscal year-end. The projection should include both vested and nonvested plan members, considering relevant demographic assumptions with regard to all plan members, and the requirements of Statement 67 related to the projection of benefit payments apply without regard for the timing or method of an employer's financing of the benefits.

[GASBIG 2017-1, Q4.20]

5.107.10. [GASBIG 2017-1, Q4.21]

5.108.2. Q—Should the discount rate calculated in accordance with the requirements of Statement 67 be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of Statement 67, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of Statement 67 and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

[GASBIG 2017-1, Q4.22]

5.109.5. Q—There is a formal, written policy for an employer to contribute the actuarially determined contribution; however, historically, the employer has only contributed 80 percent of that actuarially determined contribution. Is this fact relevant to the projection of cash flows for purposes of determining the discount rate?

A—Yes. Paragraph 42 of Statement 67 requires that if a formal, written policy related to contributions exists, application of professional judgment should consider the most recent five-year contribution history as a key indicator of future contributions. Therefore, in this circumstance, the fact that the employer has historically contributed only 80 percent of the actuarially determined contribution should be considered a key indicator in determining future contributions.

[GASBIG 2017-1, Q4.23]

5.109.6. Q—For purposes of determining the discount rate in accordance with the requirements of Statement 67, if an employer has an adopted policy of making benefit payments from its own resources as the benefits come due and the employer will not be reimbursed for those amounts from trust assets, would projected cash flows from employer contributions always equal projected cash flows for benefit payments?

A—Generally, no. All projected benefit payments, including those that are expected to be made from the employer's resources, should be included in projected outflows from pension plan fiduciary net position. In contrast, unless a pension plan is closed to new entrants, a portion of the projected cash flows from employer contributions should be allocated to future plan members. (See Question 5.109.4.) In addition, for purposes of projecting cash flows from employer contributions, regardless of whether the plan is closed to new entrants, an evaluation should be made as to whether the employer will have the ability and willingness to make benefit payments from its own resources for all periods in the projection. In any periods in which those conditions are not expected to be

met, the projected cash flows from employer contributions should not exceed the amounts expected to be paid from the employer's resources.

[GASBIG 2017-1, Q4.24]

5.116.10–5.116.12. [GASBIG 2017-1, Q4.12–Q4.14]

5.117.3. Q—If a pension and some other benefit that is not a pension (for example, postemployment healthcare benefits [classified as OPEB] or active employee benefits) are administered through a single trust, can that arrangement be considered as meeting the criterion in paragraph 4b of Statement 68—that is, that “pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms”?

A—The pension partition of the trust would meet the criterion in paragraph 4b of Statement 68 (regarding dedicated purpose) only if steps have been taken to ensure that the assets, once initially allocated to pensions, are dedicated solely to providing pensions until the point in time at which all benefits provided through the pension plan have been paid. That is, in the context of Statement 68, dedicated purpose should be understood as referring to the purpose of providing pensions through a single plan rather than, for example, providing pensions and some other benefit such as postemployment healthcare or active employee benefits.

[GASBIG 2017-1, Q4.15]

5.122.9. [GASBIG 2017-1, Q4.28]

5.131.4–5.131.5. [GASBIG 2017-1, Q4.7 and Q4.8]

5.132.4. Q—In Questions 5.131.4 and 5.131.5, an employer provides pensions through a single-employer or agent multiple-employer pension plan that is administered through a trust that meets the criteria in paragraph 4 of Statement 68 (Trust A). Benefits are paid through Trust A. The employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. Can the employer in Question 5.131.4 or Question 5.131.5 report its pension liability to employees for benefits net of the fiduciary net position of Trust B?

A—No. As noted in the answers in Questions 5.131.4 and 5.131.5, in both circumstances, the assets in Trust B are employer assets. Financial reporting standards provide only for the pension plan's fiduciary net position to offset the total pension liability. Because there is no specific right-of-offset provision for reporting an employer's liability to employees for pensions net of related employer assets, the employer assets held in Trust B should not reduce the amount reported by the employer as its liability to employees for pensions.

[GASBIG 2017-1, Q4.10]

5.132.5. Q—Should the employer in Question 5.132.4 consider the assets accumulated in Trust B restricted for purposes of its government-wide or proprietary fund statement of net position or governmental fund balance sheet?

A—Yes. The trust provision that limits the use of the assets in Trust B to future employer contributions to the pension plan is an external limitation such that the assets accumulated in Trust B should be considered restricted. Further, in accordance with paragraph 10 of Statement 63, in determining the restricted net position or restricted fund

balance, the restricted assets should be reduced by the amount of the pension liability that those resources will be used to liquidate.

[GASBIG 2017-1, Q4.11]

- 5.136.9. Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension service credits to any employee with at least 20 years of service. Acceptance of the employer's early termination offer would increase the pension paid to the employee. For purposes of applying Statement 68, does the early retirement incentive affect the amounts reported by the employer about its pension liability?

A—Yes. Although the benefit in this scenario is a termination benefit, Statement 47, as amended, and Statement 68 require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the defined benefit pension liability that is required by Statement 68.

[GASBIG 2017-1, Q4.19]

- 5.136.10. Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying Statement 68 for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as “pay-as-you-go” financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the measurement date used by the employer. The projection should include both vested and nonvested employees that are provided with benefits through the plan, considering relevant demographic assumptions with regard to all such employees, and the requirements of Statement 68 related to the projection of benefit payments apply without regard for the timing or method of an employer's financing of the benefits.

[GASBIG 2017-1, Q4.20]

- 5.137.4. Q—Should the discount rate calculated in accordance with the requirements of Statement 68 be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of Statement 68, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of Statement 68 and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

[GASBIG 2017-1, Q4.22]

- 5.138.5. Q—There is a formal, written policy for an employer to contribute the actuarially determined contribution; however, historically, the employer has only contributed 80 percent of that

actuarially determined contribution. Is this fact relevant to the projection of cash flows for purposes of determining the discount rate?

A—Yes. Paragraph 28 of Statement 68 requires that if a formal, written policy related to contributions exists, application of professional judgment should consider the most recent five-year contribution history as a key indicator of future contributions. Therefore, in this circumstance, the fact that the employer has historically contributed only 80 percent of the actuarially determined contribution should be considered a key indicator in determining future contributions.

[GASBIG 2017-1, Q4.23]

- 5.138.6. Q—For purposes of determining the discount rate in accordance with the requirements of Statement 68, if an employer has an adopted policy of making benefit payments from its own resources as the benefits come due and the employer will not be reimbursed for those amounts from trust assets, would projected cash flows from employer contributions always equal projected cash flows for benefit payments?

A—Generally, no. All projected benefit payments, including those that are expected to be made from the employer's resources, should be included in projected outflows from pension plan fiduciary net position. In contrast, unless a pension plan is closed to new entrants, a portion of the projected cash flows from employer contributions should be allocated to future plan members. (See Question 5.138.4.) In addition, for purposes of projecting cash flows from employer contributions, regardless of whether the plan is closed to new entrants, an evaluation should be made as to whether the employer will have the ability and willingness to make benefit payments from its own resources for all periods in the projection. In any periods in which those conditions are not expected to be met, the projected cash flows from employer contributions should not exceed the amounts expected to be paid from the employer's resources.

[GASBIG 2017-1, Q4.24]

- 5.142.25. [GASBIG 2017-1, Q4.34]

- 5.143.3. Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government's June 30, 20X7 financial report, the government's net pension liability is measured as of September 30, 20X6. How should the payment to the pension plan that is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph 34 of Statement 68.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

[GASBIG 2017-1, Q4.32]

- 5.143.4. Q—For its June 30, 20X7 fiscal year-end, a government measures its net pension liability as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government’s financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government’s fiscal year-end.

[GASBIG 2017-1, Q4.33]

- 5.159.1. [GASBIG 2017-1, Q4.29]

- 5.159.2. [GASBIG 2017-1, Q4.30]

- 5.164.4. Q—In Question 5.174.3, an employer provides pensions through a cost-sharing multiple-employer pension plan that is administered through a trust that meets the criteria in paragraph 4 of Statement 68 (Trust A). Benefits are paid through Trust A. One cost-sharing employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. Can the employer in Question 5.174.3 report its pension liability to employees for benefits net of the fiduciary net position of Trust B?

A—No. As noted in the answer in Question 5.174.3, in that circumstance, the assets in Trust B are employer assets. Financial reporting standards provide only for the pension plan’s fiduciary net position to offset the total pension liability. Because there is no specific right-of-offset provision for reporting an employer’s liability to employees for pensions net of related employer assets, the employer assets held in Trust B should not reduce the amount reported by the employer as its liability to employees for pensions.

[GASBIG 2017-1, Q4.10]

- 5.164.5. Q—Should the employer in Question 5.164.4 consider the assets accumulated in Trust B restricted for purposes of its government-wide or proprietary fund statement of net position or governmental fund balance sheet?

A—Yes. The trust provision that limits the use of the assets in Trust B to future employer contributions to the pension plan is an external limitation such that the assets accumulated in Trust B should be considered restricted. Further, in accordance with paragraph 10 of Statement 63, in determining the restricted net position or restricted fund balance, the restricted assets should be reduced by the amount of the pension liability that those resources will be used to liquidate.

[GASBIG 2017-1, Q4.11]

- 5.169.2. Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government’s June 30, 20X7 financial report, the government’s proportionate share of the collective net pension liability is measured as of September 30, 20X6. How should the payment to the pension plan that

is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph 57 of Statement 68.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

[GASBIG 2017-1, Q4.32]

- 5.169.3. Q—For its June 30, 20X7 fiscal year-end, a government measures its proportionate share of the collective net pension liability as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government's financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government's fiscal year-end.

[GASBIG 2017-1, Q4.33]

- 5.174.3. Q—An employer provides pensions through a cost-sharing multiple-employer pension plan that is administered through a trust that meets the criteria in paragraph 4 of Statement 68 (Trust A). Benefits are paid through Trust A. One cost-sharing employer establishes a second trust (Trust B). Assets in Trust B can be used only to make contributions to Trust A and can be moved to Trust A only upon instruction from the employer. Assets accumulated in Trust B are irrevocable by the employer and are protected from creditors of the employer. For purposes of determining the collective net pension liability, does the pension plan's fiduciary net position include the net position of Trust A and the net position of Trust B?

A—No. In the circumstance described, benefit payments can be made to employees through Trust A but cannot be made through Trust B. As a result, the assets in Trust B do not have present service capacity as pension plan assets. Therefore, only the net position of Trust A is included as part of the pension plan's fiduciary net position. The assets in Trust B should continue to be reported as assets of the individual employer. Accordingly, amounts associated with Trust B should be reported in the employer's government-wide financial statements as governmental or business-type activities and in the employer's governmental or proprietary fund financial statements.

[GASBIG 2017-1, Q4.9]

- 5.178.9. Q—In addition to a preexisting pension provided to eligible retirees that are age 65 or older, a government offers an early retirement incentive in the form of additional pension



service credits to any employee with at least 20 years of service. Acceptance of the employer's early termination offer would increase the pension paid to the employee. For purposes of applying Statement 68, does the early retirement incentive affect the amounts reported by the employer about its pension liability?

A—Yes. Although the benefit in this scenario is a termination benefit, Statement 47, as amended, and Statement 68 require that in the case of a termination benefit that is given in the form of an enhancement of the terms of an existing pension (for example, by increasing the number of service credits used to determine the pension that will be provided, as in the situation described), the effects of that incentive on the existing pension be included in the measure of the defined benefit pension liability of the employer that is required by Statement 68.

[GASBIG 2017-1, Q4.19]

- 5.178.10. Q—Should benefits be excluded from the determination of the actuarial present value of total projected benefit payments for purposes of applying Statement 68 for any of the following reasons: (a) the benefits are not vested, (b) the benefits or employer contributions for benefits are collectively bargained, or (c) the benefits are substantially financed as they come due (sometimes referred to as “pay-as-you-go” financing)?

A—No. The projection of benefit payments should include all benefits provided for in the benefit terms and any additional legal agreements that are in force at the measurement date used by the employer. The projection should include both vested and nonvested employees that are provided with benefits through the plan, considering relevant demographic assumptions with regard to all such employees, and the requirements of Statement 68 related to the projection of benefit payments apply without regard for the timing or method of an employer's financing of the benefits.

[GASBIG 2017-1, Q4.20]

- 5.179.3. Q—Should the discount rate calculated in accordance with the requirements of Statement 68 be the same discount rate that is used for purposes of determining a funding policy?

A—The requirements of Statement 68, including the requirement that the discount rate used for purposes of determining the total pension liability for pension plan financial reporting and employer financial reporting be developed using the same assumptions, establish standards within the context of accounting and financial reporting, not within the context of funding pensions. Therefore, if the discount rate that is used to determine the funding policy is determined in a manner that differs from the requirements of Statement 68 and the rates are different, the rate that is used to determine a funding policy should not be used for financial reporting purposes.

[GASBIG 2017-1, Q4.22]

- 5.183.23. [GASBIG 2017-1, Q4.34]

- 5.186.3. Q—A primary government and its discretely presented component unit provide pensions through the same cost-sharing pension plan. If it is determined that some or all note disclosures related to the component unit are essential for fair presentation of the reporting entity's financial statements, should the reporting entity's notes to financial statements present aggregated information for the reporting entity as a whole or separate information for the primary government and for the component unit?

A—In accordance with paragraph 62 of Statement 14, the reporting entity's notes to financial statements should distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units.

[GASBIG 2017-1, Q4.31]

- 5.192.4. Q—A primary government and its discretely presented component unit provide pensions through the same cost-sharing pension plan. If it is determined that some or all RSI related to the component unit is essential for fair presentation of the reporting entity's financial statements, should the reporting entity's RSI present aggregated information for the reporting entity as a whole or separate information for the primary government and for the component unit?

A—In accordance with paragraph 62 of Statement 14, the reporting entity's RSI should distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units.

[GASBIG 2017-1, Q4.31]

- 5.194.7. [GASBIG 2017-1, Q4.35]

- 5.223.2. Q—A government with a fiscal year-end of June 30, 20X7, makes a payment to a defined benefit pension plan on June 15, 20X7, equal to its legally required contributions for the period October 1, 20X6–September 30, 20X7. In the government's June 30, 20X7 financial report, the government's proportionate share of the collective net pension liability is measured as of September 30, 20X6. How should the payment to the pension plan that is made on June 15, 20X7, be reported in the government's financial statements prepared using the economic resources measurement focus?

A—In the government's financial statements prepared using the economic resources measurement focus, the portion of the payment to the pension plan that relates to the period October 1, 20X6–June 30, 20X7, is a contribution subsequent to the measurement date and before the government's fiscal year-end and should be reported as a deferred outflow of resources related to pensions in accordance with paragraph 106 of Statement 68.

The portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, is not a contribution for the period ended June 30, 20X7, and, therefore, it should not be reported as a deferred outflow of resources resulting from contributions subsequent to the measurement date. As such, the portion of the payment to the pension plan that relates to the period July 1, 20X7–September 30, 20X7, should be reported as a prepaid amount as of June 30, 20X7.

[GASBIG 2017-1, Q4.32]

- 5.223.3. Q—For its June 30, 20X7 fiscal year-end, a government measures its proportionate share of the collective net pension liability as of December 31, 20X6. At June 30, 20X7, legally required contributions for the period January 1, 20X7–June 30, 20X7, have not been made to the pension plan. How should those unpaid contributions be reported in the government's financial statements prepared using the economic resources measurement focus?

A—For the unpaid contributions, the government should report a payable and a deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date and before the government's fiscal year-end.

[GASBIG 2017-1, Q4.33]

[Insert new Questions 5.258.1–5.258.3, including headings, as follows:]

**5.257 Statement 73**

**5.258 Assets Accumulated for Purposes of Providing Pensions through Defined Benefit Pension Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4 of Statement 73**

5.258.1–5.258.3. [GASBIG 2017-1, Q4.25–Q4.27]

6.22.7. [GASBIG 2017-1, Q4.36]

6.39.3. [GASBIG 2017-1, Q4.37]

Z.54.65. [GASBIG 2017-1, Q4.38]

Z.77.8–Z.77.10. [GASBIG 2017-1, Q4.39–Q4.41]

\* \* \*

[Revise the following questions as indicated:]

1.2.4. [Replace current Question 1.2.4 with GASBIG 2017-1, Q5.1.]

3.50.1. [Replace current Question 3.50.1 with GASBIG 2017-1, Q5.2.]

3.50.3. [Replace current Question 3.50.3 with GASBIG 2017-1, Q5.3.]

4.55.2. [Replace current Question 4.55.2 with GASBIG 2017-1, Q5.4.]

5.60.1. [Replace current Question 5.60.1 with GASBIG 2017-1, Q5.5.]

5.60.2. [Replace current Question 5.60.2 with GASBIG 2017-1, Q5.6.]

5.61.1. [Replace current Question 5.61.1 with GASBIG 2017-1, Q5.7.]

5.61.2. [Replace current Question 5.61.2 with GASBIG 2017-1, Q5.8.]

5.63.1. [Replace current Question 5.63.1 with GASBIG 2017-1, Q5.9.]

5.64.1. [Replace current Question 5.64.1 with GASBIG 2017-1, Q5.10.]

5.64.2. [Replace current Question 5.64.2 with GASBIG 2017-1, Q5.11.]

5.64.3. [Replace current Question 5.64.3 with GASBIG 2017-1, Q5.12.]

5.66.2. [Replace current Question 5.66.2 with GASBIG 2017-1, Q5.13.]

5.70.4. [Replace current Question 5.70.4 with GASBIG 2017-1, Q5.14.]

5.76.1. [Replace current Question 5.76.1 with GASBIG 2017-1, Q5.15.]

5.76.3. [Replace current Question 5.76.3 with GASBIG 2017-1, Q5.16.]

5.76.4. [Replace current Question 5.76.4 with GASBIG 2017-1, Q5.17.]

5.86.2. [Replace current Question 5.86.2 with GASBIG 2017-1, Q5.18.]

5.109.4. [Insert the following as the last sentence of the answer:] (For an example, see Illustration 2 in nonauthoritative Appendix B5-2.)

5.113.1. [Replace current Question 5.113.1 with GASBIG 2017-1, Q5.19.]

5.117.1. [Replace current Question 5.117.1 with GASBIG 2017-1, Q5.20.]

5.117.2. [Replace current Question 5.117.2 with GASBIG 2017-1, Q5.21.]

5.120.1. [Replace current Question 5.120.1 with GASBIG 2017-1, Q5.22.]

5.121.2. [Replace current Question 5.121.2 with GASBIG 2017-1, Q5.23.]

5.138.4. [Insert the following as the last sentence of the answer:] (For an example, see Illustration 2 in nonauthoritative Appendix B5-2.)

5.161.2. [In question, replace *does Statement 68 provide* with *is there*; replace first sentence in the answer with the following:] Allocation of the pension liability to component units in circumstances in which the primary government and its component unit provide pensions through the same cost-sharing pension plan is discussed in Question 5.159.1. Statement 68 does not establish other specific requirements for allocation of the employer's proportionate share of the collective net pension liability or other pension-related measures to individual funds.

5.180.4. [Insert the following as the last sentence of the answer:] (For an example, see Illustration 2 in nonauthoritative Appendix B5-2.)

[Delete current Question 7.8.5.]

7.21.11. [Replace current Question 7.21.11 with GASBIG 2017-1, Q5.30.]

7.22.6. [Replace current Question 7.22.6 with GASBIG 2017-1, Q5.31.]

[Delete all questions under headings 8.1–8.68.]

Z.33.26. [Replace current Question Z.33.26 with GASBIG 2017-1, Q5.32.]

Z.51.19. [Replace current Question Z.51.19 with GASBIG 2017-1, Q5.33.]

\* \* \*

D5. The instructions that follow replace the instructions in paragraph C4 of Statement 85, which becomes effective for reporting periods beginning after June 15, 2017, to incorporate the effects of this Implementation Guide into Questions 5.145.1, 5.145.2, 5.185.1, 5.185.2, 5.224.1, and 5.224.2 in the *Comprehensive Implementation Guide*.

5.145.1. [Replace current Question 5.145.1 with GASBIG 2017-1, Q5.24.]

5.145.2. [Replace current Question 5.145.2 with GASBIG 2017-1, Q5.25.]

5.185.1. [Replace current Question 5.185.1 with GASBIG 2017-1, Q5.26.]

5.185.2. [Replace current Question 5.185.2 with GASBIG 2017-1, Q5.27.]

5.224.1. [Replace current Question 5.224.1 with GASBIG 2017-1, Q5.28.]

5.224.2. [Replace current Question 5.224.2 with GASBIG 2017-1, Q5.29.]

\* \* \*

D6. The instructions that follow update paragraph D4 of this Implementation Guide for the effects of Statement 84, which becomes effective for reporting periods beginning after December 15, 2018.

\* \* \*

1.2.4. [Apply the instructions in paragraph E3 of Statement 84 to revised Question 1.2.4; add GASBS 84, ¶5, ¶14, and ¶18, as an amending source of GASBIG 2016-1, Q4.2.]

5.64.3. [Apply the instructions in paragraph E3 of Statement 84 to revised Question 5.64.3.] [GASBIG 2015-1, Q5.64.3, as amended by GASBIG 2016-1, Q5.7, GASBIG 2017-1, Q5.12, and GASBS 84, ¶14–¶20 and ¶22–¶25]

5.80.2. [In the first sentence in the question, replace *includes* with *reports* and replace *as a fiduciary fund in its financial report* with *as a fiduciary activity*.] [GASBIG 2017-1, Q4.18, as amended by GASBS 84, ¶5, ¶6, and ¶10]

5.96.1. [In the first sentence in the question, replace *includes* with *reports* and replace *as a fiduciary fund in its financial report* with *as a fiduciary activity*.] [GASBIG 2017-1, Q4.18, as amended by GASBS 84, ¶5, ¶6, and ¶10]

5.113.1. [Replace *paragraphs 106–109 of Statement 34, as amended*, with *paragraphs 106–109 of Statement 34, as amended, and paragraphs 20 and 22–25 of Statement 84*.] [GASBIG 2015-1, Q5.113.1, as amended by GASBIG 2017-1, Q5.19 and GASBS 84, ¶20 and ¶22–¶25]

5.258.1. [Replace *holds such assets for others, they be reported in an agency fund* with *controls such assets as a fiduciary activity, they be reported in a custodial fund*.] [GASBIG 2017-1, Q4.25, as amended by GASBS 84, ¶5 and ¶18]

5.258.2. [Revise the second sentence of the question as follows:] The trust is not a fiduciary activity of another entity. [GASBIG 2017-1, Q4.26, as amended by GASBS 84, ¶5, ¶6, and ¶10]