

Governmental GAAP

2016 Edition

Warren Ruppel

Table of Contents

Chapter 1 – New Developments	1
Introduction.....	1
Recently Issued GASB Statements and Their Effective Dates.....	1
Exposure Drafts.....	1
Exposure Draft— <i>Implementation Guide No. 20XX-1</i>	1
Exposure Draft— <i>Accounting and Financial Reporting for Irrevocable Split-Interest Agreements</i>	2
Exposure Draft— <i>Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14</i>	2
Exposure Draft— <i>Accounting and Financial Reporting for Certain External Investment Pools</i>	2
Preliminary Views.....	3
Preliminary Views— <i>Leases</i>	3
Preliminary Views— <i>Financial Reporting for Fiduciary Responsibilities</i>	5
GASB Project Plan.....	6
Summary.....	6
Chapter 2 – Foundations of Governmental Accounting	7
Learning Objectives.....	7
Introduction.....	7
Chapter Overview.....	7
Entities Covered by Governmental Accounting Principles.....	7
Distinguishing a Governmental Entity from a Not-for-Profit Organization.....	8
Overview of the History of Governmental Accounting Standards Setting.....	9
Objectives of Governmental Accounting and Financial Reporting.....	10
GASB Concepts Statement 1.....	10
Primary Characteristics of a Government’s Structure and the Services it Provides.....	10
Control Characteristics Resulting from a Government’s Structure.....	11
Objectives of Financial Reporting.....	15
Communication Methods.....	16
Concepts Statement 3— <i>Communication Methods in General-Purpose External Financial Reports that Contain Basic Financial Statements</i>	16
Elements of Financial Statements.....	17
Measurement of Elements of Financial Statements.....	18
Hierarchy of Governmental Accounting Standards.....	18
GAAP Hierarchy for Governments.....	19
Codification of Certain FASB and AICPA Accounting and Financial Reporting Guidance.....	20
Summary.....	21
Review Questions.....	22
Review Answers.....	23
Chapter 3 – Fund Accounting Fundamentals	25
Learning Objectives.....	25
Introduction.....	25
Definition of <i>Fund</i> and the Purpose of Fund Accounting.....	25
Why Do Governments Use Fund Accounting?.....	26
Fund Accounting Under the GASBS 34 Reporting Model.....	26
How Is the Number of Funds to Be Established Determined?.....	26
A Synopsis of the Various Types of Funds Used By Governments for Accounting and Financial Reporting.....	27
Governmental Funds.....	27
Proprietary (Business-Type) Funds.....	29
Fiduciary Funds.....	30
Major Funds.....	31
A Definition of Basis of Accounting and Measurement Focus.....	32
Basis of Accounting.....	32

Table of Contents

Recognition and Measurement of Certain Fund Liabilities and Expenditures	33
Measurement Focus	34
A Synopsis of Basis of Accounting and Measurement Focus Used By Each Type of Fund	37
Summary	38
Review Questions	39
Review Answers	40
Chapter 4 – General Fund and Special Revenue Funds	43
Learning Objectives	43
Introduction.....	43
Basis of Accounting and Measurement Focus.....	43
Nature and Use of the General Fund.....	44
Nature and Use of Special Revenue Funds.....	44
Accounting for Certain Revenue and Expenditures of General and Special Revenue Funds.....	46
Special Considerations—Component Units.....	47
Special Assessments.....	47
Miscellaneous Revenues	47
Expenditures.....	48
Accounting for Assets, Liabilities, and Fund Balances of General and Special Revenue Funds	48
Inventories and Prepaids	49
Fund Balances.....	49
Summary.....	50
Review Questions.....	51
Review Answers	52
Chapter 5 – Capital Projects Funds	53
Learning Objectives	53
Introduction.....	53
Basis of Accounting	53
Measurement Focus	53
When Are Capital Projects Funds Used?	54
Revenues and Other Financing Sources.....	54
Proceeds from Debt Issuance	54
Bond Anticipation Notes.....	55
Demand Bonds.....	58
Special Assessment Debt	59
Arbitrage Rebate Accounting	60
Summary.....	61
Review Questions.....	62
Review Answers	63
Chapter 6 – Debt Service Funds	65
Learning Objectives	65
Introduction.....	65
Situations When a Debt Service Fund Is Required or Desirable	65
Basis of Accounting and Measurement Focus.....	66
Expenditure Recognition for Debt Service Payments.....	66
Accounting for the Advance Refunding of Long-Term Debt	68
Crossover Transaction and Refunding Bonds.....	70
Summary.....	70
Review Questions.....	71
Review Answers	72
Chapter 7 – Proprietary Funds.....	75
Learning Objectives	75
Introduction.....	75
Basis of Accounting and Measurement Focus for Proprietary Funds	75

Table of Contents

Accounting Requirements under GASBS 62.....	76
Enterprise Funds	77
Background and Uses.....	77
Specific Accounting Issues.....	78
Internal Service Funds	81
Background and Uses.....	81
Specific Accounting Issues.....	82
Summary.....	83
Review Questions.....	84
Review Answers	86
Chapter 8 – Fiduciary Funds.....	89
Learning Objectives	89
Introduction.....	89
Agency Funds.....	89
Pass-Through Grants.....	89
Special Assessments	90
Pension (and Other Employee Benefit) Trust Funds.....	90
Deferred Compensation Plans	91
Investment Trust Funds	91
Private-Purpose Trust Funds	92
Summary.....	92
Review Questions.....	93
Review Answers	94
Chapter 9 – Financial Statements Prepared by Governments.....	97
Learning Objectives	97
Introduction.....	97
Basic Financial Statements.....	97
Management’s Discussion and Analysis.....	97
Government-Wide Financial Statements	99
Statement of Net Position.....	100
Statement of Activities.....	103
Expense Presentation	104
Revenue Presentation.....	105
Fund Financial Statements.....	106
Governmental Fund Balance Reporting under GASBS 54	108
Nonspendable Fund Balance	109
Restricted Fund Balance.....	109
Committed Fund Balance.....	109
Assigned Fund Balance	110
Unassigned Fund Balance	110
Fund Balance Classifications	111
Stabilization Agreements	111
Fund Balance Display on the Balance Sheet.....	111
Disclosures	112
Budgetary Comparison Schedules	119
Notes and Other Disclosures	120
New Disclosure Requirements for Tax Abatements.....	125
Effective Date	127
Loans	127
Reimbursements.....	128
Interfund Transactions—Fund Financial Statements	128
Intra-Entity Transactions—Government-Wide Financial Statements	129
Statement of Net Position.....	129
Statement of Activities.....	129
Intra-Entity Activity	129

Table of Contents

Reporting Deferred Inflows and Outflows of Resources	129
Display Requirements	130
Statement of Net Position.....	130
Net Investment in Capital Assets Component of Net Position	130
Restricted and Unrestricted Components of Net Position.....	130
Financial Reporting for Governmental Funds.....	130
Disclosures	131
Items Previously Reported as Assets and Liabilities	131
Refundings of Debt	131
Nonexchange Transactions.....	131
Sales of Future Revenues and Intra-Entity Transfers of Future Revenues	131
Debt Issuance Costs	132
Leases.....	132
Acquisition Costs Related to Insurance Activities.....	132
Lending Activities	132
Mortgage Banking Activities	133
Regulated Operations	133
Revenue Recognition in Governmental Funds.....	133
Comprehensive Annual Financial Report	134
CAFR Requirements	134
Narrative Explanations	139
Cash Flow Statement Preparation and Reporting.....	139
When Is a Cash Flow Statement Required?	139
Objectives of the Statement of Cash Flows	140
Cash and Cash Equivalents Definitions.....	140
Classification of Cash Receipts and Cash Disbursements	140
Direct Method of Reporting Cash Flows from Operating Activities.....	143
Format of the Statement of Cash Flows	144
Summary.....	144
Review Questions.....	145
Review Answers	146
Chapter 10 – The Importance of Budgets to Governments	149
Learning Objectives	149
Introduction.....	149
Budget Background	149
Executive Budget.....	149
Appropriated Budget.....	149
Nonappropriated Budget.....	150
Budgetary Execution and Management.....	150
Budget Amendments	150
Budgetary Reporting.....	151
Which Funds of the Government Adopt Budgets?	151
General Fund.....	152
Special Revenue Funds	152
Capital Projects Funds.....	152
Debt Service Funds	152
Proprietary Funds	152
Fiduciary Funds	152
Differences Between the Budget and GAAP.....	152
Basis of Accounting Differences.....	152
Timing Differences	153
Perspective Differences	153
Entity Differences.....	153
Budgetary Control.....	154
Summary.....	156
Review Questions.....	157
Review Answers	158

Table of Contents

Chapter 11 – Definition of the Reporting Entity	161
Learning Objectives	161
Introduction.....	161
Background	161
Accountability Focus	162
Financial Reporting Entity Defined	162
Primary Government.....	162
GASB Statement No. 61, <i>The Financial Reporting Entity—An Amendment of GASB Statements No. 14 and No. 34</i> (GASBS 61).....	169
Determining Whether Certain Fundraising Organizations Are Component Units— <i>Amendment of GASB Statement No. 14</i>	169
Reporting of Component Units	170
Other Organizations That Are Included in the Reporting Entity	170
GASB Technical Bulletin 2004-1— <i>Tobacco Settlement Recognition and Financial Reporting Entity Issues</i> (GASBTB 2004–1)	171
Display of Component Units.....	172
Overview of Reporting Component Units.....	172
Discrete Presentation of Component Units	172
Blended Component Units	172
Government Combinations and Disposals of Government Operations.....	181
Identifying Government Combinations.....	181
Types of Government Combinations	182
Government Mergers	182
Reporting Government Mergers in Governmental Fund Financial Statements	184
Recognition and Measurement of Government Acquisitions	184
Consideration	185
Intra-Entity Government Acquisitions.....	186
Reporting Government Acquisitions on a Provisional Basis	186
Reporting Government Acquisitions in Governmental Fund Financial Statements.....	186
Transfers of Operations	186
Reporting Transfers of Operations in Governmental Fund Financial Statements.....	187
Disposals of Government Operations	187
Reporting Disposals of Government Operations in Governmental Fund Financial Statements	188
Notes to the Financial Statements.....	188
Summary.....	189
Review Questions.....	194
Review Answers	195
Chapter 12 – Cash and Investments—Valuation and Disclosures	197
Learning Objectives	197
Introduction.....	197
Valuation of Investments.....	198
GASB Statement 52— <i>Land and Other Real Estate Held as Investments by Endowments</i>	200
<i>Specific Application of the Requirements of GASBS 31</i>	201
Financial Reporting Requirements	202
Internal Investment Pools.....	202
Assignments of Interest.....	202
Required Disclosures.....	203
Accounting and Financial Reporting Standards for External Investment Pools and Individual Investment Accounts.....	203
Individual Investment Accounts	204
Deposits and Investment Risk Disclosures	205
Level of Detail.....	205
Deposit and Investment Policies	205
Custodial Credit Risk	205
Securities Lending Transaction Disclosures	206
Concentration of Credit Risk	206

Table of Contents

Interest Rate Risk	206
Foreign Currency Risk	207
New Fair Value Measurement and Application Standard	207
Fair Value Measurement of Particular Assets and Liabilities	207
Unit of Account	208
Markets.....	208
Market Participants	208
Price and Transaction Costs	208
Valuation Techniques and Approaches	209
Valuation Techniques	209
Valuation Approaches.....	209
Fair Value Hierarchy	211
Measuring Fair Value If the Volume or Level of Market Activity for an Asset or a Liability has Significantly Decreased.....	213
Identifying Transactions That Are Not Orderly	214
Using Quoted Prices Provided by Third Parties	215
Measurement Principles.....	215
Nonfinancial Assets	215
Liabilities.....	216
Application of Fair Value	217
Application of Fair Value to Investments.....	218
Net Asset Value Per Share	219
Readily Determinable Fair Value.....	219
Application of Fair Value to Debt Securities.....	220
Equity Interests in Common Stock.....	220
Acquisition Value	220
Disclosures	220
Additional Disclosures for Fair Value Measurements of Investments in Certain Entities That Calculate the Net Asset Value per Share (or Its Equivalent).....	222
Effective Date and Transition	222
Nature of Securities Lending Transactions	223
Previous Accounting Treatment	223
GASBS 28's Effect on the Balance Sheet	224
GASBS 28's Effect on the Operating Statement	224
Pooled Securities.....	225
Disclosure Requirements.....	225
Summary.....	227
Review Questions.....	228
Review Answers	229
Chapter 13 – Derivative Instruments	231
Learning Objectives	231
Introduction.....	231
Scope	231
Recognition and Measurement of Derivative Instruments	233
Hedging Derivative Instruments	234
Evaluating the Effectiveness of a Hedge	234
Methods for Determining the Effectiveness of a Hedge.....	235
The Hedgeable Item Is an Existing or Expected Financial Instrument.....	235
Consistent Critical Terms Method.....	235
Quantitative Methods	237
Synthetic Instrument Method.....	237
Dollar-Offset Method.....	238
Regression Analysis Method	238
Other Quantitative Methods	239
The Hedgeable Item Is an Existing or Expected Commodity Transaction.....	239
Consistent Critical Terms Method.....	239

Table of Contents

Quantitative Methods	240
Synthetic Instrument Method	240
Dollar-Offset Method	241
Regression Analysis Method	241
Other Quantitative Methods	242
Hybrid Instruments	242
Synthetic Guaranteed Investment Contracts	244
Notes to the Financial Statements	244
Summary Information	244
Hedging Derivative Instruments	245
Investment Derivative Instruments	246
Contingent Features	247
Hybrid Instruments	247
Synthetic Guaranteed Investment Contracts	247
Summary	247
Review Questions	248
Review Answers	249
Chapter 14 – Capital Assets	251
Learning Objectives	251
Introduction	251
Capitalization Policy	252
Valuation of Assets Recorded	252
Capital Asset Accounting	253
Depreciation of Capital Assets	254
Modified Approach	255
Definition	256
Accounting and Financial Reporting for Intangible Assets Using the Economic Resources	
Measurement Focus	256
Internally Generated Intangible Assets	257
Specific Amortization Issues	258
Impairment Indicator	258
Accounting and Financial Reporting for Intangible Assets Using the Current Financial Resources	
Measurement Focus	258
Impairment of Capital Assets	259
Definition of Impairment	259
Determining Whether a Capital Asset Is Impaired	259
Measuring Impairment	260
Reporting Impairment Losses	260
Insurance Recoveries	261
Disclosures Relating to Capital Assets	261
Service Concession Arrangements	262
Service Concession Arrangements within the Scope of GASBS 60	263
Transferor Accounting and Financial Reporting for Facilities and Related Payments Received	
from an Operator	263
Governmental Operator Accounting and Financial Reporting for the Right to Access Facilities	
and Related Payments to a Transferor	264
Accounting for Revenue Sharing Arrangements	264
Required Disclosures	264
Capitalization of Interest	265
Background	265
Amount of Interest to Be Capitalized	266
Capitalization Period	266
Capitalization of Interest Involving Tax-Exempt Borrowings and Certain Gifts and Grants	267
Disclosures	267
Summary	268
Review Questions	269
Review Answers	270

Table of Contents

Chapter 15 – Debt and Other Obligations.....	273
Learning Objectives	273
Overview of the Accounting for Debt and Other Obligations	273
Demand Bonds.....	275
Advance Refundings.....	277
Bond, Revenue, and Tax Anticipation Notes	280
Special Assessment Debt.....	281
Pollution Remediation Obligations.....	283
Recognition Benchmarks	285
Measurement of Liabilities.....	285
Accounting for Recoveries	285
Capitalization of Pollution Remediation Outlays.....	285
Display in Governmental Fund Financial Statements.....	286
Disclosures.....	286
Accounting for Contingencies.....	286
Probability Classifications for Loss Contingencies	287
Accrual of Loss Contingencies	287
Disclosure of Loss Contingencies.....	287
General or Unspecified Operations Risks.....	288
Gain Contingencies.....	288
GASB Statement No. 70— <i>Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions</i> (GASBS 70).....	288
Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions.....	288
Recognition and Measurement in Economic Resources Financial Statements.....	289
Recognition and Measurement in Current Financial Resources Financial Statements.....	289
Governments Receiving a Financial Guarantee.....	289
Intra-Entity Nonexchange Financial Guarantees Involving Blended Component Units.....	289
Disclosures	289
Governments That Issue Guaranteed Obligations	290
GASB Statement No. 58— <i>Accounting and Financial Reporting for Chapter 9 Bankruptcies</i> (GASBS 58).....	290
Accounting Recognition	291
Accounts Payable, Notes, and Debt Obligations.....	291
Capital Leases	291
Pensions and Other Postemployment Benefits.....	292
Other Liabilities.....	292
Other Matters.....	292
Disclosure Requirements.....	292
Sales and Pledges of Receivables and Future Revenues.....	292
Intra-Entity Transfers of Assets and Future Revenues.....	295
Amortization of Deferred Revenues and Charges.....	295
Residual Interest.....	295
Statement of Governmental Accounting Standards No. 47— <i>Accounting for Termination Benefits</i> (GASBS 47).....	296
Recognition of Termination Liabilities and Expense in Accrual Basis Financial Statements.....	297
Recognition of Termination Benefit Liabilities and Expenditures in Modified Accrual Basis Financial Statements.....	298
Effect of Termination Benefit on an Employer’s Defined Benefit Pension or OPEB Obligations	298
Disclosures	298
Summary.....	298
Review Questions.....	299
Review Answers	300
Chapter 16 – Landfill Closure and Postclosure Care Costs	301
Learning Objectives	301
Introduction.....	301
Applicability	301

Table of Contents

Municipal Solid Waste Landfills.....	301
Estimated Total Current Cost of Closure and Postclosure Care.....	302
Recording Closure and Postclosure Care Costs—Proprietary Funds and Government-Wide Financial Statements.....	303
Recording Closure and Postclosure Care Costs—Governmental Funds.....	304
Reporting Changes in Estimates.....	305
Accounting for Assets Placed in Trust.....	305
Responsibility for Landfill Closure and Postclosure Care Assumed by Another Entity.....	305
Disclosures.....	306
Summary.....	306
Review Questions.....	307
Review Answers.....	308
Chapter 17 – Postemployment Benefits—Pension and Other.....	309
Learning Objectives.....	309
Introduction.....	309
Scope and Applicability.....	309
Financial Reporting for OPEB by Employers.....	311
Termination Benefits.....	311
Requirements for Defined Benefit Pension and OPEB Plans.....	311
Measurement of Annual Pension Cost and Its Recognition by the Employer.....	311
New Rules for Agent Employers and Agent Multiple-Employer Plans.....	312
Effective Date.....	313
Measuring Annual Pension Cost—Single-Employer and Agent Plans.....	313
Defined Benefit OPEB Plans—Single-Employer and Agent Multiemployer Plans.....	313
Calculation of the ARC.....	313
Parameters for Actuarial Calculations, Including the ARC.....	314
Benefits to Be Included.....	315
Actuarial Assumptions.....	316
Economic Assumptions.....	316
Actuarial Cost Method.....	316
Actuarial Value of Assets.....	317
Employer’s Annual Required Contribution—ARC.....	318
Contribution Deficiencies and Excess Contributions.....	319
Net Pension Obligation.....	319
Liability (or Asset) at the Transition to GASBS 27.....	320
Net OPEB Obligation.....	321
Annual OPEB Cost.....	321
Insured Benefits.....	322
OPEB Liabilities (Assets) at Transition for Defined Benefit OPEB Plans.....	322
Recording Pension-Related Assets, Liabilities, and Expenditures/Expenses.....	322
Governmental Funds.....	323
Proprietary Funds and Other Entities That Apply Proprietary Fund Accounting.....	323
Employers with Multiple Plans and Multiple Funds.....	323
Cost-Sharing Multiemployer Plans.....	323
Recognition of OPEB Expenses/Expenditures, Liabilities and Assets.....	323
Cost-Sharing Employers.....	324
Additional Guidance on Expenditure/Expense Recognition.....	325
GASB Technical Bulletin 2006-1— <i>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</i> (GASBTB 2006-1).....	326
GASB Technical Bulletin 2008-1— <i>Determining the Annual Required Contribution Adjustment for Postemployment Benefits</i> (GASBTB 2008-1).....	327
Employer Pension and OPEB Disclosures.....	327
Amendment to GASBS 27.....	327
Disclosures in Notes to the Financial Statements.....	328
Required Supplementary Information.....	330

Table of Contents

Employers with Defined Contribution Plans.....	330
Other Provisions.....	331
Insured Plans.....	331
Special Funding Situations.....	331
GASB Statement No. 68— <i>Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27 (GASBS 68)</i>	331
Defined Benefit Pensions.....	332
Measurement of Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.....	333
Financial Statements Prepared Using the Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting.....	334
Notes to Financial Statements of Single and Agent Employers.....	334
Required Supplementary Information of Single and Agent Employers.....	334
Cost-Sharing Employers.....	335
Defined Contribution Pensions.....	335
Special Funding Situations.....	335
Effective Date and Transition.....	336
GASB Statement No. 71— <i>Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68 (GASBS 71)</i>	336
GASB Statement No. 73— <i>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 No. 67 and 68 (GASBS 73)</i>	337
Revenue Recognition for Support of Nonemployer Contributing Entities Not in a Special Funding Situation.....	339
GASB Statement No. 75— <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASBS 75)</i>	339
Defined Benefit OPEB That Is Provided through OPEB Plans That Are Administered through Trusts That Meet the Specified Criteria.....	340
Alternative Measurement Method.....	341
Notes to Financial Statements.....	342
Required Supplementary Information.....	342
Defined Benefit OPEB That Is Provided through OPEB Plans That Are Not Administered through Trusts That Meet the Specified Criteria.....	343
Defined Contribution OPEB.....	344
Special Funding Situations.....	344
Effective Date.....	345
Summary.....	345
Review Questions.....	346
Review Answers.....	347
Chapter 18— Compensated Absences	349
Learning Objectives.....	349
Introduction.....	349
Scope of GASBS 16.....	349
Basic Principle.....	350
Vacation Leave (and Other Compensated Absences with Similar Characteristics).....	350
Sick Leave (and Other Compensated Absences with Similar Characteristics).....	351
Sabbatical Leave.....	353
Other Factors Affecting the Liability Calculation.....	354
Financial Reporting Considerations.....	355
Summary.....	355
Review Questions.....	356
Review Answers.....	357
Chapter 19 – Accounting for Leases	359
Learning Objectives.....	359
Introduction.....	359

Table of Contents

Accounting Basis	359
Lessee Accounting.....	360
Lessor Accounting	364
Other Leasing Issues for Governmental Entities.....	371
Operating Leases with Scheduled Rent Increases.....	371
Fiscal Funding and Cancellation Clauses	372
Summary.....	373
Review Questions.....	374
Review Answers	375
Chapter 20 – Nonexchange Transactions	377
Learning Objectives	377
Introduction.....	377
Classes of Nonexchange Transactions	377
Accounting and Financial Reporting Requirements	378
Property Taxes	380
Income and Sales Taxes, and Other Derived Tax Revenues.....	382
Adjustments for the Accrual Basis of Accounting.....	383
Grants and Other Financial Assistance	385
Practice Issues	386
Review Questions.....	387
Review Answers	388
Chapter 21 – Risk Financing and Insurance-Related Activities/Public Entity Risk Pools.....	389
Learning Objectives	389
Introduction.....	389
Risk Financing and Insurance Activities of State and Local Governments (Other Than Public Entity Risk Pools).....	389
Disclosure of Loss Contingencies.....	390
Risk Retention by Entities Other than Pools	392
Governmental Entities That Participate in Risk Pools	393
Entities Participating in Public Entity Risk Pools with Transfer or Pooling of Risk	393
Entities Participating in Public Entity Risk Pools without Transfer or Pooling of Risk	394
Other Matters for Entities Other than Public Entity Risk Pools.....	394
Disclosure Requirements	396
Accounting and Financial Reporting for Public Entity Risk Pools	396
What Is a Public Entity Risk Pool?.....	397
Specific Accounting and Financial Reporting Requirements	398
Disclosure Requirements and Required Supplementary Information.....	403
Summary.....	406
Review Questions.....	407
Review Answers	408
Chapter 22 – Pension and OPEB Plan Financial Statements	409
Learning Objectives	409
Introduction.....	409
Pension Plan Accounting and Financial Reporting	409
Defined Benefit Pension Plans.....	410
Single-Employer or Agent Multiemployer Plans	411
Cost-Sharing Multiemployer Plans	411
Administration of Multiple Plans	411
Financial Reporting Framework.....	412
GASB Statement No. 50— <i>Pension Disclosures—An Amendment of GASB Statements No. 25 and 27</i>	417
Amendments to GASBS 25.....	418
Defined Contribution Pension Plans.....	426
Postemployment Benefit Plans Other Than Pensions.....	426

Table of Contents

Defining Postemployment Benefits Other Than Pensions (OPEB)	427
Financial Reporting by OPEB Plans	427
Public Employee Retirement Systems (PERS)	428
Financial Reporting Framework	429
Required Supplementary Information	434
Parameters	435
Required Supplementary Schedules	438
Alternative Measurement Method for Plans with Fewer Than 100 Members	438
OPEB Plans That Are Not Administered as Trusts (or Equivalent Arrangements)	439
Defined Contribution Plans	439
GASB 67 Requirements for Pension Plan Accounting and Financial Reporting	439
GASB Statement No. 67, <i>Accounting and Financial Reporting for Pensions—An Amendment of</i>	
<i>GASB Statement No. 25 (GASBS 67)</i>	439
Types of Defined Benefit Pension Plans	441
Number of Pension Plans	441
Financial Statements	442
Statement of Changes in Fiduciary Net Position	443
Notes to Financial Statements	443
Disclosures Specific to Single-Employer and Cost-Sharing Pension Plans	445
Required Supplementary Information	446
Notes to the Required Schedules	447
Measurement of the Net Pension Liability	447
Total Pension Liability	447
Defined Contribution Pension Plans	449
Effective Date and Transition	449
GASBS 74 Requirements for OPEB Plans	450
Types of OPEB and OPEB Plans	450
Types of Defined Benefit OPEB Plans	451
Defined Benefit OPEB Plans That Are Administered through Trusts	451
Financial Statements	452
Statement of Fiduciary Net Position	452
Statement of Changes in Fiduciary Net Position	453
Net Increase (Decrease) in Fiduciary New Position	453
Notes to Financial Statements	453
Required Supplementary Information	454
Notes to the Required Schedules	456
Measurement of the Net OPEB Liability	456
Selection of Assumptions	457
Projection of Benefit Payments	457
Discount Rate	457
Effective Date and Transition	461
Summary	462
Review Questions	463
Review Answers	464
Chapter 23 – Educational and Other Governmental Entities	465
Learning Objectives	465
Introduction	465
School Districts	465
Legal Compliance	465
Fund Accounting	465
Reporting Entity	466
Governmental Colleges and Universities	466
Reporting Entity Considerations	470
Costs of Activities That Include Fundraising	470
Allocation Methods	471
Incidental Activities	471

Table of Contents

Special-Purpose Governments.....	471
Governmental Hospitals and Other Health-Care Providers.....	472
Reporting Entity Considerations.....	472
Governmental Not-for-Profit Organizations.....	473
Other Public Benefit Corporations.....	473
Utilities.....	474
Summary.....	474
Review Questions.....	475
Review Answers.....	476
Glossary.....	47777
Index.....	47979