

# **Governmental GAAP**

---

2023-2024 Edition

Warren Ruppel

# Table of Contents

---

<b>Chapter 1 – New Developments.....</b>	<b>1</b>
Introduction.....	1
GASB Statements Effective in 2023 .....	1
Exposure Drafts.....	1
Certain Risk Disclosures .....	1
Financial Reporting Model Improvements.....	2
Disclosure and Classification of Certain Capital Assets .....	2
Preliminary View .....	2
Revenue and Expense Recognition .....	2
GASB Project Plan .....	2
Summary.....	3
<b>Chapter 2 – Foundations of Governmental Accounting .....</b>	<b>5</b>
Learning Objectives .....	5
Introduction.....	5
Chapter Overview .....	5
Entities Covered by Governmental Accounting Principles.....	5
Distinguishing a Governmental Entity from a Not-for-Profit Organization.....	6
Overview of the History of Governmental Accounting Standards Setting.....	7
Objectives of Governmental Accounting and Financial Reporting .....	8
GASB Concepts Statement No. 1 .....	8
Primary Characteristics of a Government's Structure and the Services It Provides .....	8
Control Characteristics Resulting from a Government's Structure.....	8
Objectives of Financial Reporting .....	13
Communication Methods .....	15
Concepts Statement No. 3—Communication Methods in General-Purpose External Financial Reports that Contain Basic Financial Statements .....	15
Elements of Financial Statements .....	15
Measurement of Elements of Financial Statements .....	16
Hierarchy of Governmental Accounting Standards .....	16
GAAP Hierarchy for Governments.....	17
Codification of Certain FASB and AICPA Accounting and Financial Reporting Guidance .....	18
Summary.....	19
Review Questions.....	20
Review Answers .....	21
<b>Chapter 3 – Fund Accounting Fundamentals.....</b>	<b>23</b>
Learning Objectives .....	23
Introduction.....	23
Definition of <i>Fund</i> and the Purpose of Fund Accounting .....	23
Why Do Governments Use Fund Accounting?.....	24
Fund Accounting Under the GASBS 34 Reporting Model .....	24
How Is the Number of Funds to Be Established Determined? .....	24
A Synopsis of the Various Types of Funds Used By Governments for Accounting and Financial Reporting.....	25
Governmental Funds .....	25
Proprietary (Business-Type) Funds .....	27
Fiduciary Funds .....	28
Major Funds .....	29
A Definition of <i>Basis of Accounting and Measurement Focus</i> .....	29
Basis of Accounting .....	30
Recognition and Measurement of Certain Fund Liabilities and Expenditures .....	31
Measurement Focus .....	32
A Synopsis of Basis of Accounting and Measurement Focus Used By Each Type of Fund .....	35

## Table of Contents

GASB Statement No. 100, <i>Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62 (GASBS 100)</i> .....	35
Classification .....	36
Accounting and Financial Reporting for Accounting Changes and Error Corrections .....	37
Required Supplementary Information and Other Supplementary Information .....	39
Effective Date and Transition .....	40
Summary .....	40
Review Questions.....	41
Review Answers .....	42
<b>Chapter 4 – General Fund and Special Revenue Funds .....</b>	<b>45</b>
Learning Objectives .....	45
Introduction.....	45
Basis of Accounting and Measurement Focus .....	45
Nature and Use of the General Fund.....	46
Nature and Use of Special Revenue Funds .....	46
Accounting for Certain Revenue and Expenditures of General and Special Revenue Funds .....	48
Special Considerations—Component Units .....	49
Special Assessments.....	49
Miscellaneous Revenues .....	49
Expenditures.....	50
Accounting for Assets, Liabilities, and Fund Balances of General and Special Revenue Funds .....	50
Inventories and Prepays .....	51
Fund Balances.....	52
Summary .....	52
Review Questions.....	53
Review Answers .....	54
<b>Chapter 5 – Capital Projects Funds .....</b>	<b>55</b>
Learning Objectives .....	55
Introduction.....	55
Basis of Accounting .....	55
Measurement Focus .....	55
When Are Capital Projects Funds Used? .....	55
Revenues and Other Financing Sources .....	56
Proceeds from Debt Issuance .....	56
Bond Anticipation Notes.....	57
Demand Bonds.....	60
Special Assessment Debt .....	61
Arbitrage Rebate Accounting .....	62
Summary .....	62
Review Questions.....	63
Review Answers .....	64
<b>Chapter 6 – Debt Service Funds .....</b>	<b>67</b>
Learning Objectives .....	67
Introduction.....	67
Situations When a Debt Service Fund Is Required or Desirable .....	67
Basis of Accounting and Measurement Focus .....	68
Expenditure Recognition for Debt Service Payments.....	68
Accounting for the Advance Refunding of Long-Term Debt .....	70
Crossover Transaction and Refunding Bonds.....	72
Summary .....	72
Review Questions.....	73
Review Answers .....	74
<b>Chapter 7 – Proprietary Funds.....</b>	<b>77</b>
Learning Objectives .....	77

## Table of Contents

Introduction.....	77
Basis of Accounting and Measurement Focus for Proprietary Funds .....	77
Accounting Requirements under GASBS 62 .....	78
Enterprise Funds .....	79
Background and Uses.....	79
Specific Accounting Issues .....	80
Internal Service Funds .....	83
Background and Uses.....	83
Specific Accounting Issues .....	84
Summary.....	85
Review Questions.....	86
Review Answers .....	87
<b>Chapter 8 – Fiduciary Funds.....</b>	<b>89</b>
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 .....	92
Private-Purpose Trust Funds .....	92
GASB Statement No. 84 (GASBS 84), <i>Fiduciary Activities</i> .....	92
Identifying Fiduciary Activities .....	92
Fiduciary Component Units .....	93
Pension and OPEB Arrangements That Are Not Component Units.....	93
Other Fiduciary Activities .....	94
Control of Assets .....	94
Own-Source Revenues .....	94
Reporting Fiduciary Activities in Fiduciary Funds.....	94
Statement of Fiduciary Net Position .....	95
Statement of Changes in Fiduciary Net Position.....	95
Reporting Fiduciary Component Units.....	95
Effective Date .....	95
Summary.....	96
Review Questions.....	97
Review Answers .....	98
<b>Chapter 9 – Financial Statements Prepared by Governments.....</b>	<b>101</b>
Learning Objectives .....	101
Introduction.....	101
Basic Financial Statements .....	101
Management's Discussion and Analysis.....	101
Government-Wide Financial Statements .....	103
Statement of Net Position .....	104
Statement of Activities .....	107
Expense Presentation.....	108
Revenue Presentation .....	109
Fund Financial Statements .....	110
Governmental Fund Balance Reporting.....	119
Nonspendable Fund Balance .....	119
Restricted Fund Balance.....	119
Committed Fund Balance.....	119
Assigned Fund Balance .....	120
Unassigned Fund Balance .....	121
Fund Balance Classifications .....	121
Stabilization Agreements .....	121

## Table of Contents

Fund Balance Display on the Balance Sheet.....	121
Disclosures .....	122
Budgetary Comparison Schedules .....	122
Notes and Other Disclosures .....	123
Disclosure Requirements for Tax Abatements.....	128
Loans .....	130
Reimbursements.....	130
Interfund Transactions—Fund Financial Statements .....	131
Intra-Entity Transactions—Government-Wide Financial Statements.....	132
Statement of Net Position .....	132
Statement of Activities .....	132
Intra-Entity Activity .....	132
Reporting Deferred Inflows and Outflows of Resources.....	132
Display Requirements.....	132
Statement of Net Position .....	133
Net Investment in Capital Assets Component of Net Position .....	133
Restricted and Unrestricted Components of Net Position.....	133
Financial Reporting for Governmental Funds .....	133
Disclosures .....	133
Items Previously Reported as Assets and Liabilities .....	133
Refundings of Debt .....	134
Nonexchange Transactions.....	134
Sales of Future Revenues and Intra-Entity Transfers of Future Revenues .....	134
Debt Issuance Costs.....	134
Leases.....	135
Acquisition Costs Related to Insurance Activities.....	135
Lending Activities.....	135
Mortgage Banking Activities .....	135
Regulated Operations .....	136
Revenue Recognition in Governmental Funds.....	136
Annual Comprehensive Financial Report (ACFR).....	136
ACFR Requirements.....	137
Narrative Explanations.....	141
Cash Flow Statement Preparation and Reporting.....	142
When Is a Cash Flow Statement Required? .....	142
Objectives of the Statement of Cash Flows .....	142
<i>Cash and Cash Equivalents</i> Definitions.....	142
Classification of Cash Receipts and Cash Disbursements .....	143
Direct Method of Reporting Cash Flows from Operating Activities .....	146
Format of the Statement of Cash Flows .....	146
Summary .....	147
Review Questions.....	148
Review Answers .....	149
<b>Chapter 10 – The Importance of Budgets to Governments .....</b>	<b>151</b>
Learning Objectives .....	151
Introduction.....	151
Budget Background .....	151
Executive Budget.....	151
Appropriated Budget.....	152
Nonappropriated Budget.....	152
Budgetary Execution and Management.....	152
Budget Amendments .....	152
Budgetary Reporting .....	153
Which Funds of the Government Adopt Budgets? .....	153
General Fund.....	154
Special Revenue Funds .....	154

## Table of Contents

Capital Projects Funds.....	154
Debt Service Funds .....	154
Proprietary Funds .....	154
Fiduciary Funds .....	154
Differences between the Budget and GAAP .....	154
Basis of Accounting Differences.....	154
Timing Differences .....	155
Perspective Differences .....	155
Entity Differences.....	155
Budgetary Control.....	156
Summary.....	158
Review Questions.....	159
Review Answers .....	160
<b>Chapter 11 – Definition of the Reporting Entity .....</b>	<b>163</b>
Learning Objectives .....	163
Introduction.....	163
Background .....	163
Accountability Focus.....	164
<i>Financial Reporting Entity</i> Defined .....	164
Primary Government.....	164
GASB Statement No. 61 (GASBS 61), <i>The Financial Reporting Entity—An Amendment of GASB Statements No. 14 and No. 34</i> .....	170
GASB Statement No. 39 (GASBS 39), <i>Determining Whether Certain Fundraising Organizations Are Component Units—An Amendment of GASB Statement No. 14</i> .....	171
Reporting of Component Units .....	172
Other Organizations That Are Included in the Reporting Entity .....	172
GASB Statement No. 90 (GASBS 90), <i>Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61</i> .....	172
Investment Accounting.....	173
Component Unit Accounting.....	173
Effective Date .....	173
GASB Technical Bulletin 2004-1 (GASBTB 2004-1), <i>Tobacco Settlement Recognition and Financial Reporting Entity Issues</i> .....	173
Display of Component Units.....	174
Overview of Reporting Component Units.....	174
Discrete Presentation of Component Units.....	175
Blended Component Units .....	175
GASB Statement No. 69 (GASBS 69), <i>Government Combinations and Disposals of Government Operations</i> .....	184
Identifying Government Combinations.....	184
Types of Government Combinations .....	185
Government Mergers .....	185
Reporting Government Mergers in Governmental Fund Financial Statements .....	187
Recognition and Measurement of Government Acquisitions .....	187
Consideration .....	188
Intra-Entity Government Acquisitions .....	189
Reporting Government Acquisitions on a Provisional Basis .....	189
Reporting Government Acquisitions in Governmental Fund Financial Statements .....	189
Transfers of Operations .....	189
Reporting Transfers of Operations in Governmental Fund Financial Statements.....	190
Disposals of Government Operations.....	190
Reporting Disposals of Government Operations in Governmental Fund Financial Statements .....	191
Notes to the Financial Statements.....	191
Summary.....	192
Review Questions.....	198
Review Answers .....	199

## Table of Contents

<b>Chapter 12 – Cash and Investments—Valuation and Disclosures .....</b>	<b>201</b>
Learning Objectives .....	201
Introduction.....	201
Valuation of Investments.....	202
GASB Statement No. 52 (GASBS 52), <i>Land and Other Real Estate Held as Investments by Endowments</i> .....	204
Specific Application of the Requirements of GASBS 31.....	205
Compliance with Amortized Cost Criteria .....	206
Portfolio Maturity Requirements .....	207
Portfolio Quality Requirements.....	208
Portfolio Diversification Requirements.....	209
Portfolio Liquidity Requirements.....	210
Shadow Pricing Requirements .....	211
Accounting and Financial Reporting for Participants in External Investment Pools.....	211
Disclosures .....	211
Financial Reporting Requirements .....	211
Internal Investment Pools.....	211
Assignments of Interest.....	212
Required Disclosures .....	212
Accounting and Financial Reporting Standards for External Investment Pools and Individual Investment Accounts.....	212
Individual Investment Accounts .....	214
Deposits and Investment Risk Disclosures .....	214
Level of Detail.....	214
Deposit and Investment Policies .....	214
Custodial Credit Risk .....	214
Securities Lending Transaction Disclosures .....	215
Concentration of Credit Risk .....	215
Interest Rate Risk .....	215
Foreign Currency Risk .....	216
New Fair Value Measurement and Application Standard .....	216
Fair Value Measurement of Particular Assets and Liabilities .....	216
Unit of Account .....	217
Markets .....	217
Market Participants .....	217
Price and Transaction Costs .....	217
Valuation Techniques and Approaches .....	218
Valuation Techniques .....	218
Valuation Approaches .....	218
Fair Value Hierarchy .....	220
Measuring Fair Value If the Volume or Level of Market Activity for an Asset or a Liability Has Significantly Decreased.....	222
Identifying Transactions That Are Not Orderly .....	223
Using Quoted Prices Provided by Third Parties .....	224
Measurement Principles.....	224
Nonfinancial Assets .....	224
Liabilities.....	225
Application of Fair Value to Investments.....	226
Net Asset Value per Share.....	228
Readily Determinable Fair Value.....	228
Application of Fair Value to Debt Securities.....	229
Equity Interests in Common Stock.....	229
Acquisition Value .....	229
Disclosures .....	229
Additional Disclosures for Fair Value Measurements of Investments in Certain Entities That Calculate the Net Asset Value per Share (or Its Equivalent) .....	231
Nature of Securities Lending Transactions .....	231

## Table of Contents

Previous Accounting Treatment .....	232
GASBS 28's Effect on the Balance Sheet .....	232
GASBS 28's Effect on the Operating Statement .....	233
Pooled Securities .....	233
Disclosure Requirements .....	234
Split-Interest Agreements.....	235
A Government Is the Intermediary.....	236
Life Interests in Real Estate .....	237
A Third Party Is the Intermediary.....	238
Summary.....	238
Review Questions.....	239
Review Answers .....	240
<b>Chapter 13 – Derivative Instruments .....</b>	<b>243</b>
Learning Objectives .....	243
Introduction.....	243
Scope .....	243
Recognition and Measurement of Derivative Instruments .....	245
GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (GASBS 93).....	246
Hedging Derivative Instruments .....	247
Methods for Determining the Effectiveness of a Hedge .....	248
Hybrid Instruments.....	255
Synthetic Guaranteed Investment Contracts .....	257
Notes to the Financial Statements.....	258
Summary Information.....	258
Hedging Derivative Instruments .....	258
Investment Derivative Instruments .....	260
Contingent Features .....	260
Hybrid Instruments.....	260
Synthetic Guaranteed Investment Contracts .....	260
GASB Statement No. 99 (GASBS 99), <i>Omnibus 2022, Derivative Instruments That Are Neither Investment Derivative Instruments nor Hedging Derivative Instruments</i> .....	261
Termination of Hedge Accounting .....	261
Effective Date .....	261
Summary.....	261
Review Questions.....	262
Review Answers .....	263
<b>Chapter 14 – Capital Assets.....</b>	<b>265</b>
Learning Objectives .....	265
Introduction.....	265
Capitalization Policy .....	266
Valuation of Assets Recorded .....	266
Capital Asset Accounting .....	267
Depreciation of Capital Assets .....	267
Modified Approach.....	269
Definition .....	270
Accounting and Financial Reporting for Intangible Assets Using the Economic Resources	
Measurement Focus .....	270
Internally Generated Intangible Assets .....	271
Specific Amortization Issues .....	272
Impairment Indicator .....	272
Accounting and Financial Reporting for Intangible Assets Using the Current Financial Resources	
Measurement Focus .....	272
Impairment of Capital Assets .....	273
Definition of Impairment.....	273
Determining Whether a Capital Asset Is Impaired.....	273
Measuring Impairment .....	274

## Table of Contents

Reporting Impairment Losses .....	274
Insurance Recoveries .....	274
Disclosures Relating to Capital Assets .....	275
Service Concession Arrangements .....	276
Service Concession Arrangements within the Scope of GASBS 60 .....	277
Transferor Accounting and Financial Reporting for Facilities and Related Payments Received from an Operator.....	277
Governmental Operator Accounting and Financial Reporting for the Right to Access Facilities and Related Payments to a Transferor .....	278
Accounting for Revenue Sharing Arrangements .....	278
Required Disclosures.....	278
GASB Statement No. 94 (GASBS 94)— <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> .....	279
Accounting and Financial Reporting for PPPs .....	279
Accounting and Financial Reporting for APAs .....	288
Effective Date and Transition .....	288
Capitalization of Interest.....	289
Background .....	289
Amount of Interest to Be Capitalized .....	290
Capitalization Period .....	290
Capitalization of Interest Involving Tax-Exempt Borrowings and Certain Gifts and Grants.....	291
Disclosures .....	291
Asset Retirement Obligations .....	292
Recognition .....	293
Recognition of an ARO .....	293
Recognition of a Deferred Outflow of Resources .....	293
Initial Measurement .....	294
Initial Measurement of an ARO .....	294
Initial ARO Measurement Exception for a Minority Owner.....	294
Initial Measurement of a Deferred Outflow of Resources .....	294
Subsequent Measurement and Recognition .....	294
Subsequent Measurement and Recognition of an ARO .....	294
Subsequent ARO Measurement Exception for a Minority Owner .....	295
Subsequent Measurement and Recognition of a Deferred Outflow of Resources.....	295
Recognition and Measurement in Financial Statements Prepared Using the Current Financial Resources .....	295
Measurement Focus .....	295
Effects of Funding and Assurance Provisions.....	295
Notes to Financial Statements .....	296
Effective Date and Transition .....	296
Summary .....	296
Review Questions.....	297
Review Answers .....	298
<b>Chapter 15 – Debt and Other Obligations.....</b>	<b>301</b>
Learning Objectives .....	301
Introduction.....	301
Overview of the Accounting for Debt and Other Obligations .....	301
Debt Disclosures under GASB 88 .....	303
Effective Date .....	303
Demand Bonds .....	303
Advance Refundings.....	305
GASB Statement No. 86 (GASBS 86)— <i>Certain Debt Extinguishment Issues</i> .....	309
Bond, Revenue, and Tax Anticipation Notes .....	309
Special Assessment Debt .....	310
Conduit Debt Obligations .....	312
Definition of a Conduit Debt Obligation.....	312

## Table of Contents

Limited, Additional, and Voluntary Commitments Extended by Issuers Associated with Conduit	
Debt Obligations .....	313
Recognition and Measurement.....	313
Recognition and Measurement in Financial Statements Prepared Using the Economic	
Resources Measurement Focus.....	314
Recognition and Measurement in Financial Statements Prepared Using the Current Financial	
Resources Measurement Focus.....	314
Arrangements Associated with Conduit Debt Obligations General Attributes .....	315
Notes to Financial Statements .....	315
Effective Date .....	316
Pollution Remediation Obligations.....	316
Recognition Benchmarks .....	317
Measurement of Liabilities .....	317
Accounting for Recoveries .....	318
Capitalization of Pollution Remediation Outlays.....	318
Display in Governmental Fund Financial Statements.....	318
Disclosures .....	318
Accounting for Contingencies.....	319
Probability Classifications for Loss Contingencies .....	319
Accrual of Loss Contingencies .....	320
Disclosure of Loss Contingencies .....	320
General or Unspecified Operations Risks.....	320
Gain Contingencies .....	320
GASB Statement No. 70 (GASBS 70), <i>Accounting and Financial Reporting for Nonexchange</i>	
<i>Financial Guarantee Transactions</i> .....	321
Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions.....	321
Recognition and Measurement in Economic Resources Financial Statements.....	321
Recognition and Measurement in Current Financial Resources Financial Statements.....	321
Governments Receiving a Financial Guarantee.....	322
Intra-Entity Nonexchange Financial Guarantees Involving Blended Component Units.....	322
Disclosures .....	322
Governments That Issue Guaranteed Obligations .....	322
GASB Statement No. 99 (GASBS 99), <i>Omnibus 2022, Financial Guarantees</i> .....	323
Financial Guarantees.....	323
Governments That Extend Exchange or Exchange-Like Financial Guarantees .....	323
Notes to Financial Statements .....	323
Effective Date .....	323
GASB Statement No. 58 (GASBS 58), <i>Accounting and Financial Reporting for Chapter 9</i>	
<i>Bankruptcies</i> .....	323
Accounting Recognition .....	324
Accounts Payable, Notes, and Debt Obligations.....	324
Capital Leases.....	324
Pensions and Other Postemployment Benefits.....	325
Other Liabilities .....	325
Other Matters.....	325
Disclosure Requirements .....	325
Sales and Pledges of Receivables and Future Revenues.....	325
Intra-Entity Transfers of Assets and Future Revenues.....	328
Amortization of Deferred Revenues and Charges .....	328
Residual Interest.....	328
GASB Statement No. 47 (GASBS 47), <i>Accounting for Termination Benefits</i> .....	329
Recognition of Termination Liabilities and Expense in Accrual Basis Financial Statements.....	330
Recognition of Termination Benefit Liabilities and Expenditures in Modified Accrual Basis	
Financial Statements.....	331
Effect of Termination Benefit on an Employer's Defined Benefit Pension or OPEB Obligations .....	331
Disclosures .....	331
Summary.....	331

## Table of Contents

Review Questions.....	332
Review Answers .....	333
<b>Chapter 16 – Landfill Closure and Postclosure Care Costs .....</b>	<b>335</b>
Learning Objectives .....	335
Introduction.....	335
Applicability .....	335
Municipal Solid Waste Landfills .....	335
Estimated Total Current Cost of Closure and Postclosure Care.....	336
Recording Closure and Postclosure Care Costs—Proprietary Funds and Government-Wide Financial Statements.....	337
Recording Closure and Postclosure Care Costs—Governmental Funds.....	338
Reporting Changes in Estimates .....	339
Accounting for Assets Placed in Trust.....	339
Responsibility for Landfill Closure and Postclosure Care Assumed by Another Entity .....	339
Disclosures .....	340
Summary.....	340
Review Questions.....	341
Review Answers .....	342
<b>Chapter 17 – Postemployment Benefits—Pension and Other.....</b>	<b>343</b>
Learning Objectives .....	343
Introduction.....	343
Scope and Applicability .....	343
Financial Reporting for Benefits by Employers .....	345
Types of Defined Benefit Pension and OPEB Plans and Employers .....	345
Special Funding Situations.....	346
Defined Benefit Pensions and OPEB Benefits Other Than Insured Benefits .....	346
Single and Agent Employers .....	347
Net Pension and OPEB Liability .....	347
Notes to Financial Statements—All Single and Agent Employers .....	350
Information about the Net OPEB Liability .....	351
Required Supplementary Information—All Single and Agent Employers .....	353
Cost-Sharing Employers .....	354
Proportionate Share of the Collective Net Pension or OPEB Liability .....	354
Employer Contributions Subsequent to the Measurement Date .....	356
Plan Description.....	359
Required Supplementary Information—All Cost-Sharing Employers .....	361
Alternative Measurement Method for OPEB Liabilities.....	362
Defined Contribution Pension and OPEB Plans.....	362
Notes to Financial Statements .....	363
Effective Date and Transition .....	363
GASB Statement No. 71 (GASBS 71), <i>Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68</i> .....	363
GASB Statement No. 73 (GASBS 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 No. 68</i> .....	364
Amendments to GASBS 67 and 68 .....	365
Notes to Schedules of Required Supplementary Information .....	365
Payables to Defined Benefit Pension Plans.....	365
Revenue Recognition for Support of Nonemployer Contributing Entities Not in a Special Funding Situation .....	366
Effective Date and Transition .....	366
GASB Statement No. 82 (GASBS 82), <i>Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73</i> .....	366
Presentation of Payroll-Related Measures in Required Supplementary Information .....	366
Selection of Assumptions.....	366
Classification of Employer-Paid Member Contributions.....	366

## Table of Contents

Effective Date .....	366
GASB Statement No. 75 (GASBS 75), <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i> .....	367
Effective Date .....	367
GASB Statement No. 85 (GASBS 85)— <i>Omnibus 2017</i> .....	367
Timing of the Measurement of Pension or OPEB Liabilities and Expenditures Recognized in Financial Statements Prepared Using the Current Financial Resources Measurement Focus ..	367
Recognition and Measurement of On-Behalf Payments for Pensions or OPEBs in Employer Financial Statements.....	367
Presentation of Payroll-Related Measures in Required Supplementary Information by OPEB	
Plans and Employers That Provide OPEBs .....	367
Classification of Employer-Paid Member Contributions for OPEB Plans .....	368
Alternative Measurement Method for OPEB Plans .....	368
OPEBs Provided through Certain Multiple-Employer Defined Benefit OPEB Plans .....	368
Recognition and Measurement.....	368
Notes to Financial Statements .....	368
Required Supplementary Information .....	369
Notes to the Required Schedule.....	369
Effective Date .....	369
GASB Statement No. 92, <i>Omnibus</i> (GASBS 92).....	369
Summary.....	370
Review Questions.....	371
Review Answers .....	372
<b>Chapter 18 – Compensated Absences .....</b>	<b>373</b>
Learning Objectives .....	373
Introduction.....	373
Scope of GASBS 16 .....	373
Basic Principle .....	373
Vacation Leave (and Other Compensated Absences with Similar Characteristics).....	374
Sick Leave (and Other Compensated Absences with Similar Characteristics).....	375
Sabbatical Leave .....	377
Other Factors Affecting the Liability Calculation.....	378
Financial Reporting Considerations.....	378
GASB Statement No. 101, <i>Compensated Absences</i> (GASBS 101) .....	379
Scope and Applicability of This Statement.....	379
Recognition and Measurement.....	380
Relationship to Postemployment Benefits .....	381
Financial Statements Prepared Using the Current Financial Resources Measurement Focus .....	382
Notes to Financial Statements .....	382
Effective Date and Transition .....	382
Summary.....	382
Review Questions.....	383
Review Answers .....	384
<b>Chapter 19 – Accounting for Leases .....</b>	<b>385</b>
Learning Objectives .....	385
Introduction.....	385
Accounting Basis .....	385
Lessee Accounting .....	386
Lessor Accounting .....	389
Other Leasing Issues for Governmental Entities .....	396
Operating Leases with Scheduled Rent Increases.....	396
Fiscal Funding and Cancellation Clauses .....	397
GASB Statement No. 87 (GASBS 87)— <i>Leases</i> .....	398
Definition of a Lease .....	398
Lease Term .....	398
Lessee Accounting .....	398

## Table of Contents

Lessor Accounting .....	399
Contracts with Multiple Components and Contract Combinations .....	399
Short-Term Leases .....	399
Lease Terminations and Modifications .....	400
Subleases and Leaseback Transactions .....	400
Effective Date and Transition .....	400
<b>GASB Statement No. 96 (GASBS 96)—<i>Subscription-Based Information Technology Arrangements</i></b> .....	<b>400</b>
Definition .....	401
Subscription Term.....	401
Short-Term SBITAs.....	402
Recognition and Measurement for SBITAs Other Than Short-Term SBITAs—Economic Resources Measurement Focus.....	402
Outlays Other Than Subscription Payments, Including Implementation Costs.....	404
Incentives Provided by a SBITA Vendor.....	405
Contracts with Multiple Components .....	406
Financial Statements Prepared Using the Current Financial Resources Measurement Focus.....	407
Notes to Financial Statements .....	408
Effective Date and Transition .....	408
Summary .....	408
Review Questions.....	409
Review Answers .....	410
<b>Chapter 20 – Nonexchange Transactions .....</b>	<b>411</b>
Learning Objectives .....	411
Introduction.....	411
Classes of Nonexchange Transactions .....	411
Accounting and Financial Reporting Requirements .....	412
Property Taxes .....	414
Income and Sales Taxes, and Other Derived Tax Revenues .....	416
Adjustments for the Accrual Basis of Accounting .....	417
Grants and Other Financial Assistance .....	418
Practice Issues .....	420
Review Questions.....	421
Review Answers .....	422
<b>Chapter 21 – Risk Financing and Insurance-Related Activities/Public Entity Risk Pools.....</b>	<b>423</b>
Learning Objectives .....	423
Introduction.....	423
Risk Financing and Insurance Activities of State and Local Governments (Other Than Public Entity Risk Pools) .....	423
Risk Pools) .....	423
Disclosure of Loss Contingencies .....	424
Risk Retention by Entities Other than Pools .....	425
Governmental Entities That Participate in Risk Pools .....	427
Entities Participating in Public Entity Risk Pools with Transfer or Pooling of Risk .....	427
Entities Participating in Public Entity Risk Pools without Transfer or Pooling of Risk .....	428
Other Matters for Entities Other than Public Entity Risk Pools .....	428
Disclosure Requirements .....	430
Accounting and Financial Reporting for Public Entity Risk Pools.....	430
What Is a Public Entity Risk Pool?.....	430
Specific Accounting and Financial Reporting Requirements .....	432
Disclosure Requirements and Required Supplementary Information.....	437
Summary .....	439
Review Questions.....	440
Review Answers .....	441
<b>Chapter 22 – Pension and OPEB Plan Financial Statements .....</b>	<b>443</b>
Learning Objectives .....	443
Introduction.....	443

## Table of Contents

GASB Statement No. 67 (GASBS 67), <i>Financial Reporting for Pension Plans—An Amendment of GASB Statement No. 25</i> .....	443
Types of Defined Benefit Pension Plans.....	444
Number of Pension Plans .....	445
Financial Statements .....	445
Statement of Changes in Fiduciary Net Position.....	446
Notes to Financial Statements .....	447
Disclosures Specific to Single-Employer and Cost-Sharing Pension Plans .....	448
Required Supplementary Information .....	449
Notes to the Required Schedules .....	450
Measurement of the Net Pension Liability .....	450
Total Pension Liability .....	450
Defined Contribution Pension Plans .....	453
Effective Date and Transition .....	453
GASB Statement No. 74 (GASBS 74), <i>Financial Reporting for Postemployment Benefit Plans Other Than Pensions</i> .....	453
Types of OPEB and OPEB Plans.....	453
Types of Defined Benefit OPEB Plans.....	454
Defined Benefit OPEB Plans That Are Administered through Trusts .....	455
Financial Statements .....	455
Notes to Financial Statements .....	457
Required Supplementary Information .....	458
Measurement of the Net OPEB Liability .....	459
Selection of Assumptions .....	460
Projection of Benefit Payments .....	460
Discount Rate .....	461
GASB Statement No. 92, Omnibus (GASBS 92) .....	465
Effective Date and Transition .....	466
Summary .....	466
Review Questions .....	467
Review Answers .....	468
<b>Chapter 23 – Educational and Other Governmental Entities.....</b>	<b>469</b>
Learning Objectives .....	469
Introduction.....	469
School Districts .....	469
Legal Compliance .....	469
Fund Accounting.....	469
Reporting Entity .....	470
Governmental Colleges and Universities .....	470
Reporting Entity Considerations .....	474
Costs of Activities That Include Fundraising .....	474
Allocation Methods .....	475
Incidental Activities .....	475
Special-Purpose Governments.....	475
Governmental Hospitals and Other Health Care Providers .....	476
Reporting Entity Considerations .....	476
Governmental Not-for-Profit Organizations.....	477
Other Public Benefit Corporations .....	477
Utilities.....	477
Summary .....	478
Review Questions .....	479
Review Answers .....	480
<b>Glossary.....</b>	<b>481</b>
<b>Index .....</b>	<b>483</b>