



Exposure Draft

November 20, 2017

Comments Due: February 16, 2018

Proposed Implementation Guide
of the Governmental Accounting Standards Board

Implementation Guide No. 201Y-X, *Implementation Guidance Update—201Y*

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

Director of Research and Technical Activities
Project No. 24-16ED

Governmental Accounting Standards Board

IMPLEMENTATION GUIDANCE UPDATE—201Y

WRITTEN COMMENTS

Deadline for submitting written comments: February 16, 2018

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

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

Comments should be addressed to the Director of Research and Technical Activities, Project No. 24-16ED, and emailed to director@gasb.org.

OTHER INFORMATION

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

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

Final GASB publications may be ordered at www.gasb.org.

Copyright © 2017 by Financial Accounting Foundation. All rights reserved. Permission is granted to make copies of this work provided that such copies are for personal or intraorganizational use only and are not sold or disseminated and provided further that each copy bears the following credit line: “Copyright © 2017 by Financial Accounting Foundation. All rights reserved. Used by permission.”

Proposed Implementation Guide of the Governmental Accounting Standards Board

Implementation Guide No. 201Y-X, *Implementation Guidance Update—201Y*

November 20, 2017

CONTENTS

	Paragraph Numbers
Introduction.....	1
Implementation Guidance.....	2–5
Applicability of This Implementation Guide.....	2–3
New Questions and Answers.....	4
Amendments to Previously Issued Questions and Answers.....	5
Effective Date and Transition.....	6
Appendix A: Background.....	A1–A3
Appendix B: Amendments to Previously Issued Questions and Answers—Marked for Changes.....	B1
Appendix C: Codification Instructions.....	C1–C2

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 amends *Implementation Guide No. 2015-1*, Questions 1.65.4, 2.14.1, 5.97.2, 5.192.1, 7.9.2, 7.24.7, and 9.24.4, and *Implementation Guide No. 2016-1, Implementation Guidance Update—2016*, Question 4.77. In addition, instructions in paragraphs C1 and C2 clarify the use of the term *trust* (or variations) for purposes of applying certain requirements in *Implementation Guide 2015-1*, *Implementation Guide 2016-1*, and *Implementation Guide No. 2017-1, Implementation Guidance Update—2017*.

New Questions and Answers

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

Pensions—Employer Accounting and Reporting

- 4.1. Q—Does the answer in Question 5.142.20 (single or agent employers) or Question 5.183.20 (cost-sharing employers) in *Implementation Guide 2015-1* mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring (collective) pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

Postemployment Benefits Other Than Pensions—Plan Reporting

- 4.2. Q—How should the effects of an ad hoc postemployment benefit change for inactive plan members be classified in the schedule of changes in the net other postemployment benefits (OPEB) liability if the effects of the change were not included in the present value of projected benefit payments as of the OPEB plan's

prior fiscal year-end because the postemployment benefit change was not determined to be substantively automatic?

A—The effects of such an ad hoc postemployment benefit change should be classified as a change of benefits in the schedule of changes in the net OPEB liability.

The Statistical Section

4.3. Q—If a government retired the remaining outstanding debt of a particular type, such as tax-backed debt or special assessment debt, should it continue to report that type of debt in the relevant debt capacity schedules in the statistical section?

A—Yes. A government should report all types of debt that were outstanding during the 10-year period covered by the statistical section, even if that type of debt is no longer outstanding as of the date of the financial statements.

Other Implementation Guidance

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

4.4. Q—A utility develops a comprehensive rate plan that includes all expected costs of operations. The plan and subsequent amendments identify certain period costs (for example, postemployment benefits and conservation program costs of providing assets, such as low-flow shower heads, to customers) that are proposed for recovery in future rates. The rate plan and amendments are submitted as qualifying costs for approval by the utility's rate regulator. The regulator is empowered by statute to establish rates that bind the customer. Qualifying costs of utility operations are not subsidized; therefore, the rates are designed to recover the utility's qualifying costs. It is anticipated that those costs identified to be recovered in future rates can be charged and collected from the utility's customers. If the utility elects to apply the regulated operations guidance in paragraphs 476–500 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, should those qualifying costs be reported as a regulatory asset rather than as expenses?

A—Yes, the utility should report the qualifying costs as a regulatory asset if (a) the utility meets all of the requirements to apply the guidance for regulated operations, including meeting all of the criteria in paragraph 476 of Statement 62 and (b) the identified period costs meet all of the requirements to be capitalized as a regulatory asset, including meeting the criteria in paragraph 480 of Statement 62.

- 4.5. Q—Assume the same facts as in Question 4.4, except that the utility subjects the costs of only specific programs, such as its conservation program, to the regulatory process. Can the utility subject the costs of only some programs to the regulatory process and report qualifying costs as a regulatory asset under the regulated operations guidance of Statement 62?

A—No. Paragraph 476b of Statement 62 requires that regulated rates be “designed to recover the specific regulated business-type activity’s costs of providing the regulated services.” Rate setting that is designed to recover a utility’s costs of providing regulated services inherently considers all of the qualifying costs of those services. Paragraph 477 states that “If some of a business-type activity’s operations are regulated and meet the criteria of paragraph 476 and the entity elects to apply paragraphs 476–500, those provisions should be applied to only that portion of the business-type activity’s operations.” However, utilities generally are regulated based on lines of operation (such as electricity operations and water operations) rather than on individual programs (such as a conservation program).

Statement No. 77, Tax Abatement Disclosures

- 4.6. Q—Would the answer in Question 4.40 in Implementation Guide 2017-1 differ if the agreement states that the building constructed by the developer is or will become an asset of the government?

A—Yes. An arrangement in which the improvements result in an asset of the government is substantively the same as the transaction described in Question 4.77 in Implementation Guide 2016-1 and, therefore, does not meet the definition of a tax abatement in Statement No. 77, *Tax Abatement Disclosures*. Although the transaction in Question 4.77 in Implementation Guide 2016-1 diverts incremental tax revenues to repay debt issued by the government and the arrangement in this question rebates the incremental tax revenues to a developer, both are approaches to financing improvements to an asset of the government. The same would be true if, instead of a building, the developer had installed new sidewalks, sewers, or water mains that are ancillary to the developer’s building and those ancillary capital assets become the property of the government.

- 4.7. Q—A government enters into an agreement with the owner of a landmark property in which it agrees to freeze the property’s assessed value for property tax purposes for a period of 10 years. In return, the property owner agrees not to change the property’s existing purpose or use throughout the period. Does the property owner’s agreement not to modify the property’s purpose or use constitute a specific action for purposes of applying the Statement 77 definition of a tax abatement for financial reporting purposes?

A—Yes. The government has entered into this agreement to achieve a desired outcome for itself and its citizens. By maintaining the property’s existing purpose

and use, the property owner is taking a specific action that creates a beneficial outcome for the government or the citizens of the government.

- 4.8. Q—An Industrial Development Authority (IDA) of a county government enters into an agreement under which (a) the IDA issues debt to finance the construction of a building, (b) the IDA leases the building to a business for an amount sufficient for the IDA to make annual interest and principal payments on the debt, and (c) the IDA transfers ownership of the property to the business after the debt has been fully repaid. Because the IDA is exempt from county property taxes as a government entity, the arrangement has the effect of exempting the business from the property taxes it would have paid had it taken immediate ownership of the building. Does this agreement meet the Statement 77 definition of a tax abatement for purposes of financial reporting?

A—No. This arrangement does not meet the definition of a tax abatement because the agreement between the IDA and the business does not result in the county government (or any other government that may levy property taxes on such property) forgoing tax revenues to which it is otherwise entitled. As long as the IDA is the owner of the building, the county government is not entitled to any tax revenue with respect to the building.

- 4.9. Q—A state government enters into arrangements in which it provides tax credits to individuals and entities that perform a specific action that benefits the state. The individuals and entities may use the tax credits to reduce their state income tax liability. They also may sell or transfer the tax credits to another party, which may use the tax credits to reduce its state income tax liability. Is the ability to transfer the tax credit relevant to the determination of whether the arrangement meets the Statement 77 definition of a tax abatement for financial reporting purposes?

A—No. The government is forgoing tax revenues to which it is otherwise entitled regardless of which individual or entity ultimately uses the tax credit.

- 4.10. Q—What amount should be disclosed for the tax abatement agreement described in Question 4.40 in Implementation Guide 2017-1 if the developer receives amounts from the government related to both (a) property taxes paid by the developer for the developer's property and (b) property taxes paid by others for properties not owned by the developer in the geographic area?

A—The amount to be disclosed should be the total amount by which the reporting government's tax revenues were reduced as a result of the tax abatement agreement—from all property owners in the geographic area. The primary consideration is the tax abatement agreement and its direct effect on the tax revenue to which the government is entitled.

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 1.65.4 in Implementation Guide 2015-1

5.1. Q—A government has an investment in an international mutual fund that is denominated in U.S. dollars. The fund invests strictly in securities that do not trade in the United States. Is a foreign currency risk disclosure required?

A—No. Because the investment in the fund is U.S. dollar-denominated and Statement No. 40, *Deposit and Investment Risk Disclosures*, does not require “looking through” to the individual investments held by the fund, no foreign currency risk disclosure is required.

Cash Flows Reporting

Question 2.14.1 in Implementation Guide 2015-1

5.2. Q—How does the definition of cash equivalents correspond with the use of the terms *deposits* and *investments* in Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, and Statement 40?

A—Statements 3 and 40 distinguish between deposits with financial institutions and investments. The two are mutually exclusive for purposes of Statements 3 and 40. The Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition of a cash equivalent overlaps deposits and investments. A cash equivalent, when evaluated for purposes of Statements 3 and 40, is either a deposit or an investment. For example, a 60-day certificate of deposit is a deposit with a financial institution, and a Treasury bill purchased 60 days before its maturity is an investment. But for cash flow reporting purposes, both qualify as cash equivalents because their original maturities are three months or less. The fact that a cash equivalent is a deposit or an investment for purposes of Statements 3 and 40 has no effect on the presentation of the statement of cash flows.

Pensions—Plan and Employer Accounting and Reporting

Question 5.97.2 in Implementation Guide 2015-1, as Amended

5.3. Q—A cost-sharing multiple-employer pension plan covers only volunteer firemen. Employer contributions are assessed as a dollar amount per active plan member. How does this affect requirements for presentation of information in schedules of required supplementary information (RSI) about measures of the net pension liability and contributions in relation to covered payroll?

A—Employer contributions to the pension plan are not based on a measure of pay; as a result, there is no covered payroll. Therefore, the requirements in paragraphs 36b and 36c of Statement No. 67, *Financial Reporting for Pension Plans*, as amended, for ratios that present the net pension liability and contributions, respectively, as a percentage of covered payroll would not be applicable for this plan, and those ratios should not be presented in the RSI schedules.

Question 5.192.1 in Implementation Guide 2015-1, as Amended

5.4. Q—A cost-sharing multiple-employer plan is used to provide pensions only to volunteer firemen. Employer contributions are assessed as a dollar amount per active volunteer. How does this affect requirements for cost-sharing employer presentation of information in schedules of RSI about measures of the employer's proportionate share of the collective net pension liability and employer contributions in relation to covered payroll?

A—Employer contributions to the pension plan are not based on a measure of pay; as a result, there is no covered payroll. Therefore, the requirements in paragraphs 81a and 81b of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, for ratios that present the employer's proportionate share of the collective net pension liability and employer contributions, respectively, as a percentage of covered payroll would not be applicable for employers that provide benefits through this plan, and those ratios should not be presented in the RSI schedules.

Basic Financial Statements and Management's Discussion and Analysis

Question 7.9.2 in Implementation Guide 2015-1

5.5. Q—Are library books depreciable capital assets?

A—If library books are considered to have a useful life of greater than one year, they are capital assets and are depreciable. Because most library holdings consist of a large number of books with modest values, group or composite depreciation methods (as discussed in paragraphs 163–166 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State*

and Local Governments) may be appropriate. (See Question 7.15.1 in Implementation Guide 2015-1.) In certain situations, library books may be considered works of art or historical treasures and could be reported using the provisions in paragraphs 27–29 of Statement 34.

Question 7.24.7 in Implementation Guide 2015-1

5.6. Q—Does the restricted component of net position represent only restricted assets, or do liabilities or deferred inflows of resources *related to those assets* affect the balance?

A—The restricted component of net position represents restricted assets reduced by liabilities, as well as deferred inflows of resources, related to those assets. Generally, a liability relates to restricted assets if the assets result from incurring the liability or if the liability will be liquidated with the restricted assets. (Exercise 3 in nonauthoritative Appendix B7-3 of Implementation Guide 2015-1 illustrates the calculation of net position components for governmental activities. See also Question 7.24.2 in Implementation Guide 2015-1 regarding the current maturities of capital debt that will be liquidated with restricted assets and Questions 7.24.13, 7.24.29, and 7.24.30 in Implementation Guide 2015-1 regarding reporting of restricted assets.)

The Statistical Section

Question 9.24.4 in Implementation Guide 2015-1

5.7. Q—Advance-refunded debt normally is considered defeased in substance but technically is still outstanding because it has not yet been repaid. Should defeased debt be included in the debt capacity schedules?

A—No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the debt capacity schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules.

Other Implementation Guidance

Statement No. 77, Tax Abatement Disclosures

Question 4.77 in Implementation Guide 2016-1

5.8. Q—A government utilizes tax increment financing (TIF) to encourage economic development. The provisions of the TIF are (a) bonds are issued by the government to finance infrastructure improvements in a specific geographic area; (b) a baseline for sales tax revenues for the geographic area, including the proposed development, is established prior to the start of the project; and (c) the

additional sales tax revenues above the baseline are specifically set aside for the payment of the bonds. Do the requirements of Statement 77 apply to this TIF?

A—No. This arrangement does not meet the definition of a tax abatement under Statement 77 for several reasons. It is not an agreement with an individual or entity. Consequently, there are no individuals or entities that are required to perform any actions. Furthermore, the TIF does not result in a reduction of the government’s tax revenues. Rather, the additional tax revenues in the TIF area are earmarked for debt service on the bonds. It should be noted that the name of the transaction is not relevant to the determination of whether it is a tax abatement for financial reporting purposes. A transaction entitled *TIF, Payment in Lieu of Taxes*, or *as-of-right agreement*, for example, does not automatically include or exclude the transaction from the requirements of Statement 77.

EFFECTIVE DATE AND TRANSITION

6. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2018. 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 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. Since that time, the GASB has cleared additional implementation guidance to assist its stakeholders by clarifying, explaining, or elaborating on the requirements of its Statements.

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.

Appendix B

AMENDMENTS TO PREVIOUSLY ISSUED QUESTIONS AND ANSWERS—MARKED FOR CHANGES

B1. This appendix presents in marked form the amendments to previously issued questions and answers that are proposed in paragraph 5 of this Implementation Guide. Text that is proposed to be added is underlined, and text that is proposed to be deleted is ~~struck out~~.

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

Question 1.65.4 in Implementation Guide 2015-1

5.1. Q—A government has an investment in an international mutual fund that is denominated in U.S. dollars. The fund invests strictly in securities that do not trade in the United States. ~~How much~~ Is a foreign currency risk disclosure detail ~~is~~ required?

A—No. Because the investment in the fund is U.S. dollar-denominated and Statement No. 40, *Deposit and Investment Risk Disclosures*, does not require “looking through” to the individual investments held by the fund, no foreign currency risk disclosure is required. ~~A government’s investment in an international mutual fund does not require disclosure of the individual investments within the fund. Provided that the government does not hold a significant portion of its assets in the international mutual fund, disclosure of the fair value and type of the investment is sufficient to acknowledge the government’s exposure to foreign currency risk.~~

Cash Flows Reporting

Question 2.14.1 in Implementation Guide 2015-1

5.2. Q—How does the definition of cash equivalents correspond with the use of the terms *deposits* and *investments* ~~definitions of deposits and investments~~ in Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, and Statement 40?

A—Statements 3 and 40 distinguish between deposits with financial institutions and investments. The two are mutually exclusive for purposes of Statements 3 and 40. The Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition of a cash equivalent overlaps ~~the definitions of~~

deposits and investments. A cash equivalent, when evaluated for purposes of Statements 3 and 40, is either a deposit or an investment. ~~That is, For example,~~ a 60-day certificate of deposit is a deposit with a financial institution, and a Treasury bill purchased 60 days before its maturity is an investment. But for cash flow reporting purposes, both qualify as cash equivalents because their original maturities are three months or less. The fact that a cash equivalent is a deposit or an investment for purposes of Statements 3 and 40 has no effect on the presentation of the statement of cash flows.

Pensions—Plan and Employer Accounting and Reporting

Question 5.97.2 in Implementation Guide 2015-1, as Amended

5.3. Q—A cost-sharing multiple-employer pension plan covers only volunteer firemen. Employer contributions are assessed as a dollar amount per active plan member. ~~The volunteers are not paid a salary. Therefore, there is no covered payroll.~~ How does this affect requirements for presentation of information in schedules of required supplementary information (RSI) about measures of the net pension liability and contributions in relation to covered payroll?

A—Employer contributions to the pension plan are not based on a measure of pay; as a result, there is no covered payroll. ~~Therefore, the~~ The requirements in paragraphs 36b and 36c of Statement No. 67, *Financial Reporting for Pension Plans*, paragraphs 32b and 32c, as amended, for ratios that present the net pension liability and contributions, respectively, as a percentage of covered payroll would not be applicable for this plan, and. ~~Therefore,~~ those ratios should not be presented in the RSI schedules.

Question 5.192.1 in Implementation Guide 2015-1, as Amended

5.4. Q—A cost-sharing multiple-employer plan is used to provide pensions only to volunteer firemen. Employer contributions are assessed as a dollar amount per active volunteer. ~~The volunteers are not paid a salary. Therefore, there is no covered payroll.~~ How does this affect requirements for cost-sharing employer presentation of information in schedules of RSI about measures of the employer's proportionate share of the collective net pension liability and employer contributions in relation to covered payroll?

A—Employer contributions to the pension plan are not based on a measure of pay; as a result, there is no covered payroll. ~~Therefore, the~~ The requirements in paragraphs 81a and 81b of Statement No. 68, *Accounting and Financial Reporting for Pensions*, paragraphs 81a and 81b, as amended, for ratios that present the employer's proportionate share of the collective net pension liability and employer contributions, respectively, as a percentage of covered payroll would not be applicable for employers that provide benefits through this plan, and. ~~Therefore,~~ those ratios should not be presented in the RSI schedules.

Basic Financial Statements and Management's Discussion and Analysis

Question 7.9.2 in Implementation Guide 2015-1

5.5. Q—Are library books depreciable capital assets?

A—If library books are considered to have a useful life of greater than one year, they are capital assets and are depreciable. Because most library ~~collections~~ holdings consist of a large number of books with modest values, group or composite depreciation methods (as discussed in paragraphs 163–166 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*) may be appropriate. (See Question 7.15.1 in Implementation Guide 2015-1.) In certain situations, library books may be considered works of art or historical treasures and could be reported using the provisions in paragraphs 27–29 of Statement 34.

Question 7.24.7 in Implementation Guide 2015-1

5.6. Q—Does the restricted component of net position represent only restricted assets, or do liabilities or deferred inflows of resources *related to those assets* affect the balance?

A—The restricted component of net position represents restricted assets reduced by liabilities, ~~and as well as deferred outflows~~ inflows of resources, related to those assets. Generally, a liability relates to restricted assets if the assets results from incurring the liability or if the liability will be liquidated with the restricted assets. (Exercise 3 in nonauthoritative Appendix B7-3 of Implementation Guide 2015-1 illustrates the calculation of net position components for governmental activities. See also Question 7.24.2 in Implementation Guide 2015-1 regarding the current maturities of capital debt that will be liquidated with restricted assets and Questions 7.24.13, 7.24.29, and 7.24.30 in Implementation Guide 2015-1 regarding reporting of restricted assets.)

The Statistical Section

Question 9.24.4 in Implementation Guide 2015-1

5.7. Q—Advance-refunded debt normally is considered defeased in substance but technically is still outstanding because it has not yet been repaid. Should defeased debt be included in the debt capacity schedules?

A—No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the ~~outstanding debt capacity~~ schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules.

Other Implementation Guidance

Statement No. 77, *Tax Abatement Disclosures*

Question 4.77 in Implementation Guide 2016-1

5.8. Q—A government utilizes tax increment financing (TIF) to encourage economic development. The provisions of the TIF ~~agreement~~ are (a) bonds are issued by the government to finance infrastructure improvements in a specific geographic area; (b) a baseline for sales tax revenues for the geographic area, including the proposed development, is established prior to the start of the project; and (c) the additional sales tax revenues above the baseline are specifically set aside for the payment of the bonds. Do the requirements of Statement 77 apply to this TIF ~~agreement~~?

A—No. This arrangement does not meet the definition of a tax abatement under Statement 77 for several reasons. It is not an agreement with an individual or entity. Consequently, there are no individuals or entities that are required to perform any actions. Furthermore, the TIF ~~agreement~~ does not result in a reduction of the government's tax revenues. Rather, the additional tax revenues in the TIF area are earmarked for debt service on the bonds. It should be noted that the name of the transaction is not relevant to the determination of whether it is a tax abatement for financial reporting purposes. A transaction entitled *TIF, Payment in Lieu of Taxes*, or *as-of-right agreement*, for example, does not automatically include or exclude the transaction from the requirements of Statement 77.

Appendix C

CODIFICATION INSTRUCTIONS

Codification of Governmental Accounting and Financial Reporting Standards—June 2018 Update

C1. The instructions that follow update the June 30, 2017 *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

.702-2 [Replace *collections* with *holdings*.] [GASBIG 2015-1, Q7.9.2, as amended by GASBIG 201Y-X, Q5.5]

* * *

CLASSIFICATION AND TERMINOLOGY

SECTION 1800

.734-6 [Replace current Question .734-6 with GASBIG 201Y-X, Q5.6.] [GASBIG 2015-1, Q7.24.7, as amended by GASBIG 201Y-X, Q5.6]

* * *

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION 2200

.710-6 [Replace current Question .710-6 with GASBIG 201Y-X, Q5.6.] [GASBIG 2015-1, Q7.24.7, as amended by GASBIG 201Y-X, Q5.6]

.756-1 [In the answer, replace *trusts* with *trusts (or equivalent arrangements)*.]

.756-5 [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

* * *

CASH FLOWS STATEMENTS

SECTION 2450

.705-11 [Replace current Question .705-11 with GASBIG 201Y-X, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 201Y-X, Q5.2]

* * *

STATISTICAL SECTION

SECTION 2800

Sources: [Add GASB Implementation Guide 201Y-X.]

.714-4 [In the question, remove italics from the word *outstanding*; revise the answer as follows:] No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the debt capacity schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules. [GASBIG 2015-1, Q9.24.4, as amended by GASBIG 201Y-X, Q4.3 and Q5.7]

[Insert new Question .714-5 as follows; renumber subsequent questions.]

.714-5 [GASBIG 201Y-X, Q4.3]

* * *

CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

SECTION C20

.701-3 [Replace current Question .701-3 with GASBIG 201Y-X, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 201Y-X, Q5.2]

.707-4 [Replace current Question .707-4 with GASBIG 201Y-X, Q5.1.] [GASBIG 2015-1, Q1.65.4, as amended by GASBIG 201Y-X, Q5.1]

* * *

INVESTMENTS

SECTION I50

.702-1 [Replace current Question .702-1 with GASBIG 201Y-X, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 201Y-X, Q5.2]

.742-3 [Replace current Question .742-3 with GASBIG 201Y-X, Q5.1.] [GASBIG 2015-1, Q1.65.4, as amended by GASBIG 201Y-X, Q5.1]

* * *

NONEXCHANGE TRANSACTIONS

SECTION N50

.701-5 [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

* * *

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

SECTION P20

Sources: [Add GASB Implementation Guide 201Y-X.]

[Delete (*or equivalent arrangement*) from all questions and answers.]

.701-1 [Insert the following footnote on the first use of the term *trust*; renumber subsequent footnote.]

²⁸For purposes of this section, the term *trust* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

[Insert new Question .718-21 as follows; renumber subsequent questions.]

.718-21 Q—Does the answer in Question .718-20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 201Y-X, Q4.1]

[Insert new Question .747-21 as follows; renumber subsequent questions.]

.747-21 Q—Does the answer in Question .747-20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring collective pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 201Y-X, Q4.1]

.757-3 [Replace current Question .757-3 with GASBIG 201Y-X, Q5.4.] [GASBIG 2015-1, Q5.192.1, as amended by GASBS 82, ¶6 and GASBIG 201Y-X, Q5.4]

* * *

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

SECTION P22

[Delete (*or equivalent arrangement*) from all questions and answers.]

[In heading .703, insert the following footnote on the term *Trusts*:]

²⁵For purposes of this section, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

* * *

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

SECTION P23

[Delete (*or equivalent arrangement*) from all questions and answers.]

.702-1 [Insert the following footnote on the first use of the term *trust*:]

³For purposes of this section, the term *trust* (or variations) includes equivalent arrangements as referenced in paragraph .101 of Section Pe5.

* * *

TAX ABATEMENTS

SECTION T10

Sources: [Add GASB Implementation Guide 201Y-X.]

[Insert new Questions .701-1–.701-10 as follows:]

.701-1 [GASBIG 201Y-X, Q5.8] [GASBIG 2016-1, Q4.77, as amended by GASBIG 201Y-X, Q5.8]

.701-2 [Insert current Question .702-2.]

.701-3–.701-6 [Insert current Questions .702-4–.702-7.]

.701-7–.701-10 [GASBIG 201Y-X, Q4.6–Q4.9]

[Delete current Questions .702-1–.702-2 and .702-4–.702-7; renumber current Question .702-3 to be Question .702-1.]

[Insert new Questions .702-2–.702-3 as follows:]

.702-2–.702-3 [Insert current Questions .703-1–.703-2.]

[Delete current Questions .703-1–.703-2; renumber current Question .703-3 to be Question .703-1.]

[Insert new Question .703-2 as follows:]

.703-2 [GASBIG 201Y-X, Q4.10]

* * *

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

SECTION Pe5

[Delete (*or equivalent arrangement*) from all questions and answers.]

.701-1 [Insert the following footnote on the first use of the term *trusts*:]

¹⁵For purposes of this section, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

.719-2 [Replace current Question .719-2 with GASBIG 201Y-X, Q5.3.] [GASBIG 2015-1, Q5.97.2, as amended by GASBS 82, ¶5 and GASBIG 201Y-X, Q5.3]

* * *

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

SECTION Pe6

.702-1 [Insert the following footnote on the first use of the term *trusts*; in the answer, delete (*or equivalent arrangements*).]

⁷For purposes of this section, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph .101 of this section.

* * *

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

SECTION Po50

Sources: [Add GASB Implementation Guide 201Y-X.]

[Insert new Question .722-6 as follows; renumber subsequent questions.]

.722-6 [GASBIG 201Y-X, Q4.2]

* * *

REGULATED OPERATIONS

SECTION Re10

Sources: [Add GASB Implementation Guide 201Y-X.]

[Insert new Questions .702-1–.702-2 as follows:]

.702-1–.702-2 [GASBIG 201Y-X, Q4.4–Q4.5]

* * *

SPECIAL-PURPOSE GOVERNMENTS

SECTION Sp20

.705-1 [In the question, replace *trust* with *trust (or equivalent arrangement)*; in the second paragraph of the answer, replace *trusts* with *trusts (or equivalent arrangements)*.]

.705-2 [In the answer, replace *trust* with *trust (or equivalent arrangement)*.]

* * *

Comprehensive Implementation Guide—June 2018 Update

C2. The instructions that follow update the June 30, 2017 *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:]

5.142.26. Q—Does the answer in Question 5.142.20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 201Y-X, Q4.1]

5.183.24. Q—Does the answer in Question 5.183.20 mean that the number of employees that should be included in the denominator of the calculation of the average of the expected remaining service lives of employees for purposes of measuring collective pension expense should incorporate weighting by probabilities of receiving benefit payments?

A—No. Each individual that is a plan member at the measurement date should be counted as one in the denominator for purposes of determining the average.

[GASBIG 201Y-X, Q4.1]

8.137.9. [GASBIG 201Y-X, Q4.2]

9.24.7. [GASBIG 201Y-X, Q4.3]

[After Question Z.60.2, insert new heading and Questions Z.62.1–Z.62.2 as follows:]

**Z.62 Statement No. 62, Codification of Accounting and Financial Reporting
Guidance Contained in Pre-November 30, 1989 FASB and AICPA
Pronouncements**

Z.62.1–Z.62.2. [GASBIG 201Y-X, Q4.4–Q4.5]

Z.77.11–Z.77.15. [GASBIG 201Y-X, Q4.6–Q4.10]

* * *

[Revise the following questions as indicated:]

1.65.4. [Replace current Question 1.65.4 with GASBIG 201Y-X, Q5.1.] [GASBIG 2015-1, Q1.65.4, as amended by GASBIG 201Y-X, Q5.1]

2.14.1. [Replace current Question 2.14.1 with GASBIG 201Y-X, Q5.2.] [GASBIG 2015-1, Q2.14.1, as amended by GASBIG 201Y-X, Q5.2]

[Remove *(or equivalent arrangement)* and *(or equivalent arrangements)* from all questions and answers in Chapter 5.]

5.60.1. [Insert the following footnote on the first use of the term *trusts*; renumber subsequent footnotes.]

⁷For purposes of Chapter 5, the term *trusts* (or variations) includes equivalent arrangements as referenced in paragraph 3 of Statement 67, paragraph 4 of Statement 68, or paragraph 4 of Statement 73, as applicable.

[In heading 5.61, delete *or Equivalent Arrangements*.]

5.97.2. [Replace current Question 5.97.2 with GASBIG 201Y-X, Q5.3.] [GASBIG 2015-1, Q5.97.2, as amended by GASBS 82, ¶5 and GASBIG 201Y-X, Q5.3]

[In heading 5.117, delete *or Equivalent Arrangements.*]

5.192.1. [Replace current Question 5.192.1 with GASBIG 201Y-X, Q5.4.] [GASBIG 2015-1, Q5.192.1, as amended by GASBS 82, ¶6 and GASBIG 201Y-X, Q5.4]

7.9.2. [Replace *collections* with *holdings.*] [GASBIG 2015-1, Q7.9.2, as amended by GASBIG 201Y-X, Q5.5]

7.22.6. [In the answer, replace *trust* with *trust (or equivalent arrangement).*]

7.24.7. [Replace current Question 7.24.7 with GASBIG 201Y-X, Q5.6.] [GASBIG 2015-1, Q7.24.7, as amended by GASBIG 201Y-X, Q5.6]

7.77.1. [In the answer, replace *trusts* with *trusts (or equivalent arrangements).*]

7.77.5. [In the answer, replace *trust* with *trust (or equivalent arrangement).*]

9.24.4. [In the question, remove italics from the word *outstanding*; revise the answer as follows:] No. Defeased debt no longer is reported as a liability in the financial statements and therefore should not be included in the debt capacity schedules beginning with the year in which the defeasance occurs. However, amounts of that debt outstanding in prior years should continue to be reported in those schedules. [GASBIG 2015-1, Q9.24.4, as amended by GASBIG 201Y-X, Q4.3 and Q5.7]

Z.33.26. [In the answer, replace *trust* with *trust (or equivalent arrangement).*]

Z.77.1. [Replace current Question Z.77.1 with GASBIG 201Y-X, Q5.8.] [GASBIG 2016-1, Q4.77, as amended by GASBIG 201Y-X, Q5.8]