

4. REPORTING

4.3 Fund Financial Statements

4.3.5 Fiduciary Funds Financial Statements

4.3.5.10 The following are required financial statements for fiduciary funds¹:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

The fiduciary statements are to be prepared using the economic resources measurement focus and full accrual basis of accounting.²

4.3.5.20 Agency funds should be reported in the statement of net position and fund assets should equal fund liabilities. Agency funds do not have operations and should not be reported in the statement of changes in fiduciary net position.

OPEB Plans

4.3.5.30 The Governmental Accounting Standards Board (GASB) has issued [Statement 43, Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans](#). This statement requires that local governments administering plans for other post employment benefits (OPEB) report financial information on their plan assets, liabilities, net position and changes in net position using the statement of fiduciary net position, and statement of changes in fiduciary net position. The statement also requires specific plan disclosures in the notes to the financial statements and two schedules showing the funding status and funding progress. The plan note disclosures are discussed in Notes to Financial Statements, and the required schedules are discussed in [Required Supplementary Information \(RSI\)](#).

4.3.5.40 [GASB Statement 43](#) is applicable to OPEB plans that provide healthcare benefits regardless of whether or not they are part of a pension plan. Exceptions for OPEB reporting are life insurance, disability, and long-term care type benefits. They are considered pensions when provided through a defined benefit pension plan. Entities should review the criteria listed in [GASB Statement 43](#) to determine if they have a material OPEB plan that requires reporting.

4.3.5.50 The reporting goal of [GASB Statement 43](#) is to assure that audited detail of each OPEB plan is available to the public. OPEB plan reporting can be accomplished using several methods, they are:

- Prepare a standalone financial report for OPEB plans.

This reporting method requires preparing a standalone financial report containing fiduciary fund statements, notes and RSI. The fiduciary statements in a standalone report require multi column presentation when multiple OPEB plans are maintained. Detail is required at the plan level in the statements, notes and RSI.

¹ Component units that are fiduciary in nature should be presented within the fund type columns with the fiduciary funds of the primary government. A separate column for fiduciary component units should not be presented.

² There are some exceptions for liabilities of defined benefit pension plan and certain postemployment health care plans. Paragraph 26 of [Statement 25](#) and paragraph 7 of [Statement 26](#) provide guidance on recognition of these liabilities.

- Present the OPEB plan financial report within the administrator/employer financial report.

When an audited standalone report is not publicly available, an employer participating in an OPEB plan is responsible for reporting audited plan information. Employer reporting can be satisfied by:

1. Report the OPEB plan using the OPEB trust column of the fiduciary fund statements. When a pension trust or more than one OPEB plan exists individual plan statements are required to be presented in the notes to the financial statements.
 2. Prepare note disclosure for each OPEB plan.
 3. Prepare RSI for each OPEB plan.
- Report detail of OPEB plans in a CAFR.

When multiple OPEB plans are used by an employer, the details of financial reporting can be met by presentation of the plans as individual funds in the combining statements of a CAFR. The plan notes and RSI will be presented in the statement notes and in the RSI section following the notes.

External Investment Pools

4.3.5.53

An external investment pool is defined as:

“An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants’ behalf, in an investment portfolio; one or more of the participants is not part of the sponsor’s reporting entity ([GASBS 31](#), paragraph 22).”

Governmental external investment pools are required to be reported in an investment trust fund (a fiduciary fund) that reports transactions and balances using the economic resources measurement focus and the accrual basis of accounting. If a separate financial report is issued for the pool, the financial statements of the sponsoring government should disclose how to obtain that report. If issued, the financial statements should include MD&A, basic financial statements for fiduciary activities, notes to financial statements, and other RSI as required for governments engaged only in fiduciary activities. These statements should be prepared on the economic resources measurement focus and the accrual basis of accounting.

If a separate report is not issued, the sponsoring government’s financial statements should include the disclosures required by [GASBS 31](#), as amended. Overview of those disclosures are as follows:

- A brief description of any regulatory oversight (including whether the pool is registered with the SEC as an investment company);
- Frequency of determining the fair value of investments;
- The method used to determine the participants’ share sold and redeemed and whether that method differs from the method used to report investments;
- Whether the pool sponsor has provided or obtained any legally binding guarantees during the period to support the value of shares;
- The extent of involuntary participation in the pool, if any;
- A summary of the fair value, the carrying amount (if different from the fair value, the number of shares or the principal amount, ranges of interest rates, and maturity dates of each major investment classification;

- If the financial report distinguishes between different components of investment income, the accounting policy for defining each of the components it reports (i.e. interest, dividends, and other income);
- The fair value disclosures required by [GASBS 72](#);
- And other disclosures.

In addition, the sponsoring government's financial statements should provide separate disclosures for the pool regarding cash and cash investments required by the GASBS 3, 28 and other statements. Finally, the sponsor's financial statements should disclose condensed statements of fiduciary net position and changes in fiduciary net position of the pool. If the pool includes both internal and external investors, those condensed statements should include, in total, the net position held in trust for pool participants, and the *equity of participants should distinguish between internal and external portions*. If the government sponsors more than one external investment pool, the disclosures are required for each pool separately.

Additionally qualifying external investment pools which report at amortized cost having met the requirements of the [GASBS 79](#), need to include an additional disclosure explaining any presence of any limitation or restriction on participant withdrawals (participants in these qualifying external investment pools would also disclose the presence of any limitations or restrictions on withdrawals in their financial statement note disclosures).

Individual Investment Accounts

- 4.3.5.56 An individual investment account is separately managed by a government for legally separate entities which are not component units. Specific investments are acquired for the individual separate entities, and the income from and changes in the value of those investments affect only the separate entity for which they were acquired.

The [GASB Statement 31](#) requires governments to report as separate investment trust funds the individual investments accounts. All individual investment accounts may be aggregated as a single investment trust fund and be presented as one column.

Statement of Fiduciary Net Position

- 4.3.5.60 This statement should include information about the assets, liabilities, and net position for each fiduciary fund type³ and similar discretely presented component units of the government. Since the statement of fiduciary net position is an equivalent to the statement of plan assets required by the [GASB Statement 25](#), the government should provide a sufficient level of details to meet both requirements. If not, the government should clearly indicate where else that information is displayed.

Net position should be labeled based on the purpose for which they are held in trust, such as *Held in Trust for Pension Benefits*.

³ The major fund reporting does not apply to fiduciary funds.

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 20__

	Employee Retirement Plan	Private-Purpose Trusts	Agency Funds
ASSETS			
Cash and Cash Equivalents			
Receivables:			
Interest and Dividends			
Other Receivables			
Total Receivables			
Investments, at Fair Value:			
U.S. Government Obligations			
Municipal Bonds			
Corporate Bonds			
Corporate Stocks			
Other Investments			
Total Investments			
Total Assets			
DEFERRED OUTFLOWS of RESOURCES			
LIABILITIES			
Accounts Payable			
Refunds Payable and Others			
Total Liabilities			
DEFERRED INFLOWS of RESOURCES			
NET POSITION			
Held in Trust for Pension Benefits and Other Purposes			

The notes to financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position

4.3.5.70 The statement of changes in fiduciary net position should include information about the additions to, deductions from, and net increase (or decrease) for the year in net position for each fiduciary fund type⁴ and similar discretely presented component units. It should provide information about significant year-to-year changes in net position. The government should provide additional details about investments and provide the level of details for all other fiduciary funds, or clearly indicate where that information is displayed.

The statement of changes in fiduciary net position is equivalent to the statement of changes in plan assets required by [GASB Statement 25](#).

⁴ The major fund reporting requirements do not apply to fiduciary funds.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 20__

	Employee Retirement Plan	Private-Purpose Trust
ADDITIONS		
Contributions:		
Employer		
Plan Members		
Total Contributions		
Investment Earnings:		
Net (Decrease) in Fair Value of Investments		
Interest		
Dividends		
Total Investment Earnings		
Less Investment Expense		
Net Investment Earnings		
Total Additions		
DEDUCTIONS		
Benefits		
Refunds of Contributions		
Administrative Expenses		
Total Deductions		
CHANGE in NET POSITION		
Net Position-Beginning of the Year		
Net Position-End of the Year		

The notes to financial statements are an integral part of this statement.