

Miscellaneous GAAP FAQs

1. Question Z.54.15 of GASB's Comprehensive Implementation Guide indicates, "The determination of the purposes, as well as the amounts for assigned fund balances can be made after the end of the reporting period." When determining the assignment related to the appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget, can budgetary amendments up to the opinion letter date be considered?
 - A No, when calculating the assigned amount related to the subsequent years budget, use of budgetary documents from the subsequent year, should be limited to amounts that would be considered the original budget. Amendments to the original budget should not be considered. Original budget is defined consistent with GASB 34.
2. When there has been a favorable verdict in a court case, should a gain contingency be reported?
 - A GASB guidance related to gain contingencies is found in GASB 62 ¶112 and reads as follows:

Contingencies that might result in gains usually are not reflected in the accounts since to do so might be to recognize revenue prior to its realization. Adequate disclosure should be made of contingencies that might result in gains, but care should be exercised to avoid misleading implications as to the likelihood of realization.

In practice, realization should be assured beyond a reasonable doubt before a gain contingency should be recognized in the financial statements. Uncertainties related to the timing and amount of realization of gain contingencies should be resolved before the contingencies are recognized in the financial statements.

Opioid Settlement Recently, there was an opioid settlement in Ohio. ([See AOS Bulletin 2022-003](#)) The first distribution to local governments was originally scheduled to occur in 2021; however, at the end of 2021 that distribution had not occurred as uncertainties related to timing and amount of realization for each participant were being resolved. Part of the uncertainties related to the amount of realization for each participant includes identifying the local governments that will be participating in the settlement. At the end of 2021, the list of participants was still being finalized.

The distributions include two components, a base amount, and an incentive amount. Final amounts were not available for the first and second distributions; therefore, soft estimates were used. The third distribution, which is scheduled for 2023 and should be final amounts, will include a reconciliation process and a true-up. At the end of 2022, there would still be uncertainties related to the measurement of the settlement.

During 2023, the OneOhio Opioid settlements with Cardinal Health, McKesson Corp and Cencora reached their third distribution as well as the settlement with Johnson & Johnson/Janssen. All contingencies related to these specific settlements have been resolved and they can be recognized to the extent collectible at December 31, 2023. There are additional settlements with other distributors; however, not all contingencies have been resolved for these additional settlements.

Additional guidance will be provided as new information becomes available.

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See also question 6 below and the separate [OneOhio FAQs](#).

Electricity Litigation On July 7, 2023, the Court entered an Order Approving Distribution of Settlement Funds related to the Ohio Electricity Litigation ([See AOS Advisory PUCO Debit Card Advisory](#)). This ruling resolved all uncertainties and related amounts can be recognized in the financial statements as of the date of the ruling.

3. In 2020, GASB issued GASBTB 2020-1 - *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*. Does this guidance also apply to funding received under the Consolidated Appropriations Act and the American Rescue Plan Act?
 - A. Yes, the guidance from GASBTB 2020-1 would also be applicable to funding received under the Consolidated Appropriations Act and the American Rescue Plan Act. Most of these programs are expenditure driven. Eligibility requirements under GASB 33 include the recipient incurring allowable costs under the applicable program. If the applicable program indicates there are certain unallowable costs, this stipulation is still an eligibility requirement.
4. GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, addresses Section 457 Plans in paragraphs 6 - 9. These paragraphs are effective for fiscal years beginning after June 15, 2021. How do I determine if my 457 plan meets the definition of a pension plan?
 - A. In determining if a 457 plan meets the definition of a pension plan, refer to the definition of a pension plan included in GASB 67 ¶51 or GASB 73 ¶128 as follows:

Pension plans Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

It may be helpful to consider the definition of pensions as well:

Pensions Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

If there are no employer paid contributions, the 457 plans are generally not considered to be pension plans. When there are employer paid contributions, balancing the above definitions with the guidance from GASB 82, *Pension Issues*, paragraph 8 is appropriate. Reviewing the plan document may assist in this evaluation.

Materiality of the employer's participation in the plan may also be a consideration.

There is room for professional judgment in this evaluation and conclusions should be documented.

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Once the determination is made, local governments should follow the applicable GASB guidance for either a pension plan (see GASB 97 paragraph 9) or an other employee benefit plan.

5. In evaluating school district grants available through CCIP, should these grants be viewed as reimbursable or non-reimbursable?
 - A. Our goal in reporting these CCIP grants is to align the eligibility requirements with how the grants are funded by ODE. ODE's current funding mechanism most closely aligns with viewing these grants as reimbursable. This funding mechanism is also what is being used by ODE for the various funding streams associated with COVID monies. Therefore, accounting for CCIP grants will align with the reimbursable grant accounting guidance provided in [GASB Technical Bulletin No. 2020-1 Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act \(CARES Act\) and Coronavirus Diseases](#). Those schools currently reporting these CCIP grants as nonreimbursable will want to report their grants as reimbursable. We also recognize auditees/conversion companies may come to a different conclusion. In those instances, auditors will evaluate their documented rationale for reporting.

6. How should the opioid settlement monies be presented on my GAAP financial statements?
 - A. GASB has indicated the opioid settlement monies are an exchange transaction with a purpose restriction. The settlement would not be recognized until all uncertainties have been resolved or until amounts have been received. See question 2 above for additional guidance. GASB is also suggesting Charges for Services program revenue as the best fit for the revenue on the statement of activities. On the day-to-day cash basis books, local governments should record OneOhio revenue as "Opioid Settlement" or "Settlement Proceeds," where available. Local governments have the following options for rolling up this cash basis revenue line-item for modified accrual reporting on the governmental fund statements:
 - The settlement monies could be reported on its own line item with a caption similar to "Opioid Settlement"
 - The settlement monies could be combined and presented on a line item with similar revenues and a caption similar to, "Fines, Forfeitures and Settlements"
 - If the settlement is clearly inconsequential, the settlement monies could be presented as part of "Miscellaneous." However, using Miscellaneous revenue could create internal inconsistencies for the following reasons:
 - Any related fund balance would be restricted, and miscellaneous revenue typically isn't a foundation revenue for a special revenue fund.
 - GASB has indicated these monies are program revenue, and typically Miscellaneous revenue is not presented as program revenue.

AOS feels reporting in "Miscellaneous" is the least desirable classification and its use should be limited to when the settlement amounts are clearly inconsequential, recognizing that during the audit the auditors may determine it meets qualitative or quantitative factors based on the AICPA's

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Professional Standards requiring the amounts to be reported as Opioid Settlement or Fines, Forfeitures and Settlements revenue.

These opioid settlement amounts should not be reported as a special item on the financial statements.

AOS recommends related note disclosure.

See also question 2 above and the separate [OneOhio FAQs.pdf \(ohioauditor.gov\)](#).

7. Should there be a difference in reporting permissive motor vehicle license tax levied by the reporting entity vs permissive motor vehicle license tax levied by another government (for example the county)?

Yes, the state of Ohio levies a motor vehicle license tax a portion of which is shared with the local governments in Ohio. Local governments also have the ability to levy motor vehicle license taxes in addition to the amount levied by the State. These additional levies are permissive motor vehicle license taxes and are considered a tax to the government levying them.

Motor vehicle license tax levied by the state is a shared revenue. Counties can levy certain permissive motor vehicle license taxes that are shared with other local governments. Both the provider (State of Ohio and certain county levies) and recipient governments (various local governments in Ohio) should comply with the requirements of GASB 33 for voluntary or government mandated nonexchange transactions, as appropriate. The applicable period for state levied shared amounts is the state's fiscal year. While the applicable period for county levied shared amounts is the county's reporting year (calendar year). These revenues are typically restricted and program revenues.

Permissive motor vehicle license taxes levied by the reporting government are considered taxes. AOS believes these permissive amounts are an imposed tax collected through the license renewal process. Since they are considered a tax, they are not program revenue. There is an enforceable legal claim to the assets in the month of the taxpayer's birthday with the revenue being recognized at the same time as the asset, (if available for governmental funds).

Local governments need to review any permissive motor vehicle license taxes to determine who is levying the tax. Counties can levy permissive motor vehicle license tax that is shared with or granted to other governments. Any permissive motor vehicle license tax levied by the county and distributed/granted to other local governments should be recorded by the County as a tax revenue and as an intergovernmental expenditure. As described in AOS Bulletin 2020-003, this permissive activity would not be considered fiduciary as it is the County's own source revenue. Any county not already budgeting for this activity should begin doing so immediately. Counties should also review any permissive motor vehicle amounts levied under 4505.15 to ensure any amounts

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distributed to municipalities or townships are reflected as tax revenue and an intergovernmental expenditure. These amounts should also be budgeted.

See both GASB 33 and GASB 36, as amended.

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