

Flow Chart: Evaluating For Fiduciary Activities

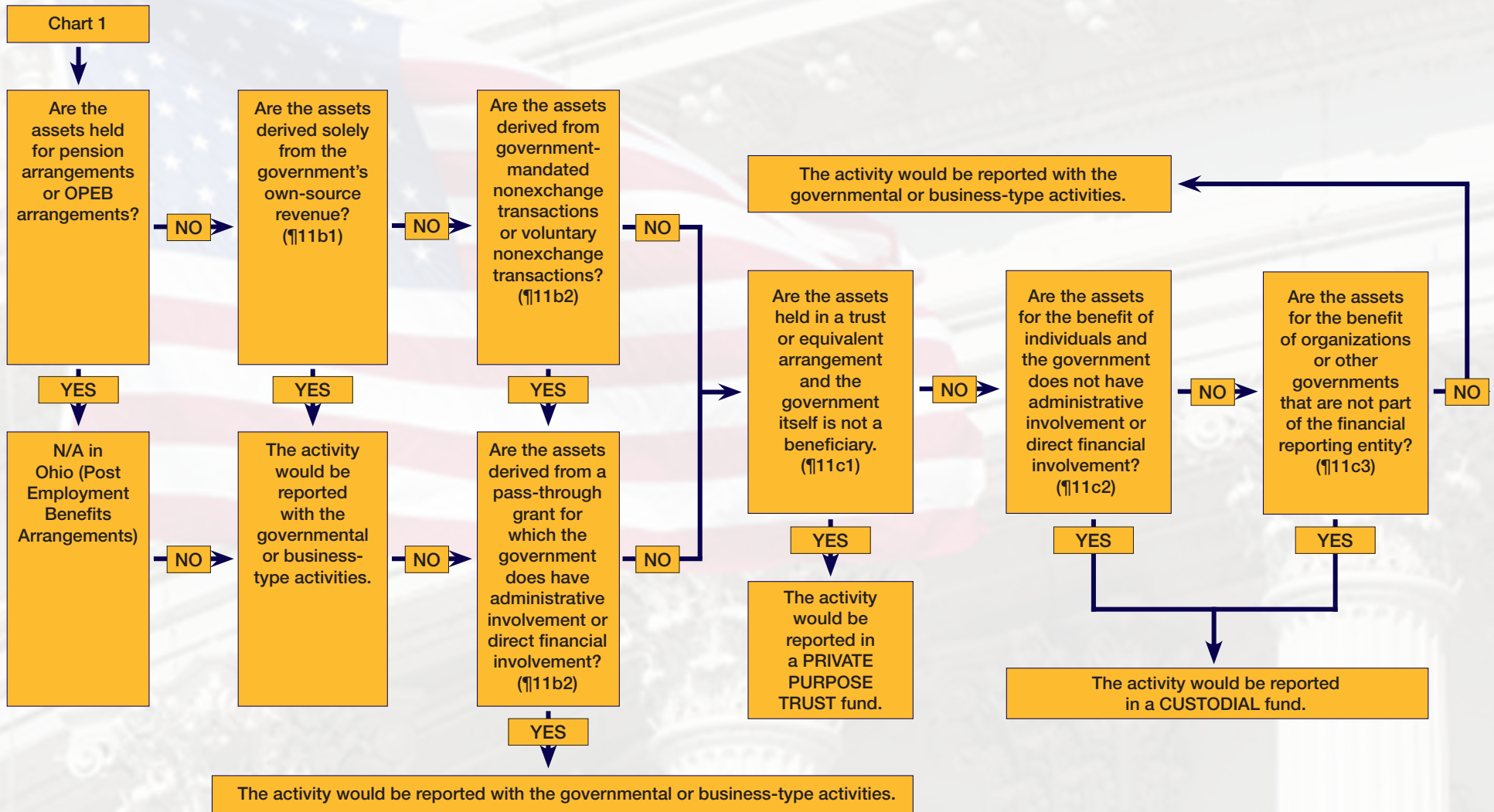


Chart 2: Evaluating Government Controlled Assets

Additional Explanation

Control of Assets

Para 12. A government controls the assets of an activity if the government (a) holds the assets or (b) has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients. Restrictions from legal or other external restraints that stipulate the assets can be used only for a specific purpose do not negate a government's control of the assets.

Own-Source Revenues

Para 13. Own-source revenues are revenues that are generated by a government itself. They include exchange and exchange-like revenues (for example, water and sewer charges) and investment earnings. Derived tax revenues (such as sales and income taxes) are also included.

Government-mandated nonexchange transactions & Voluntary nonexchange transactions

Government-mandated nonexchange transactions - Occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose or purposes established in the provider's enabling legislation.

Voluntary nonexchange transactions - Result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties.

Examples: local government fund, foundation payments, gasoline tax, estate tax, motor vehicle license tax levied by the State, homestead and rollback, personal property tax exemption, grants.

Trust and "equivalent arrangement"

Para B19. B19. Some respondents to the Exposure Draft asked for further clarification on what should be considered an equivalent arrangement. Although existing GASB authoritative literature on employee benefit plans references equivalent arrangements, no definition has been provided for the term. For purposes of applying the criteria in this Statement, the Board continues to believe that an equivalent arrangement is one that, although not a trust by name, has the same characteristics required of a trust: (a) assets are dedicated to providing benefits to recipients in accordance with the benefit terms and (b) assets are legally protected from the creditors of the government that is acting as a fiduciary, as stated in paragraph 11c.

