



# Delaware Auditor of Accounts GASB Entity Determination Analysis Memo Deferred Compensation 403(b) Plan

FSF User

Not an Entity

To complete our entity determination analysis, the Office of Auditor of Accounts (AOA) reviewed the following:

- GASB 14, *The Financial Reporting Entity*
- GASB 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34 amended GASB 14, ¶9, 11, ¶12, ¶19, ¶42, ¶44, ¶50 –¶52, ¶54, ¶58, ¶60, ¶63, ¶65, ¶73, ¶74, ¶78, and ¶131 and superseded GASB 14, ¶45–47, 49, 56, and ¶57)
- GASB 39, *Determining Whether Certain Organizations Are Component Units*
- GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*
- *AICPA Audit and Accounting Guide – State and Local Governments*, Chapter 3: The Financial Reporting Entity
- *GASB 2011-2012 Comprehensive Implementation Guide*, Chapter 4: The Financial Reporting Entity
- *29 Del. C. chapter 60 Deferred Compensation*
- *State of Delaware 403(b) Plan Financial Statement Audit – December 31, 2010*

*NOTE: The analysis below is based on the documents/guidance reviewed, as detailed above. Additional information or legal interpretations of the portions of the Delaware Code reviewed could impact the analysis and impact a decision on the proper accounting treatment for the entity. The decision of what the appropriate accounting treatment is for the entity, based on a review of all applicable guidance/information, is solely the responsibility of management. As such, AOA does not make such conclusions herein.*

As of June 30, 2007 the Deferred Compensation Plan administration became the responsibility of the State Treasurer. The purpose of the plan is to provide a vehicle through which all education employees of the State of Delaware may, on a voluntary basis, provide for additional retirement income security by deferring a portion of their current earnings. Any amount contributed by employees participating in the plan is deferred for tax purposes until the benefits are paid to the employees. The State does not make any contributions to the Deferred Compensation 403(b) Plan. Also, the Deferred Compensation plan is regulated by IRS code section 403(b) and so the state must follow these regulations.

Although the Deferred Compensation 403(b) Plan receives a separate audit of its own financial statements, it is by nature a plan and lacks status as an entity. Therefore, AOA did not perform a GASB 61 analysis.