

GASB Statement 84 – Fiduciary Activities

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Objectives – GASB 84 Presentation

- Provide background on rationale for GASB Statement 84.
- Discuss significant accounting changes to commonly reported fiduciary activities.
- Highlight resources included in newly updated LGSA accounting bulletin.
- Describe accounting and reporting requirements for fiduciary activities in the AUD/ST-3 – highlight major changes.
- Answer outstanding questions.



GASB 84 – Background

- Purpose – to provide guidance on identifying fiduciary activities for accounting and reporting purposes.
 - Establish specific criteria to use in determining whether a government has a fiduciary responsibility.
- Implementation is designed to enhance accountability, consistency and comparability of fiduciary activities across governments.



Identifying Fiduciary Activities

- GASB 84 provides a step-by-step flow chart to help determine which activities are fiduciary in nature.
- We prepared a questionnaire using the same criteria as a more manageable resource to help local governments and school districts make this determination.



Key Definitions

- Control

- A government controls the assets of an activity if the government holds the assets or 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.



Key Definitions

- Own-Source Revenues
 - Revenues that are generated by a government itself. They include exchange and exchange-like revenues and investment earnings. Derived tax revenues and imposed nonexchange revenues also are included.



Fiduciary Activities Questionnaire

Example 1

A school district previously held assets for a hockey team booster club in an agency fund. The assets are:

- Not a component unit
- Held in a district bank account
- Generated solely from outside fundraising
- Not held in a trust
- Administered entirely by the booster club



Fiduciary Activities Questionnaire

Example 1

<u>#</u>	<u>Question</u>	<u>Yes</u>	<u>No</u>
1.	Is the entity a component unit?	Go to #2.	Go to #5
5.	Does the government control the assets?	Go to #9	Go to #13

- Does not meet the definition of a component unit
- DOES have control of the assets since they are held in a district bank account



Fiduciary Activities Questionnaire

Example 1

		<u>Yes</u>	<u>No</u>
9.	Are the assets held for pension or OPEB arrangements ¹ ?	Go to #3	Go to #10
10.	Are the assets derived solely from the government's own-source revenue?	Go to #14	Go to #11
11.	Are the assets derived from government mandated non-exchange transactions or voluntary non-exchange transactions?	Go to #12	Go to #6

- Not held for pension or OPEB arrangements
- Assets solely derived from booster fundraising



Fiduciary Activities Questionnaire

Example 1

		<u>Yes</u>	<u>No</u>
6.	Are the assets held in a trust or equivalent arrangement and the government itself is <i>not</i> a beneficiary?	Go to #15	Go to #7
7.	Are the assets for the benefit of individuals and the government does <i>not</i> have administrative involvement or direct financial involvement?	Go to #15	Go to #8
8.	Are the assets for the benefit of organizations or other governments that are <i>not</i> part of the financial reporting entity?	Go to #15	Go to #14

- Not held in a trust
- Assets are for the benefit of individuals and the assets are administered by the booster club – NOT the district
- District does not contribute – no direct financial involvement



Fiduciary Activities Questionnaire

Example 1

13.	The activity would not be reported
14.	The activity would be reported with the governmental or business type activities
15.	The activity would be reported in a fiduciary fund

- In this example, the assets would be reported in a fiduciary fund, specifically in a custodial fund, since it is untrusted.
- Every use of the questionnaire will result in a determination of how the assets should be reported.



Fiduciary Activities Questionnaire

Example 2

- A village is holding assets previously recorded in the Trust and Agency Fund as part of a performance contract.
 - Funds are held in a village bank account
 - Contract is to construct a new village building
 - Not held in a trust
 - If contractor completes the project satisfactorily, village refunds deposit; if not, contractor forfeits deposit



Fiduciary Activities Questionnaire

Example 2

#	Question	Yes	No
1.	Is the entity a component unit?	Go to #2.	Go to #5
5.	Does the government control the assets?	Go to #9	Go to #13

- Assets do NOT meet criteria of component unit
- Assets held in a village bank account – village DOES have control of assets



Fiduciary Activities Questionnaire

Example 2

		<u>Yes</u>	<u>No</u>
9.	Are the assets held for pension or OPEB arrangements ¹ ?	Go to #3	Go to #10
10.	Are the assets derived solely from the government's own-source revenue?	Go to #14	Go to #11
11.	Are the assets derived from government mandated non-exchange transactions or voluntary non-exchange transactions?	Go to #12	Go to #6

- Assets are not held for pension or OPEB arrangements
- Assets ARE derived solely from own-source revenue
 - Village is holding the assets as part of an exchange transaction



Fiduciary Activities Questionnaire

Example 2

13.	The activity would not be reported
14.	The activity would be reported with the governmental or business type activities
15.	The activity would be reported in a fiduciary fund

- In this example, the assets would be reported in a governmental fund.
- Use the questionnaire – its use will result in a determination of how the assets should be reported.



Reporting Fiduciary Activities

Four Fund Types

- Available for NYS LGs and SDs
 - Private Purpose Trust Funds
 - Custodial Funds (formerly Agency)
- Not Available for NYS LGs and SDs
 - Pension and Other Employee Benefit Trust Funds
 - Investment Trust Funds



Reporting Fiduciary Activities

Major Changes Between Agency and Custodial Funds

- Agency funds required only the presentation of assets and liabilities, whereas custodial funds require the same elements as the other fiduciary funds.
- Custodial funds will also require a resource flows statement because they have a measurement focus; agency funds did not require this.



AUD/ST-3 Reporting

- LGs and SDs will need to assess activities currently classified as fiduciary to determine if these activities should still be considered fiduciary in nature or if these activities should now be reported in a governmental fund, as a business-type activity or not reported at all.
- LGs and SDs need to also consider if there are any current unrecorded activities that would now meet the fiduciary activities definition and may now need to be reported.



AUD/ST-3 Reporting

- Expect the following changes to the AUD and the ST-3:
 - Addition of governmental fund account codes for activities that previously were classified as fiduciary in nature
 - Addition of proprietary fund account codes for custodial fund assets that may be reported in proprietary funds if they are expected to be held for 3 months or less
 - Creation of a new Custodial Fund, which will replace the Agency Fund
 - Addition of a statement of revenues, a statement of expenditures and fund equity for the newly created Custodial Fund



AUD/ST-3 Reporting

- Payroll Clearing Accounts
 - Implementation Guide 2019-2, *Fiduciary Activities*, clearly indicates they will NOT meet the criteria of a fiduciary activity.
- Student Activity Funds
 - Administrative involvement will be the key criterion for determining if they should be reported as a fiduciary activity.
- Length of Service Award Programs (LOSAP)
 - Reporting will depend on if the assets held are from the employer or other governments or organizations.



AUD/ST-3 Reporting

- Fiduciary Activities Accounting Bulletin – November 2020 Update
 - Addition of appendix detailing select account codes now active in governmental, proprietary and fiduciary funds
 - Many account codes previously available only in fiduciary funds are now available in governmental funds and/or proprietary funds (for business-type activities).



AUD/ST-3 Reporting

- Fiduciary Activities Accounting Bulletin – November 2020 Update
 - All account codes in the former Agency Fund (TA) will be deactivated for AUD and ST-3 reporting for fiscal years ending December 31, 2020 and after.
 - Applicable account codes have been added to the new Custodial Fund (TC).
 - Inserted clarifying guidance on LOSAP Assets



Clarifying Information on GASB 84



Clarifying Information

- GASB 84 applies to entities that file an AUD, an ST-3, or ANY other annual financial report required to follow OSC's uniform system of accounts.
 - This includes Boards of Cooperative Educational Services (BOCES), Soil and Water Conservation Districts, etc.
- 12/31 FYE filers will be the first LGs to file using GASB 84 requirements.
- School Districts will file the 2020-21 ST-3 using GASB 84 requirements.
- Numerous questions specific to accounting for payroll using GASB 84



Accounting for Payroll Post GASB 84

- Recording Expenditures
 - Continue to record the expenditure in the fund which gave rise to the claim.
- Recording Net Payment
 - Remove the payroll liability for amounts paid out to employees from the appropriate fund.
- Recording Withholding Liabilities
 - Also record in the fund where the employee is being paid from – no transfer to fiduciary fund required



Accounting for Payroll Post GASB 84

To record payroll expenditure:

	<u>Sub</u> <u>Account</u>	<u>Debit</u>	<u>Credit</u>
A522 Expenditure		\$5,000.00	
A1410.1 Clerk, Personal Services	\$ 3,500.00		
A1410.8 Clerk, Employee Benefits	\$ 1,500.00		
A710 Consolidated Payroll			\$5,000.00
SS522 Expenditure		\$3,500.00	
SS1410.1 Clerk, Personal Services	\$ 2,500.00		
SS1410.8 Clerk, Employee Benefits	\$ 1,000.00		
SS710 Consolidated Payroll			\$3,500.00



Accounting for Payroll Post GASB 84

To record net payment to employees:

	<u>Debit</u>	<u>Credit</u>
A710 Consolidated Payroll	\$4,000.00	
A200 Cash		\$4,000.00
SS710 Consolidated Payroll	\$3,100.00	
SS200 Cash		\$3,100.00



Accounting for Payroll Post GASB 84

To record transfers to various liability accounts for withholdings:

	<u>Debit</u>	<u>Credit</u>
A710 Consolidated Payroll	\$1,000.00	
A717 Deferred Compensation		\$ 125.00
A720 Group Insurance		\$ 125.00
A721 NYS Income Tax		\$ 125.00
A723 Income Executions		\$ 125.00
A726 Social Security Tax		\$ 125.00
A718 State Retirement		\$ 125.00
A719 Disability Insurance		\$ 125.00
A724 Association and Union Dues		\$ 125.00
SS710 Consolidated Payroll	\$ 400.00	
SS717 Deferred Compensation		\$ 50.00
SS720 Group Insurance		\$ 50.00
SS721 NYS Income Tax		\$ 50.00
SS723 Income Executions		\$ 50.00
SS726 Social Security Tax		\$ 50.00
SS718 State Retirement		\$ 50.00
SS719 Disability Insurance		\$ 50.00
SS724 Association and Union Dues		\$ 50.00



Resources Available to Aid in GASB 84 Implementation

- Original GASB Literature
 - [GASB Statement 84](#), *Fiduciary Activities*
 - [Implementation Guide 2019-2](#), *Fiduciary Activities*
- OSC Accounting Bulletin on Fiduciary Activities
 - [November 2020 Update](#)
- Technical Inquiries with the GASB
- Division of Local Government and School Accountability – Professional Standards Unit
 - LGSA_PSU@osc.ny.gov



Questions?

Please email us at: LGSA_PSU@osc.ny.gov



Thank You



**Office of the New York State Comptroller
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Division of Local Government and School Accountability

