

## Government Notes

### GASB Statement No. 84 — Fiduciary Activities

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Earlier this year, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Previously issued guidance lacked the necessary clarity to determine when a government had fiduciary responsibility for a certain activity. This lack of clarity has resulted in a divergence in practice among financial statement preparers and auditors.

#### Criteria

GASB Statement No. 84 establishes criteria for identifying fiduciary activities. The focus of the criteria is on:

- whether a government **controls** the assets of the fiduciary activity, and
- the **beneficiaries** with whom a fiduciary relationship exists.

A government is considered in control of the assets if the government holds the assets or has the ability to direct the use of the assets in a manner that provides benefits to the specified or intended recipients. The assets also cannot be derived from the government's own source revenues (or from government-mandated or voluntary non-exchange transactions). In addition, with respect to the assets related to the specified or intended beneficiaries, one or more of the following characteristics must be present:

- 1) Be administered through a trust
- 2) The government itself is not the beneficiary
- 3) Dedicated to providing benefits in accordance with the benefit terms
- 4) Legally protected from the government's creditors
- 5) For the benefit of individuals and the government has no administrative or direct financial involvement with the assets

#### Reporting

An activity meeting the above criteria should be reported in the basic financial statements in one of the following four fiduciary funds, as applicable:

- 1) Pension (and other employee benefit) trust funds
- 2) Investment trust funds
- 3) Private-purpose trust funds
- 4) Custodial funds

Custodial funds should report fiduciary activities that are not reported in one of the first three fiduciary funds noted above. The use of **Agency funds has been eliminated with GASB 84 and replaced with Custodial funds.**

Governments with activities meeting the above criteria will present a Statement of Fiduciary Net Position (i.e., assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) and a Statement of Changes in Fiduciary Net Position (i.e., additions and deductions) for each fiduciary fund type. Previous guidance for Agency funds only required the presentation of assets and liabilities, whereas the Custodial funds require the same elements as the other fiduciary funds, including net position.

### **Effective Date**

The provisions of this Statement are effective for **fiscal years beginning after December 15, 2018** with earlier application encouraged.

### **Contact Us**

For more information on this new GASB statement or if you have any questions on compliance with governmental auditing, review and/or compilation reporting requirements, please contact any of the following or any other member of our Governmental Services team:

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