

GASB 84

Other Fiduciary Activities

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities for all state and local governments. This statement is effective for fiscal years beginning after Dec. 15, 2018.

GASB 84, eliminated Agency Funds and replaced them with Custodial Funds

- Used for reporting fiduciary activities that are not required to be reported in the Other Fiduciary Funds
- Additional financial statement reporting (i.e., statement of changes in fiduciary net position)

SACS Fund 08 - Student Activity Special Revenue Fund is a new special revenue fund established to allow LEAs to account for governmental associated student body activities in accordance with the provisions of GASB Statement 84.

SACS Fund 76 Warrant/Pass-Through Fund and Fund 95 Fiduciary Activities Fund expanded to include additions to and deductions from reporting elements.

Associate Student Body (ASB)

Evaluate if meets criteria to be reported as a Fiduciary Activity

- ✓ School district controls the assets
- ✓ Not from owner-source revenues
- ? No administrative involvement

Administrative Involvement Sample Determination

"In assessing whether a government has administrative involvement, a "Substance versus form" consideration is appropriate. **That is, the government's role would have substance** if the school board, school administrator, or faculty advisor (representative of the school) **establishes how the resources can be spent through approved policies.**" - draft GASB Implementation Guide for GASB 84

EXAMPLES:

Scenario 1: The student club president, with the members of the club, establishes how resources can be spent and approves disbursements from the account.

Determination: No administrative involvement by school district. - FIDUCIARY ACTIVITY

Scenario 2: Parents of the club members establish how resources can be spent.

Determination: No administrative involvement by school district. - FIDUCIARY ACTIVITY

Scenario 3: School board establishes and approves policies which only addresses issues such as authorized account signers and the prohibition of spending for illegal activities.

Determination: No administrative involvement by school district. - FIDUCIARY ACTIVITY

Associate Student Body (Continued)

Scenario 4: Disbursements from the club are approved by a faculty advisor assigned to the club on behalf of the school district.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Scenario 5: School board establishes and approves policies related to the receipt, disbursement and holding of funds for student clubs.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Scenario 6: State establishes specific guidelines on how club resources can be spent through administrative policy.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Scenario 7: A school board is responsible for establishing fees charged by student clubs.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Associate Student Body (Continued)

Most unorganized ASB activities in California school district are not considered fiduciary because they do not appear to meet the criteria established by GASB 84, paragraph 11(c)(2)., thus, report in Fund 08 or General Fund.

Unorganized ASBs (EC 48938) – expenditures are subject to the approval of an appointed employee or official designated by the school district governing board

Organized ASBs (EC 48933) – expenditures are subject to the preapproval of three people: an employee official of the school district designated by the governing board, the ASB advisor (must be a certificated employee), and a student representative of the ASB organization

The key determination regarding whether LEAs have administrative involvement in organized ASB activities is if LEA staff designated by the governing board to approve ASB expenditures have the authority to disapprove or amend the ASB expenditures, versus “rubber stamp” approval.

Factors to Consider:

- ASBs are generally not legally separate from school districts
- School districts controls the assets
- Assets are for the benefit of individuals and school districts do have administrative or direct financial involvement with the assets; as ASB board designee (principal/school administrator) is an employee of the district.

RECOMMENDATION: Most ASB activities are Governmental Activities (Report in General Fund or **New Fund 08**). If reporting in Fund 95, must be able to support decision that activity qualifies and meets criteria as Fiduciary under GASB 84.

Associate Student Body (Continued)

NEW Fund 08 (will apply to most):

- Must include in 2020-21 Unaudited Actuals.
- Take Resolution to board to establish new fund for recording purposes.
- It is an LEAs local policy determination on frequency of recording transactions onto district's financial system.
- Record summary of activity in Fund 08 (or Fund 95, if activity determined to be fiduciary) and ensure that it reconciles to your ASB recordkeeping. Auditors will request a reconciliation.
- Districts may choose to record governmental ASB activities in Fund 01, in-lieu of Fund 08, dependent on district policy.
- Year of Implementation - DR. Object 9120 Cash in Bank and CR. Object 9795 Other Restatements
 - o Using Object 9791 Beginning Balance will cause a SACS TRC

Note: GASB 84 does not require these transactions to be processed at the County Treasury and transactions should generally remain at the district's local bank account level (cash in bank) and not the County Treasury.

Accounting for ASB Activities

- NEW Resource 8210 - Student Activity Established
- See SACS January 29, 2020 Matrix Tables for valid combinations
 - o [SACS Summary of Changes 01-29-2020.docx](#)
 - o [SACS Matrix Updates January 29, 2020.docx](#)

Fund 76 - Warrant Pass-Through Funds

- Acceptable for COE to record accumulation of payroll withholdings on behalf of its school districts in Fund 76
- Accumulation of payroll withholdings from the county office's own operation should not be accounted for in Fund 76

Example:

The COE collected \$10 million in payroll withholding on behalf of school districts and \$5 million for its own employees, for a total amount collected of \$15 million. By fiscal year end, \$9 million was distributed to the appropriate agencies on behalf of school districts and \$3.5 million was distributed for itself, for a total of \$12.5 million distributed.

Pre-GASB 84 (Fund 76)	Post GASB 84 (Fund 76)
<p>1) \$15 million payroll withholding collected and held for COE and its school districts.</p> <p>Debit Object 9110, \$15 million Credit Object 9620, \$15 million</p> <p>All payroll withholding, COE and school districts, reported in Fund 76.</p>	<p>1) \$10 million payroll withholding collected for its school districts</p> <p>Debit Object 9110, \$10 million Credit Object 8800, \$10 million</p> <p>Debit Object 7500, \$10 million Credit Object 9620, \$10 million</p> <p>Only school district payroll withholding reported in Fund 76. (Note the use of new object codes for reporting amounts received and disbursed.)</p>
<p>2) \$12.5 million distributed</p> <p>Debit Object 9620, \$12.5 million Credit Object 9110, \$12.5 million</p>	<p>2) \$9 million distributed</p> <p>Debit Object 9620, \$9 million Credit Object 9110, \$9 million</p>

Fund 76 - Warrant Pass-Through Funds (Continued)

Pre-GASB 84 (Fund 01)	Post-GASB 84 (Fund 01)
<p>1) \$5 million COE payroll withholding expenditures</p> <p>Debit Object 3XXX, \$5 million Credit Object 9110, \$5 million</p> <p>The payroll withholding (benefit) expenditures are reported in Fund 01, but cash is transferred and liability established in Fund 76.</p>	<p>1) \$5 million COE payroll withholding expenditures</p> <p>a) Debit Object 3XXX, \$5 million Credit Object 9500, \$5 million</p> <p>b) \$3.5 million was distributed Debit Object 9500, \$3.5 million Credit Object 9110, \$3.5 million</p> <p>The COE's payroll withholding liability is established in and paid from Fund 01.</p>

Liability Recognition

LEA is holding scholarship donations on behalf of a student body group, and if the activity is Fiduciary & recorded in Fund 95 (will NOT apply to most as a majority of ASB activities considered governmental and recorded in Fund 08).

- o Prior to GASB 84: LEA would record the transaction by debiting assets (cash) and crediting liabilities for the same amount when the donations were received.
- o GASB 84 accounting: The LEA should not recognize a liability immediately in the custodial fund when the donations are received. The LEA should record the transaction by debiting assets (cash) and crediting new Object 8800 to record the donations received. The donations are reported as part of the net position at year-end to the extent the LEA is not compelled to disburse those donations, e.g., scholarship recipients have not been selected.

NOTE: In certain cases, an LEA incurs a liability as soon as it takes control of fiduciary resources if the beneficiary does not need to take action to compel the LEA to disburse the fiduciary resources. For example, when a county office of education receives payroll tax withholding on behalf of its school districts.

Scholarship Funds

Reported in Fund 73, Foundation Private-Purpose Trust Fund if,

- Administered through a trust agreement and GASB 84 fiduciary criteria are met.
- Scholarship funds are not administered through a formal trust agreement, but fiduciary criteria are otherwise met.

Scholarship funds that are not administered through a trust and do not meet fiduciary criteria should be reported in the general fund.

Cash Conduit

When a recipient LEA transfers pass-through grants or other pass-through funds to a subrecipient LEA, and the recipient LEA has no administrative or direct financial involvement.

- Meets all three criteria of GASB 84, paragraph 11 (11.a through 11.c.) for determining the “other” type of fiduciary activity that would be reported in a custodial fund, i.e., Fund 76.

Note: See *CSAM Procedure 750, Pass-Through and Cooperative Projects*, regarding cash conduit and other models of funding passed through to other LEAs.

See: May 14, 2019 SACS Forum Meeting Minutes

Reference Links

GASB 84 Implementation Guide

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true

CDE SACS Forum

<https://www.cde.ca.gov/fg/ac/ac/sacsforumrecap.asp>

October 9, 2018 SACS Forum Meeting Minutes

February 12, 2019 SACS Forum Meeting Minutes

May 14, 2019 SACS Forum Meeting Minutes

October 8, 2019 SACS Forum Meeting Minutes

February 24, 2020 SACS Forum Meeting Minutes

May 12, 2020 SACS Forum Meeting Minutes

October 19, 2020 SACS Forum Meeting Minutes