



# GASB 84

## Fiduciary Activities

- **Defines activities to be reported as a fiduciary fund type.**
  - Pension trust funds
  - Investment trust funds
  - Private –purpose trust funds
  - Custodial funds
- **Issued January 2017**
- **Initially set for implementation for fiscal years beginning after December 15, 2018 but has now been delayed to fiscal years beginning after December 15, 2019. For most governments this means the fiscal year beginning July 1, 2020 and for the State the fiscal year beginning October 1, 2020.**
- **Retroactive presentation is required if practicable**



# GASB 84

## Fiduciary Activities

- **Significant Changes**
  - Changes the definition of a fiduciary activity
    - Provides in-depth framework to analyze various activities
    - Changes how entity's need to think about fiduciary activities
  - **Fiduciary reporting guidance**
    - Redefines the various fiduciary fund types
    - Changes terminology of Agency funds to Custodial funds
    - Requires a statement of changes for all custodial funds
      - This means that custodial funds would necessarily be reporting liabilities equal to their assets.

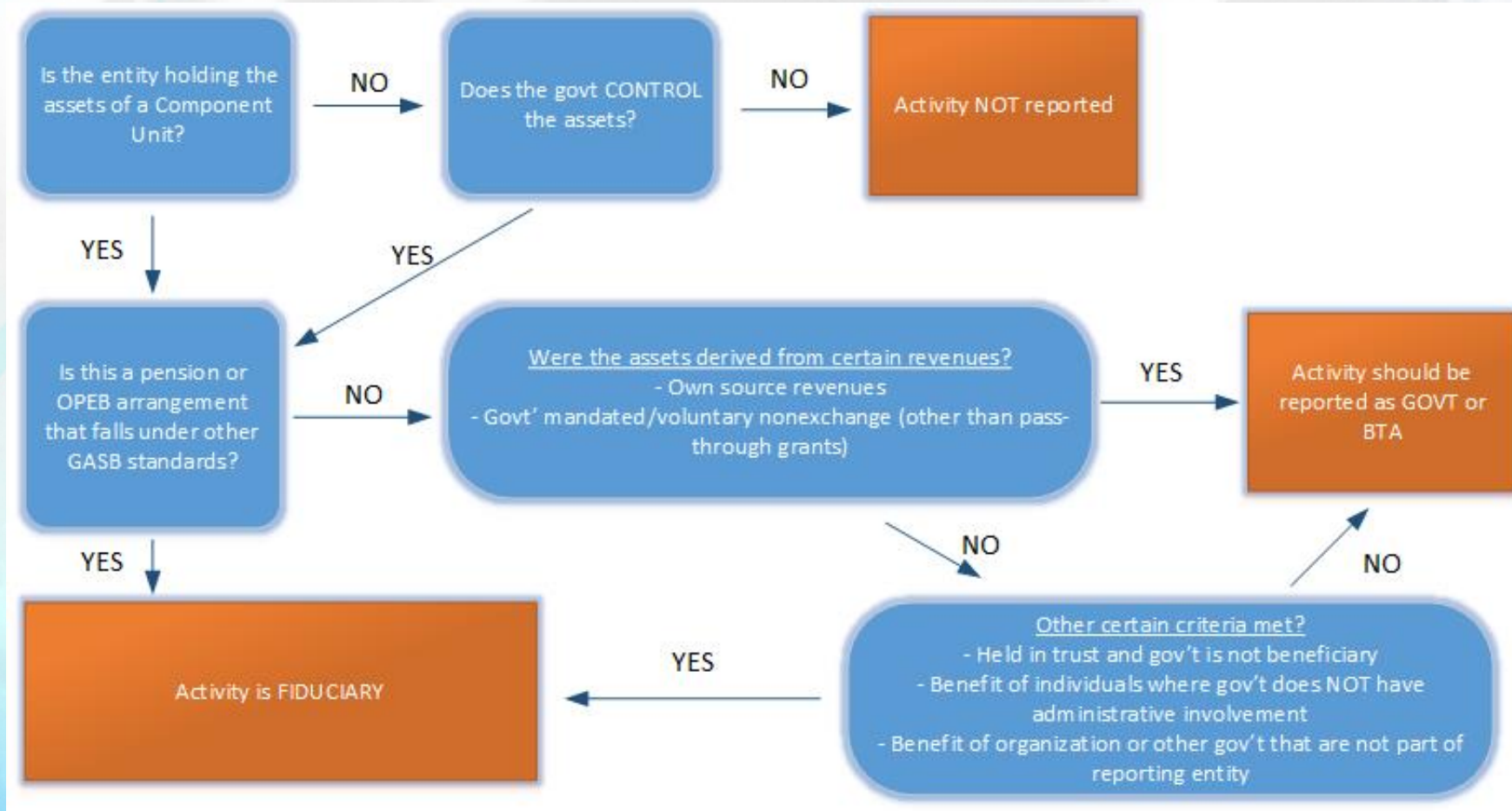


# Important Update

- GASB Approves Project to Modify Component Unit Criteria
  - The proposed conditions for determining when a component unit exists will be rolled back to the criteria established by GASB 14, *The Financial Reporting Entity*.
  - Certain arrangements shall be exempt from the notion that the absence of a governing board is equivalent to the government serving as a board. Exempt arrangements include defined contribution pension and Other Postemployment Benefit (OPEB) plans, and other tax deferred savings plans such as Section 403b, 401K, and 457 plans.
  - Financial burden, as defined in Statement No. 84, *Fiduciary Activities*, is ***not*** present when governments are required to make contributions to **defined contribution** pensions and OPEB plans. In other words, the requirement to contribute to a pension or OPEB plan is a financial burden ***only*** when the contributions are to **defined benefit** plans.
  - GASB also agreed to delay the effective date of the questions in the Fiduciary Activities Implementation Guide that pertain to these topics: questions 4.3, 4.5, and 4.6. The questions will either be modified or rescinded.



# Fiduciary Fund Flowchart





# Component Unit Definition

- Legally separate organizations for which the elected officials of the primary government are financially accountable OR it would be misleading to exclude the entity from the primary government.
- Evaluation of a potential Fiduciary Component unit looks similar
  - Legally separate
  - Financial accountability – Voting majority of board and imposition of will or financial benefit/burden OR fiscally dependent
  - Misleading to exclude



# Fiduciary Component Unit

## Legally Separate Entity

- Pension/OPEB plans administered through trusts under GASB 67/74 are legally separate entities for purposes of GASB 84

## Board Composition\*

- Retirement benefits administered through trusts may not have a traditional board

## Financial Burden\*

- Primary government considered to have financial burden if legally obligated or has otherwise assumed obligations to make contributions to pension or OPEB plan



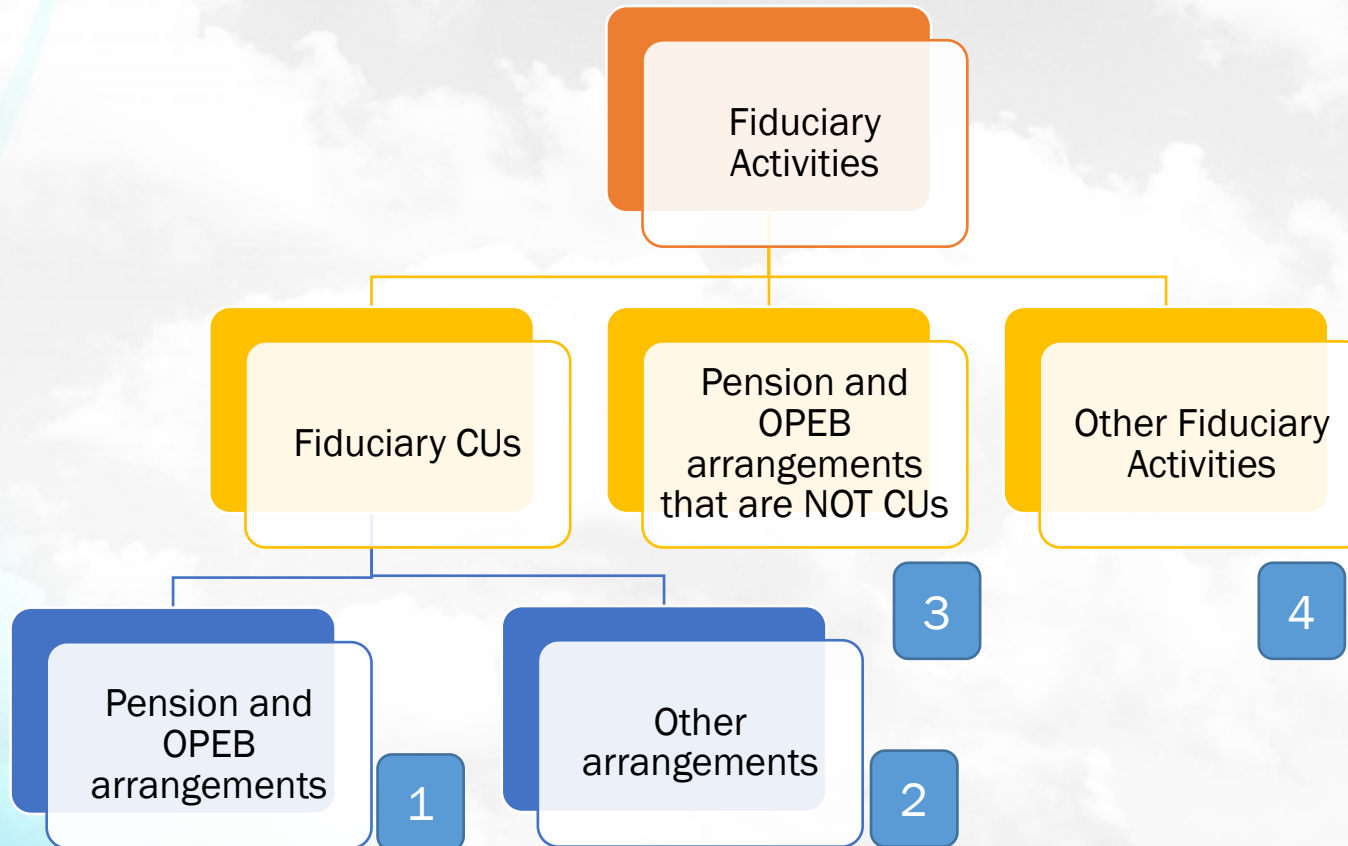
# Board Composition and Financial Burden

- Under original GASB 84 and Implementation Guide – yes
- Under modification – no – on hold



# Four Paths in Determination

- When Should Fiduciary Fund Statements be Presented?







# Path 1 – Pension and OPEB Arrangements

Is the arrangement pension/OPEB (6a-d of 84)?

Is the organization a CU

If yes to both, FIDUCIARY ACTIVITY



# Path 1 – Pension and OPEB Arrangements

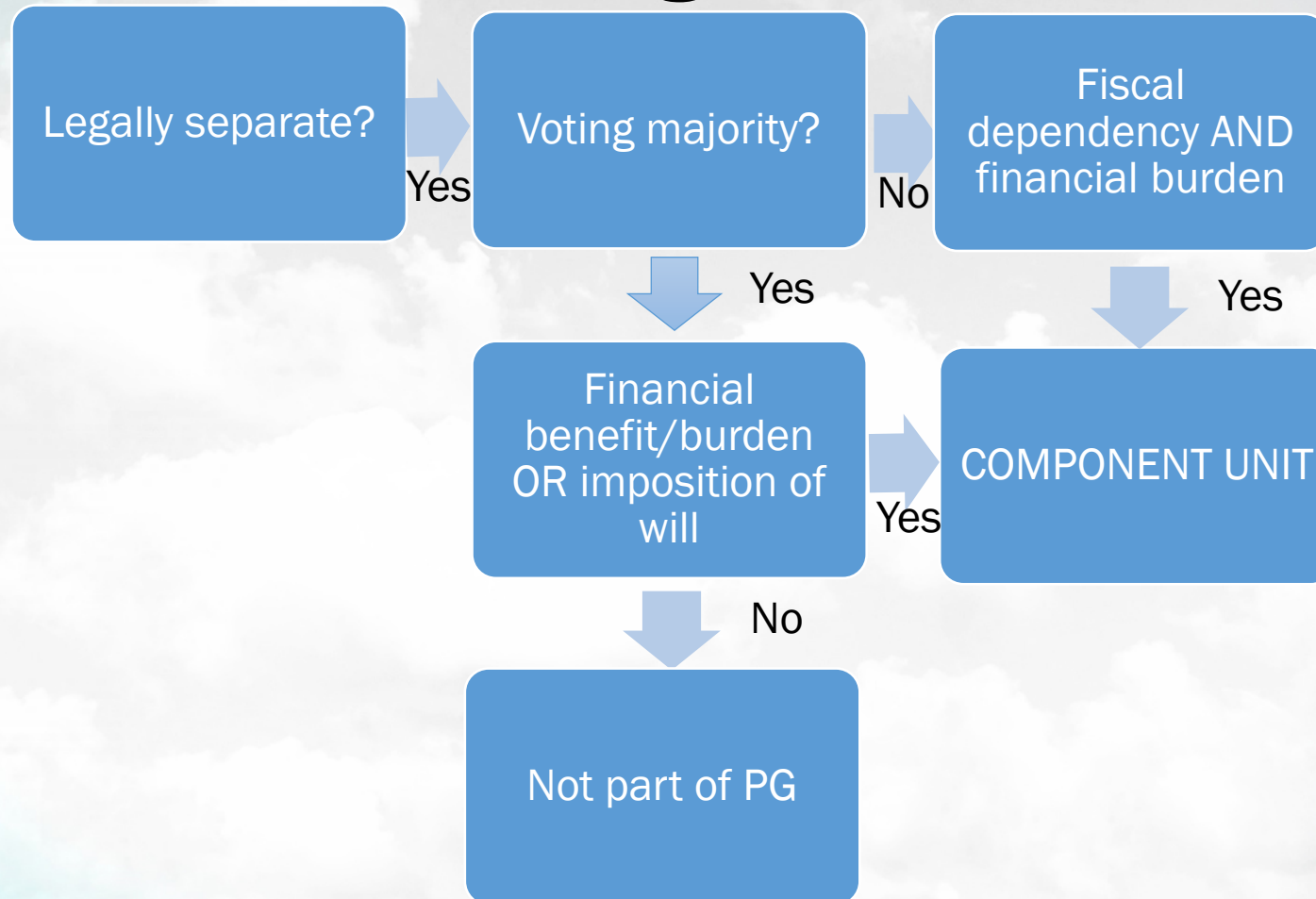
## Pension/OPEB arrangements

- Pension/OPEB administered through trusts
  - Irrevocable contributions
  - Plan assets dedicated to providing benefits
  - Plan assets legally protected from creditors

Resources accumulated for Pension/OPEB benefits for Other Governments



# Path 1 – Pension and OPEB Arrangements





# Path 1 – Pension and OPEB Arrangements

- Component Unit Considerations:
  - GASB Statement No. 14 – *The Financial Reporting Entity*, as amended
  - GASB Statement No. 84
    - Paragraph 7 – financial burden
  - IG 2019-2, *Fiduciary Activities* (with exception of Paragraphs 4.3, 4.5, and 4.6 which are deferred indefinitely)



# Path 1 – Pension and OPEB Arrangements

- Legally Separate –
  - Pension/OPEB administered under GASB Statement No. 67 *Financial Reporting for Pension Plans* and GASB Statement No. 74. *Financial Reporting for Postemployment Benefit Plans other Than Pension Plans*
    - These are deemed legally separate per IG 2019-2 – Questions 4.1 and 4.2
- Board Composition –
  - Retirement benefits administered through trusts may not have a traditional board
    - Under original guidance in IG 4.5 - A government (for example, a sponsoring government) that performs the duties of a governing board in the absence of one should be considered equivalent to a governing board for which the government appoints a voting majority. **THIS HAS BEEN DEFERRED.**
- Financial burden
  - Primary Government is considered to have financial burden if legally obligated to otherwise assumed obligation to make contributions to pension or OPEB plan
    - IG 4.7 – A legal obligation or the assumption of an obligation to make contribution constitutes a financial burden.



# Path 1 – Pension and OPEB Arrangements

- Imposition of Will –
  - Primary Government has ability to impose will if it can significantly influence programs, projects, activities or level of services performed or provided
  - Existence of any ONE of the following meets this criteria:
    - Ability to remove appointed members of the organizations governing board at will;
    - The ability to modify or approve the budget of the organization;
    - The ability to modify or approve rate or fee changes affecting revenues;
    - The ability to veto, overrule or modify other decisions of the organization's governing body; or
    - The ability to appoint, hire, reassign or dismiss management of the organization.
- Fiscal Dependency –
  - Approve the organizations budget,
  - Approve organizations levy, rates, taxes or other charges; or
  - Approve organizations issuance of bonded debt.
    - Under original guidance in 2020 IG 4.1 (if PG can set the rates, then the plan is fiscally dependent on the PG) and 4.2 – (if PG cannot, then the plan would not be fiscally dependent unless the PG holds one of the above powers identified under ¶16 of Statement No. 14)



# Polling Question





# Path 1 – Pension and OPEB Arrangements

- Example 1a – Single Employer DB Pension Plan
  - 5 Member Board
    - 3 serve ex-officio
    - 1 selected by active plan members
    - 1 elected by retired plan members
  - Plan assets are held in a qualifying trust
  - Employees and employer both contribute to the plan
  - No approval of the plan’s budget or contribution requirements by the Primary Government



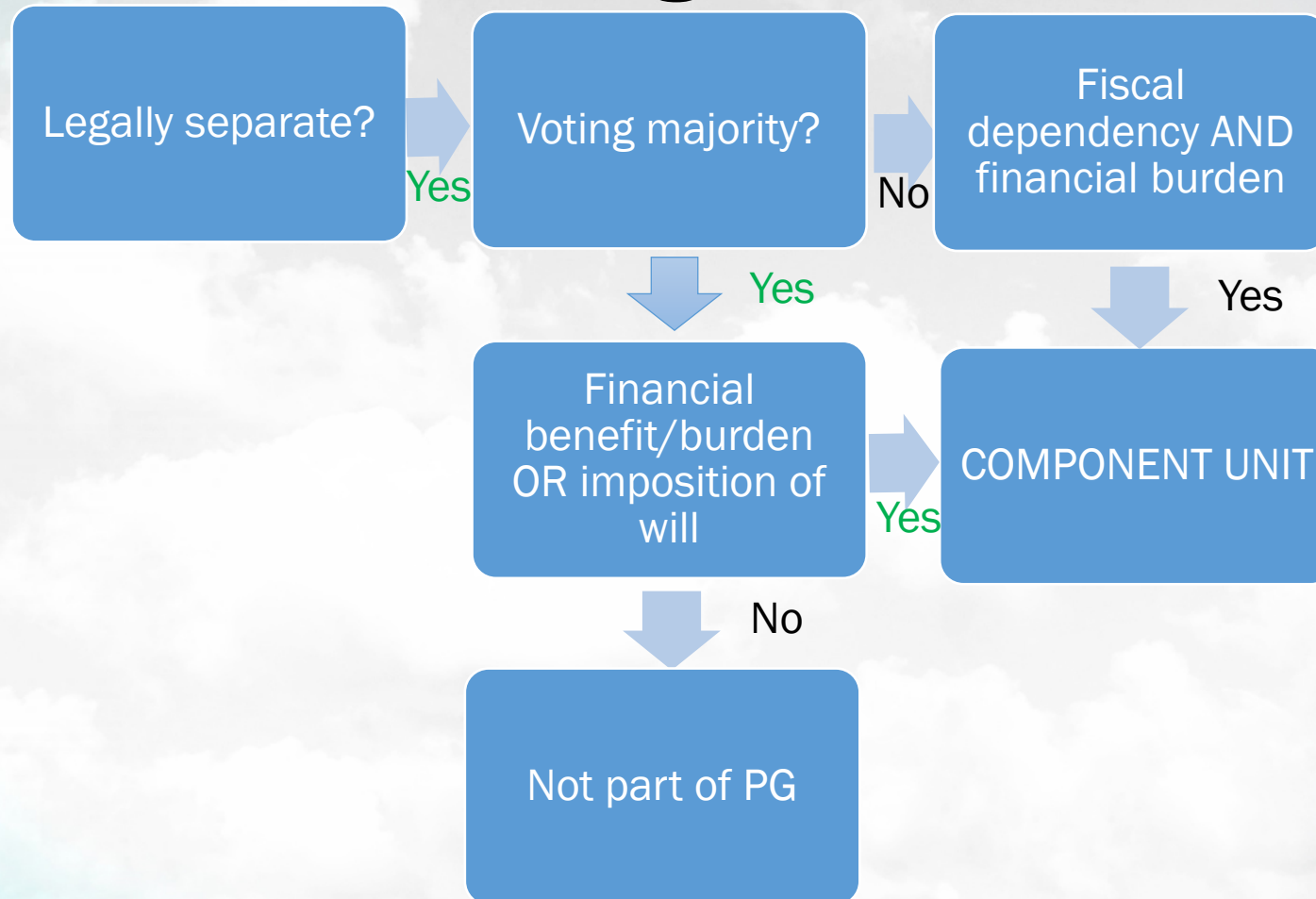


# Path 1 – Pension and OPEB arrangements

- Is this plan considered to be a CU?
  - Legally separate?
    - Yes
  - Majority appointment?
    - Yes 3 out of 5
  - Financial benefit/burden AND fiscal dependency
    - Financial Benefit/burden –
      - Yes, employer makes contributions
    - Fiscal dependency -
      - No
  - Conclusion – Fiduciary Activity



# Path 1 – Pension and OPEB arrangements





# Path 1 – Pension and OPEB arrangements

- Example 1b – Single Employer DB Pension Plan
  - 5 Member Board
    - 2 serve ex-officio
    - 2 selected by active plan members
    - 1 elected by retired plan members
  - Plan assets are held in a qualifying trust
  - Employees and employer both contribute to the plan
  - No approval of the plan’s budget or contribution requirements by the Primary Government

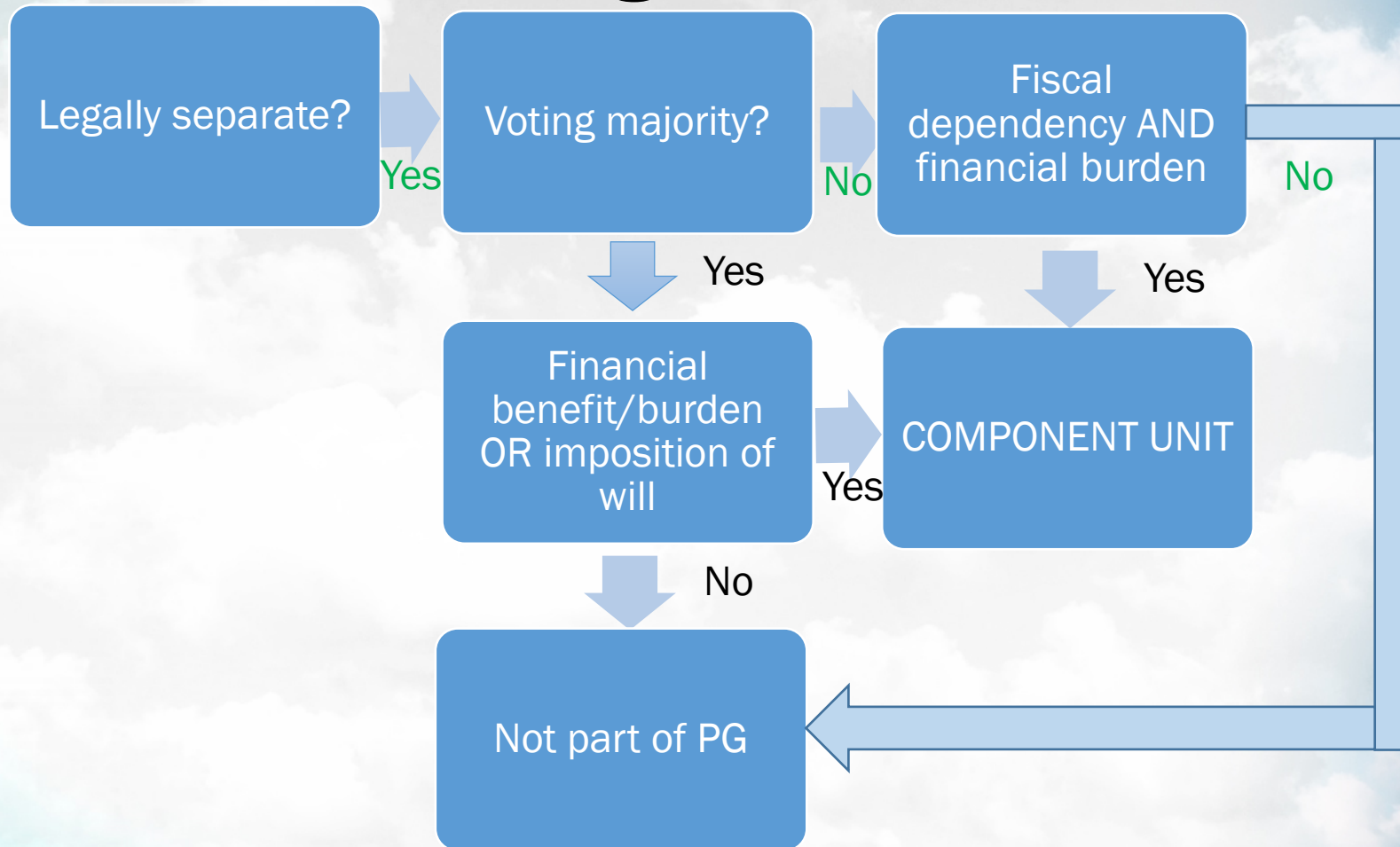


# Path 1 – Pension and OPEB arrangements

- Is this plan considered to be a CU?
  - Legally separate?
    - Yes
  - Majority appointment?
    - No – active retired membership appoint majority
  - Financial benefit/burden AND fiscal dependency
    - Financial Benefit/burden –
      - Yes, employer makes contributions
    - Fiscal dependency -
      - No
  - Conclusion – Not a Fiduciary Activity – exclude from Primary Government Financial Statements



# Path 1 – Pension and OPEB arrangements





# Path 1 – Pension and OPEB arrangements

- Example 2 – Cost Sharing Pension Plan – Participating employer
  - State establishes a cost sharing DB pension plan for the benefit of all the governments in the State
  - Assets in a qualifying trust; held by the cost-sharing pension plan
  - Plan has an independent board, not appointed by the employer
  - Board alone has authority to establish budget, and determine contribution requirements

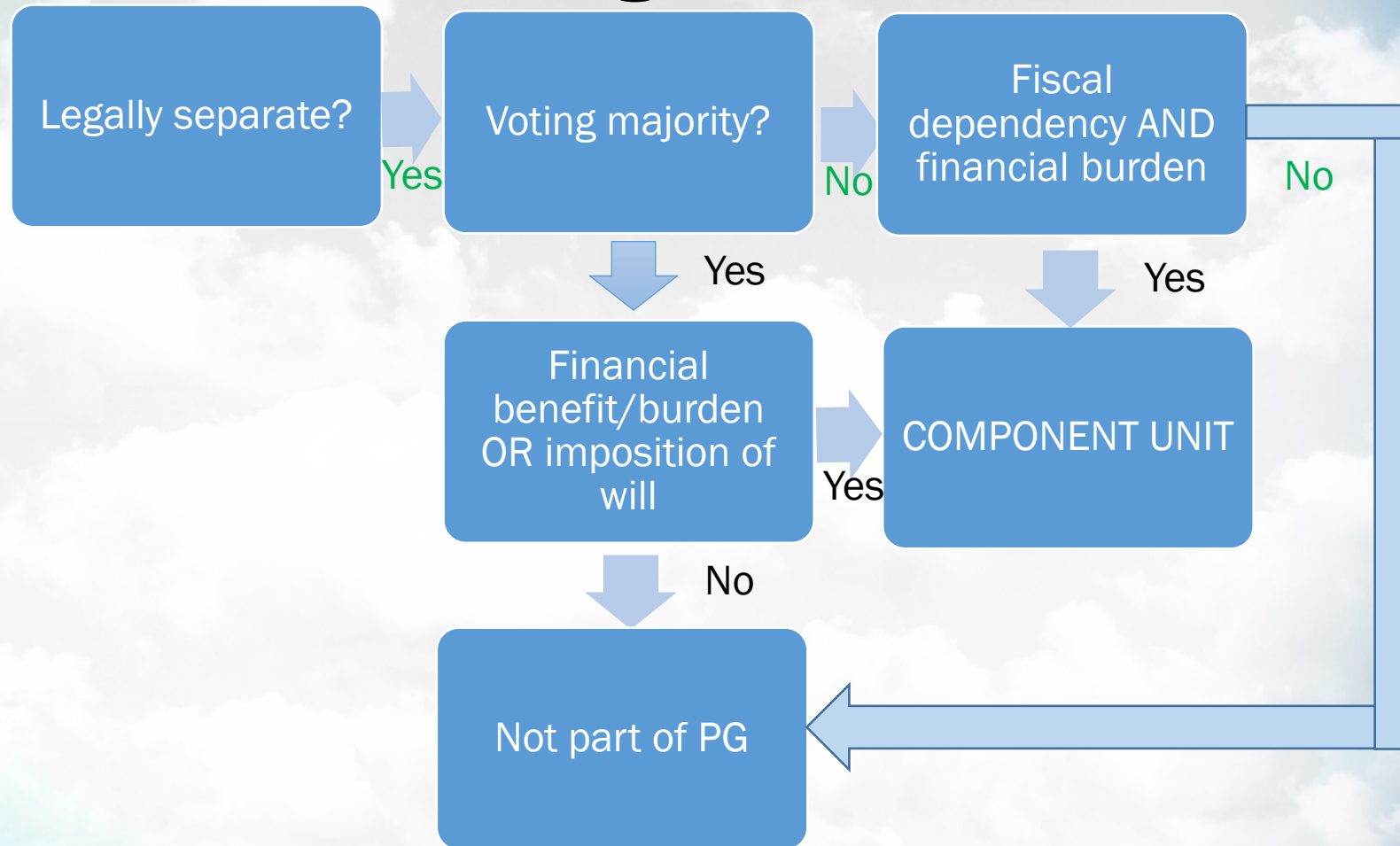


# Path 1 – Pension and OPEB arrangements

- Is this plan considered to be a CU?
  - Legally separate?
    - Yes
  - Majority appointment?
    - No
  - Financial benefit/burden AND fiscal dependency
    - Financial Benefit/burden –
      - Yes, employer makes contributions
    - Fiscal dependency -
      - No, employer does not determine plan's budget or plan's contribution requirements
  - Conclusion – Not a Fiduciary Activity – exclude from Primary Government Financial Statements



# Path 1 – Pension and OPEB arrangements







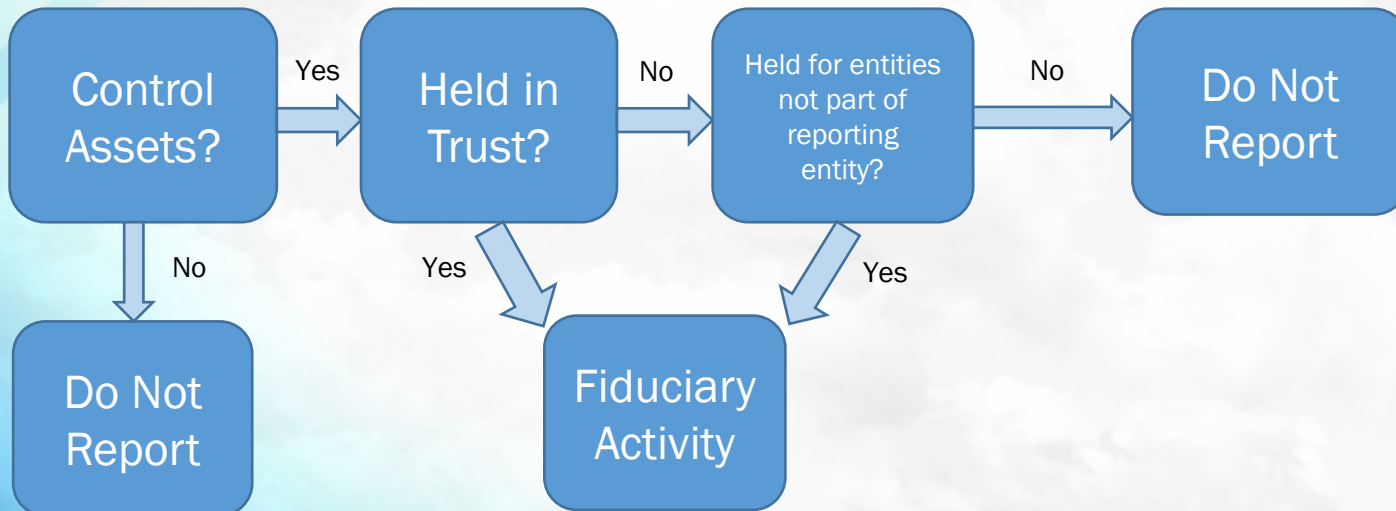
# Path 2 – Fiduciary CUs – Other

- Other CUs are fiduciary activities if they meet one of the following Characteristics:
  1. Assets are administered through a trust
    - a) Government itself is not the beneficiary
    - b) Assets are dedicated to providing benefits
    - c) Assets are legally protected from creditors
  2. Assets are for the benefit of individuals
    - a) Government does not have administrative or direct financial involvement with the assets
    - b) Assets are not derived from the governments provisions of goods or services to those individuals
  3. Assets are for the benefit of organizations or other governments
    - a) Beneficiary is not part of the reporting entity
    - b) Assets are not derived from the government’s provision of goods or services to those organizations or governments



# Path 3 – Pension/OPEB Plans Not Considered CUs

- Non CU pension and OPEB plans are considered fiduciary activities if both characteristics are met:
  1. Government entity controls the assets; and,
  2. Administered through a qualifying trust **or** held for entities that are not part of your reporting entity for pensions or OPEB outside of a





# Path 3 – Pension/OPEB Plans Not Considered CUs

- Control is defined as Either

Holding the  
asset

OR

Ability to direct use,  
exchange or  
employment of  
assets, providing  
benefits to  
specified recipients



# Path 3 – Pension/OPEB Plans Not Considered CUs

- What does direct use, exchange or employment of assets mean?

Use for benefit of individuals, orgs, or other gov'ts

- Expend assets
- Consume assets

Exchange or employment of assets

- Appoints a designee to perform fiduciary duties and act on its behalf



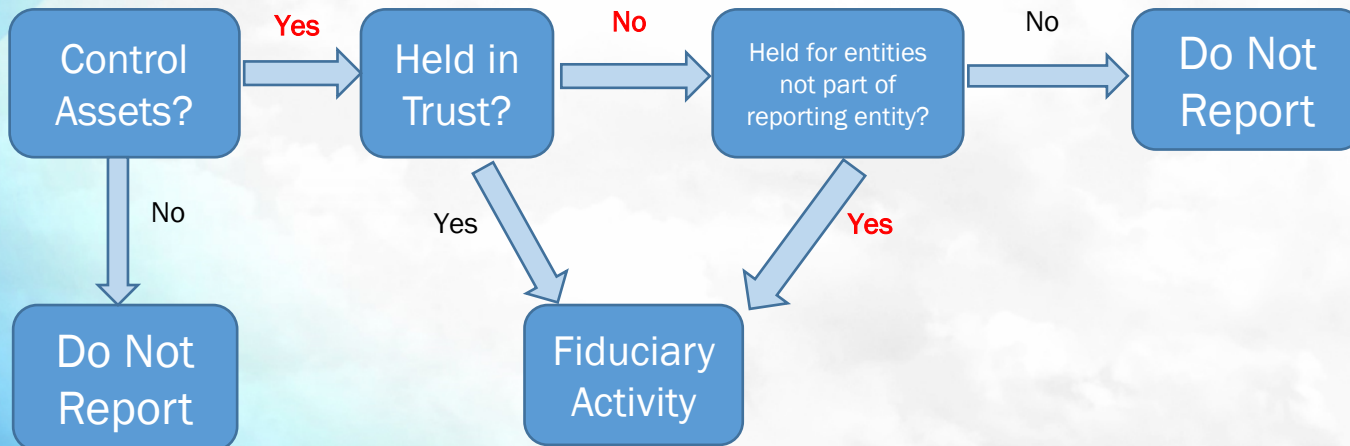
# Path 3 – Pension/OPEB Plans Not Considered CUs

- Example 1 – Government holding OPEB assets for other local units
  - Government A holds OPEB assets for the benefit of other local units. The assets are not held in a trust
  - Each government that has invested in the OPEB pool has created their own separate single employer OPEB plan
  - Government A does not administer the plan provisions; when asked, they disburse funds back to the local unit for OPEB use
  - Government A is not a CU of any of the local units



# Path 3 – Pension/OPEB Plans Not Considered CUs

- Is this a fiduciary activity from the perspective of Government A?
  - Control of Assets?
    - Yes
  - Administered through qualifying trusts?
    - No
  - Held for entities not part of your reporting entity?
    - Yes
- Conclusion – Fiduciary Activity





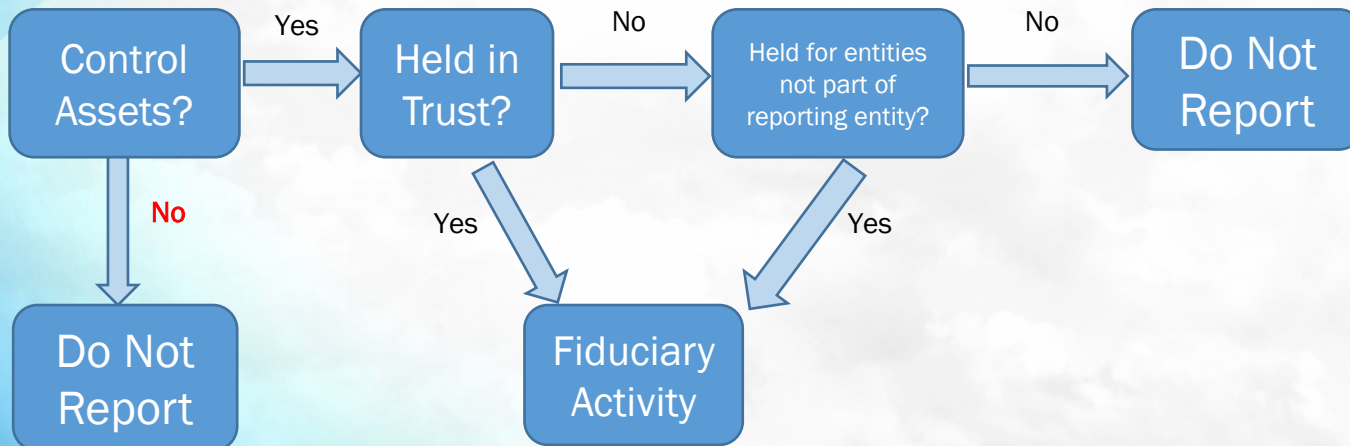
# Path 3 – Pension/OPEB Plans Not Considered CUs

- Example 2 – Government Sponsor of a OPEB Defined Contribution Plan
  - The OPEB defined contribution plan does not meet the definition of a component unit
  - The OPEB plan is administered through a trust that meets the criteria in paragraph 3 of GASB 74
  - OPEB plan assets are held by a separate administrator
  - The sponsoring government selects a menu of investment options for the participants in the plan; participants must make investment decisions



# Path 3 – Pension/OPEB Plans Not Considered CUs

- Is this a fiduciary activity from the perspective of Government A?
  - Control of Assets?
    - No
  - Administered through qualifying trusts?
    - Yes
  - Held for entities not part of your reporting entity?
    - No
- Conclusion – Not a Fiduciary Activity IG Question 4.31 – the gov't is not holding the assets and the participants are responsible for the use, exchange, or employment of the assets











# Polling Question





# Path 4 – Other Fiduciary Activities

	Must meet <b>ALL</b> of the following criteria:	PLUS <b>ANY</b> of the following: 
	Assets controlled by government	Assets held in a qualifying trust in which gov't is not beneficiary, legally protected and dedicated to providing benefits to recipients <b>OR</b>
	Assets not derived from own source revenue	Assets held for the benefit of individuals without the government having administrative or direct financial involvement <b>OR</b>
	Assets not derived from government mandated or voluntary nonexchange transactions	Assets held for the benefit of outside organizations not part of the government's reporting entity





# Path 4 – Other Fiduciary Activities

- What does own source revenue and administrative or direct involvement mean?

## Own source revenue

- Defined as revenue generated by the government entity itself. Including charges or services, interest earnings, income taxes, property taxes, etc.

## Administrative or direct involvement

- Monitoring secondary recipients for compliance
- Determining eligible secondary recipients or projects
- Having the ability to exercise discretion in how funds are allocated
- Financing direct program costs or providing matching resources



# Path 4 – Other Fiduciary Activities

- Example 1 – Scholarship Funds
  - Library was gifted \$10,000 to establish a scholarship fund for talented students
  - Library holds the assets
  - Library is allowed to spend both the corpus plus the interest earnings, but restricted to scholarships
  - Library chooses the scholarship recipient



# Path 4 – Other Fiduciary Activities

- Is this a fiduciary activity?
  - Control of Assets?
    - Yes
  - Not derived from own source revenue?
    - Yes
  - Not derived from government mandated or voluntary nonexchange transactions?
    - No
  - Conclusion – Not a Fiduciary Activity – report in governmental or enterprise funds – does not meet all three criteria.



# Path 4 – Other Fiduciary Activities

- Example 2 – Tree Fund
  - Government assesses a fee of \$500 per tree for each tree that developers remove from properties within their community.
  - The government pays a local NFP conservancy organization \$500 for each tree they plant within the community; the funds come from the tree fund.



# Path 4 – Other Fiduciary Activities

- Is this a fiduciary activity?
  - Control of Assets?
    - Yes
  - Not derived from own source revenue?
    - No
  - Conclusion – Not a Fiduciary Activity – report in governmental or enterprise funds – does not meet all three criteria.



# Path 4 – Other Fiduciary Activities

- Example 3 – Payroll Withholdings
  - Government withholds federal, state and local taxes and other items from its employee's checks
  - Those withheld funds sit in the payroll withholding fund as a liability until paid





# Path 4 – Other Fiduciary Activities

- Is this a fiduciary activity?
  - Control of Assets?
    - Yes
  - Not derived from own source revenue?
    - Yes
  - Not derived from government mandated or voluntary nonexchange transactions?
    - Yes
  - One of Any of the following:
    - Assets held in qualifying trust – No
    - Assets held for the benefit of individuals – No
    - Assets held for the benefit of outside organization – No
  - Conclusion – not a Fiduciary - report in governmental or enterprise funds – IG 2019-2 Question 4.15 – Although the government has control, the employer has a present obligation to sacrifice resources that the government has no discretion to avoid and therefore are the liability of the government, therefore the government is holding the amounts for its own benefit.



# Path 4 – Other Fiduciary Activities

- Example 4a – Band Boosters
  - Band Boosters at a school holds several fundraising events during the year to fund band related activities
  - Band Boosters holds separate 501c(3) status
  - School holds the funds for the band boosters, but not in a trust
  - Band Booster is not part of the school’s financial reporting entity



# Path 4 – Other Fiduciary Activities

- Is this a fiduciary activity?
  - Control of Assets?
    - Yes
  - Not derived from own source revenue?
    - Yes
  - Not derived from government mandated or voluntary nonexchange transactions?
    - Yes
  - One of Any of the following:
    - Assets held in qualifying trust – No
    - Assets held for the benefit of individuals without the government having administrative or direct financial involvement– No
    - Assets held for the benefit of outside organization not part of the government’s reporting entity – Yes
  - Conclusion –Fiduciary Activity



# Path 4 – Other Fiduciary Activities

- Example 4b – Math Club
  - Math club at a school holds several fund several fundraising events during the year to fund club activities
  - Math club is not a separate legal entity
  - School holds the funds for the math club, but not in a trust
  - Math club teacher advisor determines club spending during the year, approves all invoices for payment and has the ability to modify or jecte an invoice for payment



# Path 4 – Other Fiduciary Activities

- Is this a fiduciary activity?
  - Control of Assets?
    - Yes
  - Not derived from own source revenue?
    - Yes
  - Not derived from government mandated or voluntary nonexchange transactions?
    - Yes
  - One of Any of the following:
    - Assets held in qualifying trust – No
    - Assets held for the benefit of individuals without the government having administrative or direct financial involvement– No
    - Assets held for the benefit of outside organization not part of the government’s reporting entity – No
  - Conclusion –Governmental Fund – the government does not meet the subset of requirements as it has administrative involvement.



# Path 4 – Other Fiduciary Activities

- Example 4c – Yearbook Club
  - Students at a school formed a yearbook club and has fundraising activities to generate revenue to produce the yearbook annually
  - School matches every dollar raised by the yearbook club
  - Yearbook club is not a separate legal entity
  - School holds the funds for the Yearbook club, but not in a trust



# Path 4 – Other Fiduciary Activities

- Is this a fiduciary activity?
  - Control of Assets?
    - Yes
  - Not derived from own source revenue?
    - Yes
  - Not derived from government mandated or voluntary nonexchange transactions?
    - Yes
  - One of Any of the following:
    - Assets held in qualifying trust – No
    - Assets held for the benefit of individuals without the government having administrative or direct financial involvement– No
    - Assets held for the benefit of outside organization not part of the government’s reporting entity – No
  - Conclusion –Governmental Fund – the government does not meet the subset of requirements as it has direct financial involvement with its matching dollars.



# Property Tax Example

- Will a taxing authority collecting property taxes on behalf of other entities within the taxing district consider this a fiduciary activity?

	Criteria	Yes	No	Guidance
1)	Is the entity holding the assets a component unit?		X	If no, proceed below. If yes, skip to question 3.
2)	Does the government control the assets?	X		If yes proceed below. If no, STOP, the activity is not reported.
3)	Is this a pension or OPEB arrangement that falls under other GASB standards?		X	If yes, STOP, activity is fiduciary. If no, proceed below.
4)	Were the assets derived from own source revenue or government-mandated/voluntary nonexchange?		X	If yes, STOP, activity should be reported as governmental or business type activities. If no, proceed below.
5)	Has at least one of the other certain criteria been met? <ul style="list-style-type: none"> <li>• Assets held in qualifying trust</li> <li>• Assets held for the benefit of individuals without the government having administrative or direct financial involvement</li> <li>• Assets held for the benefit of outside organization not part of the government's reporting entity</li> </ul>	X		If yes, activity is fiduciary. If no, activity should be reported as governmental or business type activities.





# Property Tax Example

- Will a taxing authority collecting property taxes related to their own millage consider this a fiduciary activity?

	Criteria	Yes	No	Guidance
1)	Is the entity holding the assets a component unit?		X	If no, proceed below. If yes, skip to question 3.
2)	Does the government control the assets?	X		If yes proceed below. If no, STOP, the activity is not reported.
3)	Is this a pension or OPEB arrangement that falls under other GASB standards?		X	If yes, STOP, activity is fiduciary. If no, proceed below.
4)	Were the assets derived from own source revenue or government-mandated/voluntary nonexchange?	X		If yes, STOP, activity should be reported as governmental or business type activities. If no, proceed below.
5)	Has at least one of the other certain criteria been met? <ul style="list-style-type: none"> <li>• Assets held in qualifying trust</li> <li>• Assets held for the benefit of individuals without the government having administrative or direct financial involvement</li> <li>• Assets held for the benefit of outside organization not part of the government's reporting entity</li> </ul>	N/A	N/A	If yes, activity is fiduciary. If no, activity should be reported as governmental or business type activities.



# Higher Education

- A college or university collects federal direct loans to distribute to students to pay for tuition and fees. The institution distributed the direct loan dollars to students within three days of receiving the funds and the government does not have any administrative or direct financial involvement. Will this be a custodial activity?

POTENTIALLY

The statement offers a significant exemption for public institution Business Type Activities when custodial assets are held for three months or less.

Paragraph 19 indicates that a government may report assets with a corresponding liability that otherwise should be reported in a custodial fund in the statement of net position of the BTA if those assets, upon receipt, are normally expected to be held for three months or less. If those receipts are significant, then they should be identified in the statement of cash flows as inflows and outflows under operating activities.



# Materiality Considerations

- AICPA TQA on materiality issued in December 2019
  - Q&A Section 6950.23-24
  - Auditor Assessment of a Special-Purpose Government's Only Immaterial Fiduciary Fund
  - Addresses auditors consideration of materiality when a BTA elects not to present the only identified fiduciary fund in the financial statements because it considers it to be immaterial



# Polling Question





# Reporting Fiduciary Activities

- Fiduciary funds – four types

Pension and  
Other Employee  
Benefit Trust  
Funds

Investment Trust  
Funds

Private-Purpose  
Trust Fund

Custodial Funds



# Fiduciary Funds – Four Types

## Pension and OPEB Trust Fund

Report Pensions and OPEB plan activity administered through **trusts** under GASB 67 or GASB 74

Other Employee Benefit Plans where resourced held in trust and contributions are irrevocable

## Investment Trust Funds

Assets held in trust

External portion of investment pools

## Private-Purpose Trust Funds

Fiduciary Activities held in trust that are NOT required to be reported as pension, other employee benefit or investment funds

## Custodial Funds

Report fiduciary activities not held in trust

Report external portion of investment pool not held in trust in separate external investment pool fund column under custodial funds



# Agency Funds

- Current reporting for Agency Funds
  - Assets and Liabilities
  - Assets = Liabilities
- Reporting for custodial funds under GASB 84
  - Assets/DOR/Liabilities/DIR/Net Position
  - Additions/Deductions
  - Assets + DOR – Liabilities – DIR = Net Position



# GASB 84 – Required Financial Statements

Statement	Pension and OPEB Trust Funds	Investment Trust Funds	Private Purpose Trust Funds	Custodial Funds
Statement of Financial Net Position	<ul style="list-style-type: none"> <li>• Assets</li> <li>• DOR</li> <li>• Liabilities</li> <li>• DIR</li> <li>• Financial Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Assets</li> <li>• DOR</li> <li>• Liabilities</li> <li>• DIR</li> <li>• Financial Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Assets</li> <li>• DOR</li> <li>• Liabilities</li> <li>• DIR</li> <li>• Financial Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Assets</li> <li>• DOR</li> <li>• Liabilities</li> <li>• DIR</li> <li>• Financial Net Position</li> </ul>
Statement of Changes in Financial Net Position	<ul style="list-style-type: none"> <li>• Additions</li> <li>• Deductions</li> </ul>	<ul style="list-style-type: none"> <li>• Additions</li> <li>• Deductions</li> </ul>	<ul style="list-style-type: none"> <li>• Additions</li> <li>• Deductions</li> </ul>	<ul style="list-style-type: none"> <li>• Additions</li> <li>• Deductions</li> </ul>





# GASB 84 Reporting Considerations

## Business-Type Activities

- 3-month exception

## Flows Statement

- Aggregations for transactions held less than 3 months

## Custodial Funds

- Liabilities no longer always automatically equal assets
- Liabilities to beneficiaries – when event occurs to compel the government to disburse resources
  - Demand made OR
  - No further action, approval or condition required by beneficiary



# Example Statement of Net Position

Government ABC  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 20X2  
(in thousands)

	Pension (and Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 184,351	\$ 840,693	\$ 104,747	\$ 58,196
Receivables:				
Employee	2,123	—	—	—
Employer	83,004	—	—	—
Taxes for other governments	—	—	—	206,937
Interest and dividends	175,402	12,166	—	—
Sale of investments	30,879	—	—	—
Total receivables	291,408	12,166	—	206,937
Investments at fair value:				
Short-term investments	2,268,960	241,645	61,591	—
Bonds, notes, mortgages, and preferred stock	14,115,391	804,576	187,650	—
Common stock	20,342,440	—	520,196	—
Real estate	3,408,145	—	—	—
International investments	1,723,951	—	—	—
Mutual funds	72,315	178,046	—	—
Pooled investment funds	23,128	—	—	—
Total investments	41,954,330	1,224,267	769,437	—
Securities lending collateral	1,746,544	—	—	—
Other assets	13,519	181	81,157	361
Total assets	44,190,152	2,077,307	955,341	265,494
<b>LIABILITIES</b>				
Accounts payable and other liabilities	130,846	1,361	61,447	1,451
Due to local governments	—	—	—	164,201
Obligations under securities lending	1,346,544	—	—	—
Other long-term liabilities	1,617	—	7,870	—
Total liabilities	1,479,007	1,361	69,317	165,652
<b>NET POSITION</b>				
Restricted for:				
Pensions	29,897,802	—	—	—
Postemployment benefits other than pensions	12,813,343	—	—	—
Pool participants	—	2,075,946	—	—
Individuals, organizations, and other governments	—	—	886,024	99,842
Total net position	\$ 42,711,145	\$ 2,075,946	\$ 886,024	\$ 99,842

Custodial funds could have TWO columns underneath - external investment pools and other custodial funds



# Example Statement of Changes in Net Position

Government ABC				
Statement of Changes in Fiduciary Net Position				
Fiduciary Funds				
for the Year Ended June 30, 20X2				
(in thousands)				
	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>				
Contributions:				
Members	\$ 297,846	\$ —	\$ —	\$ —
Employers	1,259,384	—	—	—
Other plans	148,792	—	—	—
Gifts and bequests	—	—	197,258	—
Total contributions	1,706,022	—	197,258	—
Investment earnings:				
Net increase in fair value of investments	1,852,408	64,663	33,702	—
Interest, dividends, and other	1,416,448	58,465	30,378	—
Securities lending income	76,075	—	—	—
Total investment earnings	3,344,931	123,128	64,080	—
Less investment costs:				
Investment activity costs	32,281	50,236	63	—
Securities lending costs	73,642	—	—	—
Net investment earnings	3,239,008	72,892	64,017	—
Capital share and individual account transactions:				
Shares sold	—	2,817,210	—	—
Reinvested distributions	—	72,892	—	—
Shares redeemed	—	(2,776,843)	—	—
Net capital share and individual account transactions	—	113,259	—	—
Sales tax collections for other governments	—	—	—	1,811,120
Miscellaneous	1,130	—	—	1,468
Total additions	4,946,160	186,151	261,275	1,812,588
<b>DEDUCTIONS</b>				
Benefits paid to participants or beneficiaries	1,963,047	—	—	—
Medical, dental, and life insurance for retirees	536,027	—	—	—
Refunds and transfers to other systems	170,514	—	—	—
Administrative expense	19,920	—	43	293
Beneficiary payments to individuals	—	—	211,179	—
Payments of sales tax to other governments	—	—	—	1,811,120
Distributions to shareholders	—	72,892	—	—
Total deductions	2,689,508	72,892	211,222	1,811,413
Net increase (decrease) in fiduciary net position	2,256,652	113,259	50,053	1,175
Net position—beginning	40,454,493	1,962,687	835,971	98,667
Net position—ending	\$ 42,711,145	\$ 2,075,946	\$ 886,024	\$ 99,842



# Key Takeaways

- Activities that previously were fiduciary could now be governmental or proprietary
- Activities that previously were governmental or proprietary could now meet the definition of a fiduciary activity
- Some activities may come out of the government's financial statements
- Some activities never reported previously may now come into statements
- Financial systems will need to change
  - Tracking of additions and deductions within custodial funds
  - Consider changes in activity classifications
- Budgetary impacts
- Impact on internal controls
- BTA-only reporters that now have to report fiduciary funds



# Key Takeaways

- Identify populations of activities that require analysis under GASB 84
- Analyze activities under GASB 84 guidance; make a determination as to whether or not they are fiduciary funds
  - Identify items currently in a fiduciary fund that no longer will meet the definition of fiduciary
  - Identify items NOT currently in fiduciary funds that will meet the definition going forward
- Identify and implement changes in the financial system
  - New accounts needed to track activities differently
  - New accounts for additions/deletions for custodial funds
  - Impact on budgeting (movement in/out of governmental funds)