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GASB Issues Guidance on Fiduciary Activities.

The Governmental Accounting Standards Board (GASB) has issued guidance for state and local governments regarding what constitutes fiduciary activities for financial reporting purposes, how fiduciary activities should be reported, and when liabilities to beneficiaries should be recognized.

Governments currently are required to report fiduciary activities in fiduciary fund financial statements. Existing standards are not explicit, however, about what constitutes a fiduciary activity for financial reporting purposes. Consequently, there is diversity in practice with regard to identifying and reporting fiduciary activities.

[GASB Statement No. 84](#), *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The criteria generally focus on:

- Whether a government is controlling the assets of the fiduciary activity, and
- The beneficiaries with whom a fiduciary relationship exists.

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria in Statement 84 should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Statement 84 describes four types of fiduciary funds that should be reported, if applicable. The Statement clarifies the definitions of the three existing fiduciary funds associated with trusts that meet specific criteria:

- Pension (and other employee benefit) trust funds
- Investment trust funds
- Private-purpose trust funds, and
- Custodial funds.

Activities now reported in agency funds will be classified as custodial funds when Statement 84 is implemented.