

GASB Statement No. 84, *Fiduciary Activities*



1

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2

GASB Statement No. 84, *Fiduciary Activities*

- Effective for the fiscal year ending June 30, 2020
- Establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported
- Will require a restatement of net position for custodial funds (previously agency funds)



3

GASB Statement No. 84, *Fiduciary Activities*

- The Statement redefines the fiduciary fund types focusing on the resources to be reported within each:
 - Pension (and other employee benefit) trust funds
 - Investment trust funds
 - Private-purpose trust funds
 - Custodial trust funds (previously agency funds)



4

GASB Statement No. 84, *Fiduciary Activities*

- Criteria for fiduciary activities - *all must be met*
 - A. The State controls the assets
 - The State holds the assets, *or*
 - The State has the ability to direct the use of the assets
 - The State can appoint a designee to act on its behalf and still maintain “control”
 - Restrictions from legal or other external restraints that stipulate the assets can only be used for a specific purpose does not negate the control of assets
 - B. The assets are *not* derived either:
 - Solely from the government’s own-source revenues
 - From grants, with the exception of pass through grants for which the State does not have administrative or direct involvement



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5

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- Criteria for fiduciary activities - *all must be met*
 - C. The assets have one or more of the following 3 characteristics:

Assets are:

1

- Administered through a trust in which the State is *not* a beneficiary,
- Dedicated to providing benefits, *and*
- Legally protected from creditors

2

- Assets are for the benefit of individuals,
- The State does not have administrative involvement or direct financial involvement with the assets, *and*
- Assets are not derived from the State’s provision of goods or services to the individuals



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6

GASB Statement No. 84, *Fiduciary Activities*

- Criteria for fiduciary activities - *all must be met*
 - C. The assets have one or more of the following 3 characteristics:

- Assets are for the benefit of organizations/governments not part of the State , *and*
 - Assets are not derived from the State's provision of goods or services to those organizations or other governments



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7

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Polling Question #1

Which of the following fund types represent funds previously identified as agency funds?

- a. Pension trust funds
- b. Investment trust funds
- c. Private-purpose trust funds
- d. Custodial trust funds



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8

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Polling Answer #1

d. Custodial trust funds



9

GASB Statement No. 84, *Fiduciary Activities*

• Changes to custodial trust funds

- A Statement of Fiduciary Net Position will be used to report Assets, DORs, Liabilities, DIRs, and Net Position
- A liability to beneficiaries will be recognized when an event has occurred that compels a government to disburse fiduciary resources.
 - Demand for resources has been made, or
 - No further action, approval, or condition is required to be taken to release assets
- Results in a restatement for custodial funds to recognize the net position at the beginning of the year



10

GASB Statement No. 84, *Fiduciary Activities*

- **Changes to custodial trust funds**

- A Statement of Changes in Fiduciary Net Position will be required to report additions and deductions.

SCO-595 new form – required!

SCO-595 reconciliation – excel template – required!

- Significant additions/deletions should be broken out
- Investment income
- Other additions
- General and administrative expenses
- Other deductions



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11

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Accounts Numbers – Additions:

- 1011 Interest and other investment income
- 1012 Net appreciation (depreciation)
- 1014 Investment expense
- 1021 Income tax collections for other governments
- 1022 Sales tax collections for other governments
- 1023 Public utility tax collections for other governments
- 1024 Motor fuel tax collections for other governments
- 1025 Other tax collections for other governments
- 1026 License and fee collections for other governments
- 1027 Collateral deposits received
- 1028 Custodial fund deposits received
- 1035 Other additions



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12

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Accounts Numbers – Deductions:

- 1060 General and administrative
- 1061 Payment of income tax to other governments
- 1062 Payment of sales tax to other governments
- 1063 Payment of public utility tax to other governments
- 1064 Payment of motor fuel tax to other governments
- 1065 Payment of other tax to other governments
- 1066 Payment of licenses and fees to other governments
- 1067 Collateral deposits returned
- 1068 Custodial fund disbursed
- 1075 Other deductions



13

GASB Statement No. 84, *Fiduciary Activities*

- Changes to custodial trust funds

- The SCO-545 form will be used to add the balance of net position to the trial balance

Comprehensive Annual Financial Reporting		SUSANA A. MENDOZA ILLINOIS STATE COMPTROLLER		Agency Number	350
SC2045				Fund Number	0458
Proprietary and Locally Held Fund Trial Balance Entry				Fiscal Year	Agency
June 30, 2020					
Account Number	Account Description	Amounts Per SAMS	Agency Records	Difference	
Asset					
	Cumulative Agency Records				
	Add				
Liability					
205	Account Payable and Accrued Liabilities (By-Agency)	0	-27	-27	
215	Due to Other Funds (By-Agency)	0	-131	-131	
	Cumulative Agency Records	0	-158	-158	
	Add				
Fund Equity					
339	Restricted Net Position, Expendable Purposes (By-Agency)	0	-1471	-1471	
	Cumulative Agency Records	0	-1471	-1471	
	Add				



14

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- **Changes to custodial trust funds**
 - The SCO-576 form will be revised to only include the current bottom half of the form
 - Form name has been changed to “Custodial Funds – amounts due to other funds”

Comprehensive Annual Financial Reporting		 SUSANA A. MENDOZA ILLINOIS STATE COMPTROLLER		Agency Number	350
SCO576	Custodial Funds – amounts due to other funds			Fund Number	0436
June 30, 2020		Record Type	Agency		

Assets related to amounts on hand due to other funds at June 30, 2020:
 In the space provided below, please provide details regarding the amounts on hand at year end (cash, investments, receivables, etc.) that are due to other State funds, as these assets should be reported in the applicable State funds.

Agency	Fund	Account Number	Account Description	Balance At June 30, Current Year
350	0001	101	Cash on Deposit with State Treasurer (including intransit items)	\$131

