



STATE OF MISSISSIPPI
GOVERNOR TATE REEVES

DEPARTMENT OF FINANCE AND ADMINISTRATION

LIZ WELCH
EXECUTIVE DIRECTOR

MEMORANDUM

TO: GAAP Coordinators
FROM: Shondra Barker, Director *SB*
Office of Financial Reporting (OFR)
DATE: June 14, 2021
SUBJECT: GAAP Fund type changes

GASB Statement No. 84 of the Governmental Accounting Standards Board establishes standards of accounting for fiduciary activities of all state and local governments. The focus of the criteria for determining fiduciary activities is on (1) whether a government is **controlling** the assets of the fiduciary activity and (2) the beneficiaries with whom a **fiduciary relationship** exist. This statement also provides for recognizing a liability to the beneficiaries in a fiduciary fund when an event has occurred that compel the government to disburse fiduciary resources. GASB Statement No. 84 will be implemented in fiscal year 2021.

The following criteria was used in determining if an agency fund will be consider custodial:

1. The government controls the asset.
 - a. Government controls the asset if it holds the assets or has the ability to direct the use.
2. The assets are not held in trust for pension arrangements or OPEB arrangements.
3. The assets are not derived from government-mandated non-exchange transactions or voluntary non-exchange transactions.
4. The assets are not derived from government own-source revenue.
 - a. Own-source revenue are revenues that are generated by the government:
 - i. Exchange and exchange-like revenue such as water and sewer charges,
 - ii. Derived tax revenue such as sales and income tax, and /or
 - iii. Non-exchange revenue such as property tax.
5. The assets are not from a pass-through grant for which the government has administrative involvement and direct financial involvement.
6. The assets are held in a trust or equivalent arrangements and the government itself is not a beneficiary.

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7. The assets are for the benefit of organizations or other governments that are not part of the reporting entity.
8. The assets are for the benefit of individuals and the government does not have administrative involvement or direct financial involvement.

The table below is a summary of changes as result of the GASB 84 implementation:

	Pre-GASB 84	Post-GASB 84
GAAP Fund type (Terminology change)	Agency Funds	Custodial Funds
Net Position	N/A	Included on the fund
Revenues and Expense	Entry recorded at GAAP to zero out.	Revenues and Expenses will remain on the fund.
Trial Balance used with t-code GR55	ZBL5	ZBL7
GAAP Packet forms	Required form 27.70.20 Changes in Assets and Liabilities	No specific form required. Follow normal GAAP Packets procedures to record end of year activity
Record additions	Dr. Cash in Checking Cr. Funds Held for Others	Dr. Cash in Checking Cr. Revenue
Record deletions	Dr. Funds Held for Others Cr. Cash in Checking	Dr. Expenditures Cr. Cash in Checking

Additional Notes:

- ✓ A new fund will not be required because of the GASB 84 Implementation. The fund characteristics have been updated in MAGIC.
- ✓ OFR has completed the restatement needed for this change. The restatement entry amount is the fiscal year 2020 ending balance in Funds Held for Others. The entry is:
 - Dr. 23010000 Funds Held for Others
 - Cr. 32400000 Restricted Net Position
- ✓ If any activity has been posted to Funds Held for Others (general ledger account 23010000) during fiscal year 2021, the amounts will have to be reclassified to reflect the activity in the fund.
 - If the transactions are revenue related:
 - Dr. Funds Held for Others
 - Cr. Revenue
 - If the transactions are expenditures related:
 - Dr. Expenditures
 - Cr. Funds Held for Others.

- ✓ GAAP Packet submission requirements for Custodial will be the same as General Fund. For example, if at end of year you need to accrue revenue received before 06/30/2021 but cash receipt was not recorded until 08/11/2021. You will make an entry to accrue revenue and complete GAAP Form 27.30.10 Accounts Receivable Recorded by the Agency. You will also submit a signed trial balance for the fund.
- ✓ Events that compel a government to disburse fiduciary resources occur when a demand has been made or when no further action, approval, or condition is requested to be taken or met by the beneficiary to release the assets. Liabilities other than those to beneficiaries should be recognized in accordance with GAAP.

Additional Resources:

[GASB 84, Fiduciary Activities](#)

[Implementation Guide 2019-2, Fiduciary Activities](#)

[CPA Journal Article, Mastering Fiduciary Activity Reporting for Governments](#)