

## GASB Statement 84 Implementation Guidance Frequently Asked Questions

Since the issuance of our November 2020 accounting bulletin [Accounting and Reporting for Fiduciary Activities as Required by GASB Statement 84](#), we have received numerous Statement 84 implementation questions. As a result, we believe a frequently asked questions and answers document on Statement 84 would be a useful tool for both local government and school district officials. In addition to the accounting bulletin and this document, a [GASB Statement 84 – Fiduciary Activities webinar](#) is also available on our Academy for New York State's Local Officials webpage.

### What is GASB?

The [Governmental Accounting Standards Board \(GASB\)](#) is a national body that sets the standards for governmental accounting and financial reporting. Generally, these are the accounting standards that state and local governments as well as school districts use when preparing financial statements in accordance with generally accepted accounting principles (GAAP). OSC reviews these standards and provides guidance on how local governments and school districts should implement them.

### What is GASB Statement 84?

The GASB issued Statement No. 84, *Fiduciary Activities*, to provide clearer guidance on identifying fiduciary activities for accounting and reporting purposes. Previously, guidance in this area was minimal. See our [accounting bulletin](#) for a detailed synopsis of Statement 84 and its requirements.

### What is a Fiduciary Activity?

A fiduciary activity is an activity that is for the benefit of others and cannot be used to support a local government's or school district's own programs. In New York State, fiduciary activities were previously reported in either a Trust and Agency Fund (TA) or a Private-Purpose Trust Fund (TE). Statement 84 eliminated the TA fund and a new Custodial Fund (TC) was created to better align with the GASB's new definition of fiduciary activities. The TE fund is also still available. Statement 84 lists specific criteria needed to be met to be classified as a fiduciary activity. The specific criteria are outlined starting on page 2 of our [accounting bulletin](#).

---

## **Who is responsible for making the determination of whether assets meet the criteria of a fiduciary activity per Statement 84?**

It is the responsibility of each respective local government and school district to make their own determinations as to whether assets meet the GASB's criteria of a fiduciary activity. OSC will not make these determinations for local governments or school districts.

## **We determined that none of the activities previously recorded in the TA fund meet the GASB's new criteria of a fiduciary activity. What changes should we expect to see in our accounting records?**

The most common use of the former TA fund was accounting for payroll withholding amounts. Statement 84 makes clear that these amounts no longer meet the criteria of a fiduciary activity and will now need to be recorded in the fund which gives rise to the claim. For more specifics, see the Payroll Clearing Accounts section starting on page 6 of our [accounting bulletin](#). Also, please see the Payroll Sample Journal Entries starting on page 11 of this document for examples of how to account for payroll transactions with Statement 84 implementation.

Other areas where substantial changes have been identified besides payroll withholding include student/extra-classroom activity funds (for school districts), Length of Service Award Program (LOSAP) assets and property taxes collected for other governments. Further specifics on these changes can be found starting on page 7 of our [accounting bulletin](#).

## **Implementation of Statement 84 for our local government has resulted in an increase in our assets and liabilities in governmental funds, as they were previously classified as fiduciary but no longer meet the criteria. This change in classification has resulted in our fund balance figures not balancing in our "Changes in Fund Balance" statement. What is the best practice for ensuring these amounts balance after implementation of Statement 84?**

There is not a specific area in the current AUD that permits local governments to account for a change in accounting principle. As such, a prior period adjustment (code 8012 for an increase in fund balance, code 8015 for a decrease in fund balance) must be made during the first year of Statement 84 implementation. Local governments should also note in the description field for these codes that the change is from the implementation of Statement 84. Again, this adjustment should only be made in the first year of Statement 84 implementation.

---

**Our local government evaluated our assets and found there are going to be some significant changes with respect to accounting for the LOSAP we are enrolled in. Would you be able to provide assistance in how to account for these assets in both a governmental and fiduciary fund?**

Due to the number of questions and varying specifics we had regarding LOSAP transactions, we have prepared sample journal entries to serve as a reference to aid local governments accounting for LOSAP both during and after implementing Statement 84. See the LOSAP Sample Journal Entries starting on page 6 of this document.

**Can a local government continue to follow the previous OSC LOSAP accounting guidance whereby the LOSAP expenditures are shown in the general fund and the corresponding LOSAP assets are shown in the new TC fund (instead of the former TA fund)?**

No. A local government's LOSAP expenditures should be reported in the same governmental fund as their LOSAP assets.

**How should a local government record a transfer of LOSAP monies from the general fund to the custodial fund?**

A local government should split plan assets that are held for themselves (governmental funds) and plan assets that are held for other municipalities (custodial fund). The corresponding revenues and expenditures would also need to be allocated between the governmental and custodial funds, as applicable. Therefore, we would not expect to see a scenario where a governmental fund is transferring LOSAP monies to a custodial fund.

**How should non-contributing entities report LOSAP assets?**

Nonemployer contributing entities (as defined by [GASB Statement 73](#)) would fall under the assets from the employer classification discussion on page 7 of our [accounting bulletin](#). Therefore, LOSAP activities by nonemployer contributing entities should be recorded in the governmental funds. We have updated our accounting bulletin to include a new footnote to address nonemployer contributing entities.

---

## **Which revenue code should be used in the custodial fund to show LOSAP contributions coming in from other local governments?**

Revenue account code 2770 Unclassified (Specify) should be used.

## **Our local government holds funds for fees associated with development (such as engineering or legal expenses) that were previously held in the TA fund. Would these funds meet the criteria of a fiduciary activity and how should I account for them?**

It is the responsibility of the local government to determine if these funds meet the criteria of a fiduciary activity. Individual circumstances and fact patterns could result in a change of determination and as such, a blanket approach should not be taken. We do not believe these funds will *generally* meet the criteria to be recorded in a fiduciary fund. To account for these types of projects after implementing Statement 84, we would generally expect that the local government would initially record the cash (account code 200) and the liability in the Guaranty and Bid deposit account (account code 730). Then, for example, as engineering expenditures need to be paid, the local government will recognize the revenue and the expenditure in the codes that best matches their related purpose.

## **It is not uncommon for a local government or school district to place funds in the custody of a designee to act on their behalf for a prescribed purpose, such as in a trust or in escrow. Would the local government or school district still be considered to have control over these assets under Statement 84?**

Statement 84 provided specific clarification with regards to whether placing assets with a designee to act on a local government or school district's behalf negates the control of them. Specifically, Statement 84 footnote 5 states, "When a government appoints a designee to act on its behalf, the designee is performing the government's fiduciary duties and not assuming them. Thus, appointing a designee to act on its behalf does not alter the government's ability to direct the use, exchange, or employment of the assets." Therefore, even though funds are with a designee to act on a local government or school district's behalf, it does not negate the local government or school district's control of the assets. This will likely result in funds previously reported in a fiduciary fund now being reported in a governmental fund.

---

## **School Districts**

### **How should a school district record the change in accounting principle (implementation of GASB 84) for extra-classroom activities (ECAs) on the ST-3, as the fund analysis schedule only currently allows for “prior period adjustments”?**

OSC is aware of this reporting limitation and plans to revisit this once the GASB issues its final approved statement on Prior-Period Adjustments, Accounting Changes, and Error Corrections—Reexamination of Statement 62 (the exposure draft is currently out for public comment). As a result of the current ST-3 limitation, the GASB 84 changes should be reported in the “prior period adjustment” area of the ST-3 and noted as “implementation of GASB 84”.

### **Can you give an example of when account code 738 – Student Deposits would be used?**

In April 2021, students paid into an ECA for a class trip to be held in the fall of the next school year; however, due to COVID concerns, the trip is cancelled in June 2021 before the end of the current school year. If the ECA paid the money back to the students before the current fiscal year end (June 30, 2021), there should not be any money in account code 738 related to this trip. If, however, the ECA’s plan at fiscal year-end is to pay the money back in the next fiscal year, say in September 2021, then we would expect account code 738 to include the money that is owed and expected to be paid back to the students. The thought process behind using account code 738 in this situation is so revenues for the current year are not overstated, as the ECA needs to pay back the students for the unused trip deposits.

# Sample Journal Entries - Statement 84 Implementation

## LOSAP Assets of the Employer - General Fund<sup>1</sup>

**1a) To record the funding of the annual contributions to the LOSAP for the current year (Please note that this is a change from how the funding of the annual contributions to the LOSAP would have been historically recorded):**

Account	Subsidiary Account	Debit	Credit
A510 Estimated Revenues		XXX	
A1001 Real Property Taxes	XXX		
AXXXX (Details in Subsidiary Ledger)	XXX		
A962 Budgetary Provisions for Other Uses Service Award Program			XXX

**1b) To record the funding of the annual benefits and annual administrative fees to be paid out of the LOSAP during the current year:**

Account	Subsidiary Account	Debit	Credit
A511 Appropriated Reserves and Restricted Fund Balance <sup>2*</sup>		XXX	
A960 Appropriations			XXX
A9025.4 Local Pension Fund, Contractual <sup>3</sup>	XXX		
A9025.8 Local Pension Fund, Employee Benefits AXXXX Various (Details in Subsidiary Ledger)	XXX		

\* This money would be appropriated from Restricted for Service Award Program (A895).

<sup>1</sup> Alternatively, the Fire Protection (SF) fund may also be used or in the case of ambulance LOSAPs, the Miscellaneous (SM) fund should be used.

<sup>2</sup> The budgetary code 511 Appropriated Reserves has been renamed.

<sup>3</sup> Currently, account code A9025.8 Local Pension Fund, Employee Benefits will need to be used for this entry until account code A9025.4 Local Pension Fund, Contractual is activated in the AUD software (December 2021).

**2) To record the opening entry for LOSAP assets held in the General Fund:**

Account	Subsidiary Account	Debit	Credit
A461 Service Award Program Assets		XXX	
A895 Restricted for Service Award Program			XXX

**3) To record the expenditure for the LOSAP benefits to be paid out during the current year:**

Account	Subsidiary Account	Debit	Credit
A522 Expenditures		XXX	
A9025.8 Local Pension Fund, Employee Benefits*	XXX		
A713 Service Award Program Payable			XXX

\* This account is closed to Restricted for Service Award Program (A895) at year-end.

**4) To record the actual payment of LOSAP benefits during the current year:**

Account	Subsidiary Account	Debit	Credit
A713 Service Award Program Payable		XXX	
A461 Service Award Program Assets			XXX

**5) To record the expenditure for the annual LOSAP administrator fees for the current year:**

Account	Subsidiary Account	Debit	Credit
A522 Expenditures		XXX	
A9025.4 Local Pension Fund, Contractual <sup>4</sup> *	XXX		
A713 Service Award Program Payable			XXX

\* This account is closed to Restricted for Service Award Program (A895) at year-end.

<sup>4</sup> Currently, account code A9025.8 Local Pension Fund, Employee Benefits will need to be used for this entry until account code A9025.4 Local Pension Fund, Contractual is activated in the AUD software (December 2021).

**6) To record the actual payment of the annual LOSAP administrator fees for the current year:**

Account	Subsidiary Account	Debit	Credit
A713 Service Award Program Payable		XXX	
A461 Service Award Program Assets			XXX

**7) To record interest earned from the investment of LOSAP assets:**

Account	Subsidiary Account	Debit	Credit
A461 Service Award Program Assets		XXX	
A980 Revenues			XXX
A2401 Interest and Earnings*	XXX		

\* This account is closed to Restricted for Service Award Program (A895) at year-end.



## LOSAP Assets NOT From the Employer - Custodial Fund

### 1) To record the opening entry for LOSAP assets held in the Custodial Fund:

Account	Subsidiary Account	Debit	Credit
TC461 Service Award Program Assets		XXX	
TC925 Net Assets - Restricted for Service Award Program			XXX

### 2) To record the expenditure for the LOSAP benefits to be paid out during the current year:

Account	Subsidiary Account	Debit	Credit
TC522 Expenditures		XXX	
TC9025.8 Local Pension Fund, Employee Benefits*	XXX		
TC713 Service Award Program Payable			XXX

\* This account is closed to Net Assets – Restricted for Service Award Program (TC925) at year-end.

### 3) To record the funding received from other local governments for their annual contributions to the LOSAP for the current year:

Account	Subsidiary Account	Debit	Credit
TC461 Service Award Program Assets		XXX	
TC980 Revenues			XXX
TC2770 Other Custodial Activities (LOSAP Contributions)	XXX		

### 4) To record the actual payment of LOSAP benefits during the current year:

Account	Subsidiary Account	Debit	Credit
TC713 Service Award Program Payable		XXX	
TC461 Service Award Program Assets			XXX

<b>5) To record the expenditure for the annual LOSAP administrator fees for the current year:</b>			
<b>Account</b>	<b>Subsidiary Account</b>	<b>Debit</b>	<b>Credit</b>
TC522 Expenditures		XXX	
TC9025.4 Local Pension Fund, Contractual <sup>5*</sup>	XXX		
TC713 Service Award Program Payable			XXX
* This account is closed to Net Assets – Restricted for Service Award Program (TC925) at year-end.			

<b>6) To record the actual payment of the annual LOSAP administrator fees for the current year:</b>			
<b>Account</b>	<b>Subsidiary Account</b>	<b>Debit</b>	<b>Credit</b>
TC713 Service Award Program Payable		XXX	
TC461 Service Award Program Assets			XXX

<b>7) To record interest earned from the investment of LOSAP assets:</b>			
<b>Account</b>	<b>Subsidiary Account</b>	<b>Debit</b>	<b>Credit</b>
TC461 Service Award Program Assets		XXX	
TC980 Revenues			XXX
TC2401 Interest and Earnings*	XXX		
* This account is closed to Net Assets – Restricted for Service Award Program (TC925) at year-end.			

<sup>5</sup> Currently, account code TC1935.4 Other Custodial Activities, Contractual will need to be used for this entry until account code TC9025.4 Local Pension Fund, Contractual is activated in the AUD software (December 2021).

# Payroll Sample Journal Entries

The following entries illustrate how to account for various payroll transactions both during and after the implementation of Statement 84.

In the following example, assume a Clerk is performing work for both the General Fund and the Sewer Fund.

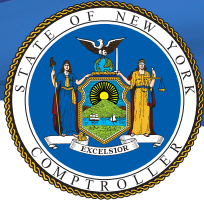
1) To record the payroll expenditures:			
Account	Subsidiary Account	Debit	Credit
A522 Expenditure		XXX	
A1410.1 Clerk, Personal Services	XXX		
A1410.8 Clerk, Employee Benefits	XXX		
A710 Consolidated Payroll			XXX
SS522 Expenditure		XXX	
SS1410.1 Clerk, Personal Services	XXX		
SS1410.8 Clerk, Employee Benefits	XXX		
SS710 Consolidated Payroll			XXX

2) To record the net payments to the employee:			
Account	Subsidiary Account	Debit	Credit
A710 Consolidated Payroll		XXX	
A200 Cash			XXX
SS710 Consolidated Payroll		XXX	
SS200 Cash			XXX

**3) To record transfers to various liability accounts for withholdings:**

Account		Subsidiary Account	Debit	Credit
A710	Consolidated Payroll		XXX	
A717	Deferred Compensation			XXX
A720	Group Insurance			XXX
A721	NYS Income Tax			XXX
A723	Income Executions			XXX
A726	Social Security Tax			XXX
A718	State Retirement			XXX
A719	Disability Insurance			XXX
A724	Association and Union Dues			XXX
SS710	Consolidated Payroll		XXX	
SS717	Deferred Compensation			XXX
SS720	Group Insurance			XXX
SS721	NYS Income Tax			XXX
SS723	Income Executions			XXX
SS726	Social Security Tax			XXX
SS718	State Retirement			XXX
SS719	Disability Insurance			XXX
SS724	Association and Union Dues			XXX

# Contacts



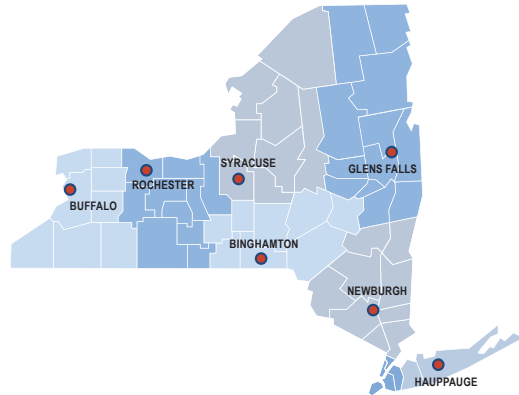
## Office of the NEW YORK STATE COMPTROLLER

New York State Comptroller  
**THOMAS P. DINAPOLI**

### Division of Local Government and School Accountability

110 State Street, 12th Floor, Albany, NY 12236  
Tel: 518.474.4037 • Fax: 518.486.6479  
Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

[www.osc.state.ny.us/local-government](http://www.osc.state.ny.us/local-government)



**Andrea C. Miller**  
Executive Deputy Comptroller

**Executive • 518.474.4037**  
Elliott Auerbach, Deputy Comptroller  
Tracey Hitchen Boyd, Assistant Comptroller  
Randy Partridge, Assistant Comptroller

**Audits, Local Government Services and  
Professional Standards • 518.474.5404**  
(Audits, Technical Assistance, Accounting and Audit Standards)

**Local Government and School Accountability  
Help Line • 866.321.8503 or 518.408.4934**  
(Electronic Filing, Financial Reporting, Justice Courts, Training)

**Division of Legal Services**  
Municipal Law Section • 518.474.5586

**New York State & Local Retirement System  
Retirement Information Services**  
Inquiries on Employee Benefits and Programs  
518.474.7736

Technical Assistance is available at any of our Regional Offices

**BINGHAMTON REGIONAL OFFICE**  
Tel 607.721.8306 • Fax 607.721.8313 • Email [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)  
Counties: Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga, Tompkins

**BUFFALO REGIONAL OFFICE**  
Tel 716.847.3647 • Fax 716.847.3643 • Email [Muni-Bufferalo@osc.ny.gov](mailto:Muni-Bufferalo@osc.ny.gov)  
Counties: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, Wyoming

**GLENS FALLS REGIONAL OFFICE**  
Tel 518.793.0057 • Fax 518.793.5797 • Email [Muni-GlensFalls@osc.ny.gov](mailto:Muni-GlensFalls@osc.ny.gov)  
Counties: Albany, Clinton, Essex, Franklin, Fulton, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, Washington

**HAUPPAUGE REGIONAL OFFICE**  
Tel 631.952.6534 • Fax 631.952.6091 • Email [Muni-Hauppauge@osc.ny.gov](mailto:Muni-Hauppauge@osc.ny.gov)  
Counties: Nassau, Suffolk

**NEWBURGH REGIONAL OFFICE**  
Tel 845.567.0858 • Fax 845.567.0080 • Email [Muni-Newburgh@osc.ny.gov](mailto:Muni-Newburgh@osc.ny.gov)  
Counties: Columbia, Dutchess, Greene, Orange, Putnam, Rockland, Sullivan, Ulster, Westchester

**ROCHESTER REGIONAL OFFICE**  
Tel 585.454.2460 • Fax 585.454.3545 • Email [Muni-Rochester@osc.ny.gov](mailto:Muni-Rochester@osc.ny.gov)  
Counties: Cayuga, Chemung, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates

**SYRACUSE REGIONAL OFFICE**  
Tel 315.428.4192 • Fax 315.426.2119 • Email [Muni-Syracuse@osc.ny.gov](mailto:Muni-Syracuse@osc.ny.gov)  
Counties: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence

**STATEWIDE AUDIT**  
Tel 315.793.2484

---

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability

110 State Street, 12th floor  
Albany, NY 12236  
Tel: (518) 474-4037  
Fax: (518) 486-6479  
or email us: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

[www.osc.state.ny.us/local-government](http://www.osc.state.ny.us/local-government)



Like us on Facebook at [facebook.com/nyscomptroller](https://facebook.com/nyscomptroller)  
Follow us on Twitter @[@nyscomptroller](https://twitter.com/nyscomptroller)