



**MONTANA  
DEPARTMENT OF  
ADMINISTRATION**

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**State Financial Services Division**

Steve Bullock, Governor  
John Lewis, Director

Memorandum

To: Members of the Auditor Roster

From: Department of Administration, Local Government Services

DATE: January 31, 2020

RE: GASB Statement 84, Fiduciary Activities  
Effective for reporting periods beginning after December 15, 2018

Local Government Services (LGS) is currently assessing GASBS 84 and its impact on our local governments. More information will be forthcoming; however, here is a summary that may be helpful for those entities early implementing the statement.

Fiduciary Fund Types

Under GASBS 84 Fiduciary Funds are reported as one of the following:

1. Pension (and other employee benefit) trust funds
2. Investment trust funds
3. Private-purpose trust funds
4. Custodial funds

To be classified as a trust fund (#1-#3 above), the fund assets associated with the activity must be :

- Administered through a trust in which the government itself is not a beneficiary
- Dedicated to providing benefits to recipients in accordance with the benefit terms
- Legally protected from the creditors of the government

GASBS 84 ¶11c(1)

If the assets do not qualify as a trust as defined above, the activity is classified as a Custodial fund.

External Investment Pools

GASBS 84 states that the external portion of investment pools that are not held in a trust that meets the criteria in paragraph 11c(1) should be reported in a separate external investment pool fund column under the Custodial funds classification.

GASBS 84 ¶18

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## School District Custodial Funds

Extracurricular, scholarship and endowment activities of a school district may or may not meet the criteria for classification as Custodial funds. The key is to determine if the school district does have or does not have administrative involvement, as defined by GASBS 84. A school district has administrative involvement with the fund assets if the school district:

- Monitors compliance with the requirements of the activity that are established by the school district
- Determines eligible expenditures that are established by the school district
- Has the ability to exercise discretion over how the assets are allocated

GASBS 84 ¶11c(2), footnote 3

If the school district does have administrative involvement, the activities are not considered fiduciary activities, are considered governmental activities, and should be reported in governmental funds. If the school district does not have administrative involvement, the activities are fiduciary activities and classified as Custodial funds (assuming there is no trust in place).

The specific facts and circumstances of each fund must be reviewed to determine the proper fund classification.

Please contact LGS if you have any questions or concerns.

Thank you,

Local Government Services