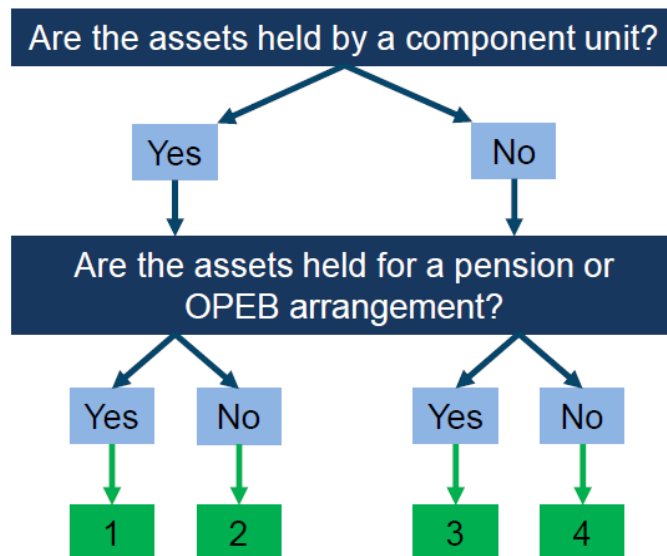


GASB 84

Fiduciary Activities

When Should a Government Report Assets in a Fiduciary Fund?

Four paths to making this determination:



Four Paths

PATH 1

Fiduciary Component Units - Pension and OPEB Plans (SACS Fund 71)

Meets component unit (CU) criteria of GASB 14, as amended, AND
Is one of the following arrangements

- Pension plan administered through a trust (GASB 67, paragraph 3)
- Assets accumulated for pensions not in a trust from entities not part of the reporting entity (GASB 73, paragraph 116)
- OPEB plan administered through a trust (GASB 74, paragraph 3)
- Assets accumulated for OPEB not in a trust from entities not part of the reporting entity (GASB 74, paragraph 59)

PATH 2

Fiduciary Component Units - Other Arrangements (if not a pension or OPEB arrangement)

Have one or more of the following characteristics (GASB 84, paragraph 8)

- The assets are (1) Administered through a trust agreement or equivalent arrangement in which the government itself is not a beneficiary (2) Dedicated to providing benefits to recipients in accordance with the benefit terms (3) Legally protected from the creditors of the government
- The assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals.
- The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.

Four Paths (Continued)

PATH 3

Pension and OPEB arrangements that are **not component units** are fiduciary if the government **controls the assets** of the arrangement and the arrangement is **one of the following arrangements from Path 1**.

PATH 4

Other Fiduciary Activities (must meet all three)

- Assets are controlled (holds the assets) by the government, and
- Assets not derived from own-source revenues (i.e. property taxes, state & federal grants), and
- Assets have one of the following characteristics

Administered through a trust or equivalent arrangement	For the benefit of individuals	For the benefit of other organizations
<ul style="list-style-type: none">• Government is not the beneficiary• Assets dedicated to providing benefits to recipients under benefit terms• Assets legally protected from creditors of the government	<ul style="list-style-type: none">• Government does not have administrative or direct financial involvement (similar to GASB 24 ¶5)• Assets not derived from government's provision of goods and services to those individuals	<ul style="list-style-type: none">• Not part of the financial reporting entity• Assets not derived from government's provision of goods and services to other organization

CERBT/OPEB trust under PARS Determination

Not considered fiduciary to LEAs and districts will NOT need to record transactions in Fund 71 as part of GASB 84 implementation.

Determination is based upon the California Committee on Municipal Accounting's (CCMA) White Paper on GASB 84:

<https://www.calcpa.org/~media/resources/public%20white%20papers/gasb%2084%20white%20paper%20-%20final%203-31-2020.pdf?h=16&thn=1&w=16&la=en>

Section 2 – OPEB Plans (Continued)

Agent Multiple Employer Plan – OPEB under PARS

- 1) Legally separate – *Yes*
- 2) Voting Majority – The OPEB Plan Board is the same as the Employer's Governing Body - *No*
- 3) Financial benefit/burden or imposition of will and Fiscal Dependency
 - a. Employer makes contributions to the plan (financial burden) – *Yes*
 - b. Approval of the plan's budget or contributions requirements by Primary Government (imposition of will AND fiscal dependency) – *No*
- 4) Employer has control of the assets – *No*, while the employer has the ability to direct use, exchange or employment of total trust assets, providing benefits to specified recipients for their portion of the trust, the employer does not have control of the assets of the PARS OPEB Plan as a whole.

Recommendation: Not a fiduciary activity; exclude from Fiduciary Fund Financial Statements.

CALIFORNIA SPECIFIC PLANS

Agent Multiple Employer Plan – OPEB under CERBT (CalPERS)

- 1) Legally separate – *Yes*
- 2) Voting Majority – The OPEB Plan Board is the same as the Employer's Governing Body - *No*
- 3) Financial benefit/burden or imposition of will and Fiscal Dependency
 - a. Employer makes contributions to the plan (financial burden) – *Yes*
 - b. Approval of the plan's budget or contributions requirements by Primary Government (imposition of will AND fiscal dependency) – *No*
- 4) Employer has control of the assets – *No*, while the employer has the ability to direct use, exchange or employment of assets, providing benefits to specified recipients for their portion of the trust, the employer does not control the assets of the CERBT as a whole.

Recommendation: Not a fiduciary activity; exclude from Fiduciary Fund Financial Statements.