


# OREGON ACCOUNTING MANUAL

 STATEWIDE POLICY	<b>NUMBER</b> 15.92.00	<b>SUPERSEDES</b> N/A – New OAM
	<b>EFFECTIVE DATE</b> 07/01/2019	<b>PAGE NUMBER</b> Pages 1 of 5
<b>Division</b> <b>Chief Financial Office</b>	<b>REFERENCE/AUTHORITY</b> ORS 293.590 GASB Statement No. 84	
<b>Policy Owner</b> Statewide Accounting and Reporting Services		
<b>SUBJECT</b> Accounting and Financial Reporting- Fiduciary Activities	<b>APPROVED SIGNATURE</b>  <i>George Naughton, Chief Financial Officer</i> Signature on file	

## **PURPOSE**

This policy provides guidance on accounting and financial reporting for fiduciary activities.

## **APPLICABILITY**

This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by [OAM 01.05.00](#).

## **FORMS/EXHIBITS/INSTRUCTIONS**

Appendix A: Decision Tree

## **DEFINITIONS**

**Administrative involvement:** When the government (a) monitors compliance with the requirements of the activity that are established by the government or by a resource provider that does not receive the direct benefits of the activity; (b) determines eligible expenditures that are established by the government or by a resource provider that does not receive the direct benefits of the activity; or (c) has the ability to exercise discretion over how assets are allocated. Examples of administrative involvement include when the government establishes fees or determines whether a payment request is allowable; however, rejecting a request to purchase contraband with inmate funds is NOT considered administrative involvement.

**Component unit:** A legally separate entity in which the primary government (PG) appoints a voting majority of the entity’s governing body and either the PG is able to impose its will on the organization or there is a potential for the entity to provide specific financial benefits to, or to impose specific financial burdens on the PG.

**Control of assets:** When the government (a) holds the assets or (b) has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients. Restrictions from legal or other external restraints that stipulate the assets can be used only for a specific purpose do not negate a government’s control of the assets.

**Direct financial involvement:** When a government (a) finances some direct program costs, for example, grantor-imposed matching requirement; or (b) is liable for disallowed costs.

**Fiduciary activity:** When assets are held for the benefit of individuals or other entities that are not generated (a) by the government's own-source revenues (e.g. fees, taxes), or (b) from government-mandated nonexchange transactions or voluntary nonexchange transactions.

**Government-mandated nonexchange transactions:** Occurs when a government at one level provides resources to a government at another level for a specific mandated program.

**Investment trust funds:** Fiduciary activities from the external portion of investment pools and individual investment accounts that are held in a trust.

**Own-source revenues:** Revenues that are generated by a government itself. They include exchange and exchange-like revenues (e.g. water and sewer charges) and investment earnings. Derived tax revenues (e.g. income tax) and imposed nonexchange revenues (e.g. property taxes) are also included.

**Pensions and OPEB arrangements:** A pension plan that is administered through a trust, an other postemployment benefit (OPEB) arrangement that is administered through a trust, a circumstance in which assets from entities that are not part of the reporting entity are accumulated for pensions, or a circumstance in which assets from entities that are not part of the reporting entity are accumulated for OPEB. (i.e. programs administered by the Public Employee Retirement System (PERS) for the benefit of public employees.)

**Private-purpose trust funds:** Used to report fiduciary activities that are NOT required to be reported in an investment trust fund or a pension or other employee benefit trust fund, AND are held in a legal trust or equivalent arrangement where the assets are (a) administered through a trust in which the government itself is NOT a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government.

**Voluntary nonexchange transactions:** Transactions resulting from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties, where the provider frequently establishes purpose restrictions and eligibility requirements.

Click here for other [definitions](#).

## **EXCLUSIONS AND SPECIAL SITUATIONS**

None.

## **POLICY:**

101. Agency management must ensure the proper accounting and reporting of **fiduciary activity** transactions in accordance with generally accepted accounting principles (GAAP) and statements issued by the Governmental Accounting Standards Board (GASB).
102. Agencies must determine if an activity qualifies as a **fiduciary activity**. Fiduciary activities should be reported as fiduciary funds. Agencies are responsible for determining the correct D24 GAAP fund to report fiduciary activities (refer to [OAM 05.20.00](#)).
103. Agencies may need a non-budgeted appropriation to account for the **fiduciary activity** inflows and outflows.
104. Agencies must report detailed **fiduciary activity** inflows and outflows using comptroller object code(s) that accurately describe the nature of the transactions.

## **PROCEDURE:**

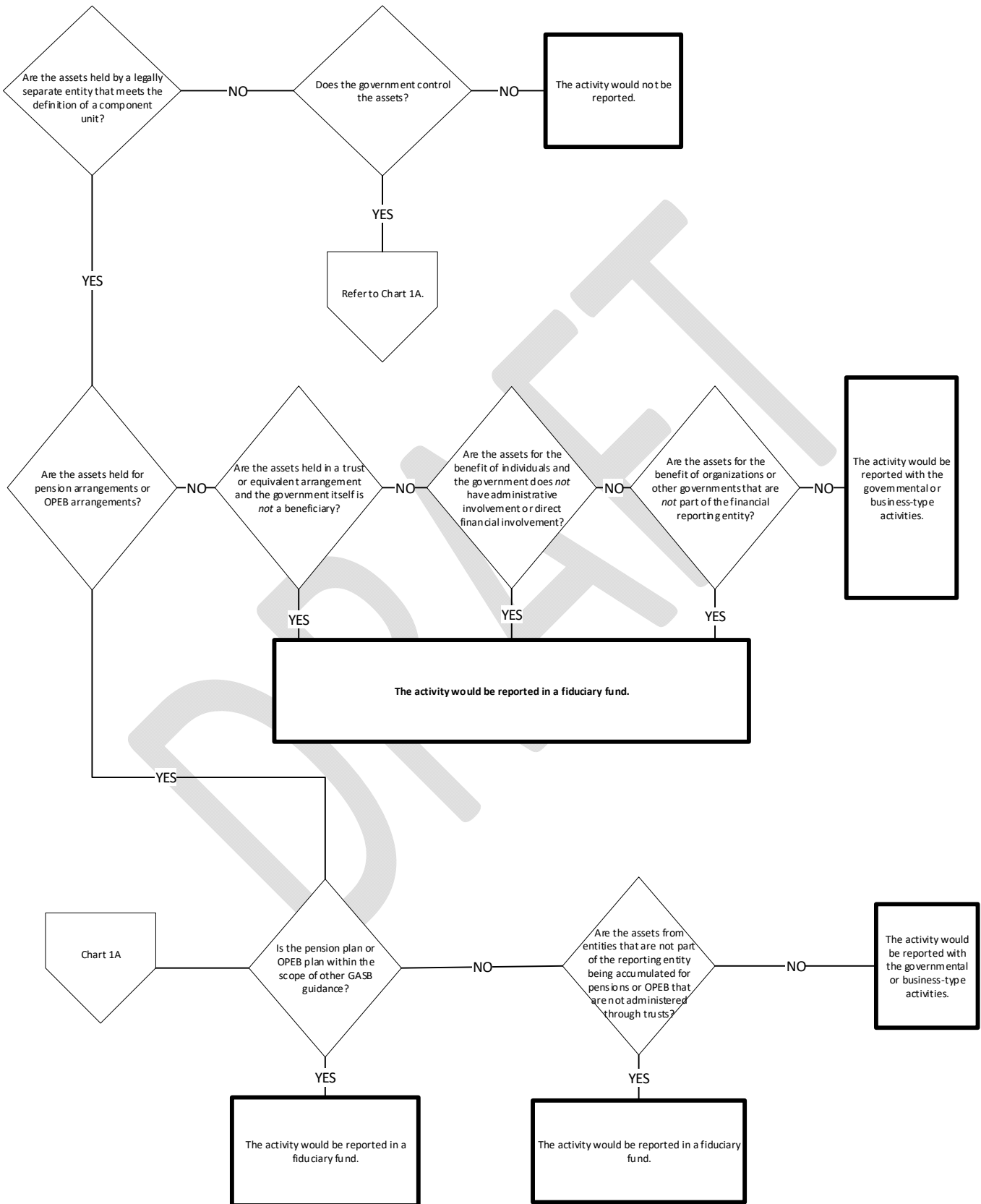
105. **Fiduciary activities** include fiduciary component units, **pension and opeb arrangements**, **investment trust funds**, as well as activities that meet the criteria referenced in paragraph 109.

106. An organization that meets the **component unit** criteria is a **fiduciary activity** affiliated with a pension or OPEB arrangement if it is one of the following arrangements:
- A pension plan that is administered through a trust.
  - An OPEB plan that is administered through a trust,
  - A circumstance in which assets from entities that are not part of the reporting
  - entity are accumulated for pensions, or
  - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for OPEB.
107. A **component unit** that is not a pension or OPEB arrangement as described in paragraph 106 is a **fiduciary activity** if the assets associated with the activity have one or more of the following characteristics:
- The assets are:
    - Administered through a trust agreement or equivalent arrangement (hereafter jointly referred to as a trust) in which the government itself is not a beneficiary,
    - Dedicated to providing benefits to recipients in accordance with the benefit terms, and
    - 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.
108. **Pension and OPEB arrangements** that are not **component units** are **fiduciary activities** if the government **controls the assets** of the arrangement.
109. An activity is a **fiduciary activity** if all of the following criteria are met:
- The assets associated with the activity are controlled by the government (i.e. **control of assets**).
  - The assets associated with the activity are not derived either:
    - Solely from the government's **own-source revenues**, or
    - From **government-mandated nonexchange transactions** or **voluntary nonexchange transactions**. The exception is pass-through grants for which the government does NOT have **administrative involvement** or **direct financial involvement**
  - The assets associated with the activity have one or more of the following characteristics:
    - The assets are:
      - 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, and
      - Legally protected from the creditors of the government.
    - The assets are for the benefit of the individuals and the government does not have **administrative involvement** with the assets or **direct financial involvement** with the assets. Also, the assets are NOT derived from the government's provision of goods and services to those individuals.
    - The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity (another agency or component unit). Also, the assets are not derived from the government's provision of goods and services to those organizations or other governments.

*Refer to Appendix A on page 3 for the GASB Statement 84 Decision Tree; a resource to assist in evaluating potential **fiduciary activities**.*

## Appendix A: GASB Statement 84 Decision Tree

**Chart 1**



## Appendix A: GASB Statement 84 Decision Tree

Chart 1A

