FY 2020 UFARS additions and changes due to GASB No. 84

Funds:

8 Trust Fund

The Trust Fund is used to record the revenues and expenditures for trust agreements where the school board has accepted the responsibility to serve as trustee. Per GASB Statement No. 84, Fiduciary Activities, a trust is defined as a trust agreement or equivalent arrangement.* The property in the trust agreement typically comes to the district by gift. For example, a community member may create a scholarship trust to be awarded to an outstanding student every year or the local parent group may establish a trust to purchase computer equipment.

Trust funds are composed of two types: expendable and nonexpendable. Expendable trust funds are used where both principal and earnings may be spent. Nonexpendable trust funds are used to account for trusts which require that only earnings and not principal be spent.

To be in accordance with GAAP, expendable trust funds must use the modified accrual basis of accounting used by governmental funds. Nonexpendable trust funds use the full accrual basis of accounting, the same as proprietary funds.

*Note: GASB Statement No. 84 defines an equivalent arrangement as “one that, although not a trust by name, has the same characteristics required of a trust: (a) assets are dedicated to providing benefits to recipients in accordance with the benefit terms and (b) assets are legally protected from the creditors of the government that is acting as a fiduciary, as stated in paragraph 11c.”

18 Custodial Fund

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust fund. Custodial funds represent a flow through mechanism in which the LEA receives funds and distributes these funds to an organization, with no financial benefit to the LEA.

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.
Finance Codes:

301 Extracurricular Activities (Funds 01, 08 and 18)

Record revenues and expenditures for the funds raised by the students of an activity and where the content of the activities is determined by the students. This finance code must be used with Program Code 298 Extracurricular Activities and can be used with Program Codes 292, 294 or 296. The activities in this code apply to Balance Sheet Code 401, Restricted/Reserved for Extracurricular Activities Minnesota Statutes, section 123B.49.

340 Scholarships (Funds 01, 08 and 18)

Record revenues and expenditures for scholarship funds that the LEA distributes. If the LEA has administrative involvement* (i.e. selecting the recipient(s) and/or reviewing recipient(s) eligibility), then record financial transactions in the General Fund 01. If the LEA has a legal trust agreement that protects the assets and documents the distribution of funds to the recipient(s), then record financial transactions in the Trust Fund 08. If the LEA does not have administrative involvement and/or does not select the scholarship recipient(s), then record financial transactions in the Custodial Fund 18. This finance code must only be used with Object Code 898, Scholarships. This finance code is used to identify revenues and expenditures that apply to Balance Sheet Code 402, Restricted/Reserved for Scholarships.

*A government has administrative involvement with the assets if for example it (a) monitors compliance with the requirements of the activity that are established by the government that does not receive the direct benefits of the activity, (b) determines eligible expenditures that are established by the government that does not receive the direct benefit of the activity or (c) has the ability to exercise discretion over how assets are allocated.

Balance Sheet Accounts:

401 Restricted/Reserved for Student Activities (Funds 01, 08 and 18)

Represents the resources available for the extracurricular activity funds raised by students. Activities associated with Finance Code 301 Extracurricular Activities must be restricted in this code (Minn. Stat § 123B.49). This restricted/reserved account is not allowed to go into deficit.

402 Restricted/Reserved for Scholarships (Funds 01, 08 and 18)

Represents the resources available for the scholarship funds. Activities associated with Finance Code 340 Scholarships must be restricted in this code. This restricted/reserved account is not allowed to go into deficit.