



GASB 84 and Louisiana School Activity Funds

Background

The objective of Government Accounting Standards Board (GASB) [Statement 84](#) - Fiduciary Activities is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. Under GASB 84, a fiduciary activity is identified based on various criteria that generally focus on the source of and the control over the activity's assets. This Statement establishes criteria for identifying fiduciary activities of all state and local governments including school systems.

Under Statement 84, the accounting for Louisiana student activity funds will shift away from fiduciary funds to governmental funds. Examples of school system business transactions that are impacted include receipts held in a bank account maintained by the school system from athletic events, PTA/PTOs fund raising, booster club fund raising, club and other student and school related activities. This reporting change is applicable to Louisiana school systems effective for fiscal year ending June 30, 2021 per guidance from the Louisiana Legislative Auditor's Office.

Accounting Changes

Fiduciary vs. Governmental Funds

For Louisiana school systems, implementation of Statement 84 means accounting for school activity funds shifts away from reporting as fiduciary funds to governmental funds. This change is anchored by the fact that Louisiana specifically directs how student activity funds must be administered through [Revised Statute 17_414.3](#).

School activity funds may remain as fiduciary funds only if "the assets are for the benefit of individuals and the government does NOT have administrative involvement with the assets" according to paragraph 11c(2) of the GASB Statement. The [Louisiana Legislative Auditor's Office guidance](#) highlighted that Louisiana Revised Statute 17:414.3 provides specific direction from the State regarding the administration and oversight of school activity funds.

The response to Question 4.23 in the [GASB Implementation Guide No. 2019-2](#) notes that a school district would have administrative involvement when "the school district's role is required to follow the specific guidelines established by the state, through legislation or policy, regarding how the resources can be spent." As such, school activity funds in Louisiana no longer meet the criteria for fiduciary fund reporting because school officials do have administrative involvement with the assets of the school activity funds. Under these revised requirements, Louisiana school activity funds are to be reported as governmental funds.



Annual Financial Report (AFR) and Student Activity Funds Reporting

The Annual Financial Report (AFR) required by R.S. 17:92, is the official financial reporting mechanism for Louisiana school systems. The AFR provides detailed information on revenues and expenditures of school systems but also fulfills the required data submissions associated with state appropriations and federal grants. GASB pronouncements are applicable to AFR reporting.

AFR Table Change

Student Activity Funds until now have been reported in the AFR as “Student Activity Funds” in Table IV, Fiduciary Funds, KPC 0077000. Under GASB 84, reporting within the AFR for these school system business transactions shifts from Table IV, Fiduciary Funds to Table I, Section A. Revenue.

Beginning with the FY 2020-21 AFR, student activity funds must be reported in Table I, Section A, Revenue, Revenues from Local Sources.

General Fund vs. Special Revenue Fund

School activity funds must be reported in a special revenue fund beginning in 2020-21 with the shift to the classification as a governmental fund per GASB guidance. The rationale behind this classification is grounded in GASB 54, paragraph 30, which states:

“Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes...the term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund...”

Louisiana Revised Statute 17:414.3 defines school activity funds, thus identifying the proceeds of the student activities as being a specific revenue and thus requiring classification as a special revenue fund. Within the AFR, school activity funds must be reported in the special fund entitled “(7) Other Special Funds” as a demonstration that these dollars are accounted for in a special revenue fund.

AFR Revenue Code

Revenues from Student Activity Funds must be reported beginning with the 2020-21 AFR in Table I, Section A, Revenue, Revenues from Local Sources with a new revenue code 1760 (Key punch code 2560). This revenue code is exclusively for student activity funds generated by student groups.



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AFR Expenditure/Project Code

In the 2020-21 AFR, expenditures associated with School Activity Funds must be reported in a new Project code entitled “SA1 – Student Activity Funds since the prior reporting format has been eliminated. Examples of expenditure functions in which School Activity Fund expenses would likely be reported include 1410 Co-Curricular Activities and 1420 Athletic Programs. Expenses associated with 2020-21 Student Activity Funds may be reported in Object code 800 Miscellaneous Expenditures. For 2021 – 22 and beyond, Student Activity Funds should be reported in the most appropriate object codes with the most likely being but not limited to, 300 Purchased Professional & Technical Services and 610 Materials.

Impact to Local Government Budget Act (LGBA)

With the change in reporting for school activity funds, the impact to the budgeting responsibilities of school systems was explored. Two statutes were considered:

First, the Local Government Budget Act (LGBA), Revised Statute 39:1301 - 1315 directs school systems, both city/parish school boards and charter schools, as to the manner in which the budget of the school system shall be adopted, implemented, and amended. These laws allow for public participation prior to the adoption of a budget and require financial planning and budgeting practices to safeguard public dollars. Second, Revised Statute 17:414.3 sets forth regulations for school activity funds and unlike the LGBA apply only to individual schools per Louisiana Attorney General Opinion 06-0207. Taking these both into consideration, the Legislative Auditor’s Office is of the opinion that the provisions applicable to school systems in the Local Government Budget Act do not apply to school activity funds. School systems may include Student Activity Funds within the budgeting process but are not required to do so.

Questions

Any questions surrounding this guidance may be sent to the School System Financial Services Office at the Louisiana Department of Education at STAudit@la.gov or call 225.342.3617.