

## Chapter Eight

### Fiduciary Funds

Fiduciary funds should be used to report assets held in trustee or agency capacity for others and therefore, can not be used to support the government's own programs. Fiduciary funds should be reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment healthcare plans. (Statement 34, paragraph 107) Statement 34 specifically excludes fiduciary funds from presentation in the government-wide financial statements, but requires fiduciary fund financial statements to be reported by fund type.

Statement 34 identifies fiduciary funds as pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Trust funds are used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. Trust funds are distinguished from agency funds generally by the existence of a trust agreement that effects the degree of management involvement and the length of time that the resources are held. (Statement 34, paragraph 69)

Pension Trust Funds should be used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. (Statement 34, paragraph 70)

Investment Trust Funds should be used to report the external portion of investment pools reported by the school district. (Statement 34, paragraph 71)

Private-purpose Trust Funds should be used to report all other trust arrangements under which principal and/or income benefit individuals, private organizations or other governments. Specifically, scholarship trust funds should be classified as private-purpose trusts. (Statement 34, paragraph 72)

Agency Funds should be used to report resources held by the school district in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. (Statement 34, paragraph 73)