# Superintendent’s Memo #216-19

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**COMMONWEALTH of VIRGINIA   
Department of Education**

DATE: September 6, 2019

TO: Division Superintendents

FROM: James F. Lane, Ed.D., Superintendent of Public Instruction

## SUBJECT: Governmental Accounting Standards Board (GASB) Pronouncement 84 (Fiduciary Activities)

The Virginia Department of Education (VDOE) has been working closely with the Auditor of Public Accounts (APA) to determine the impact of the Governmental Accounting Standards Board (GASB) pronouncement GASB 84 (*Fiduciary Activities)* on local school divisions. This pronouncement requires a new method of reporting for student activity funds (SAF) by localities beginning with fiscal year 2020.

From the guidance provided by GASB, it is our interpretation that there will be changes in the way that SAF revenues and expenditures are reported through local Comprehensive Annual Financial Reports (CAFR) and through school division Annual School Reports (ASR). This change will require localities to report SAF financial data in their annual financial reports, either through the general fund or special revenue fund. Additionally, GASB 84 will require VDOE to modify the ASR data collection to include a mechanism to collect SAF information from school divisions beginning with the fiscal year 2020 submission.

Currently, Board of Education regulation 8VAC20-240-40, states that SAF accounts shall be audited at least once a year by a duly qualified accountant or accounting firm approved by the local school board and that a copy of the audit is to be filed in the office of the division superintendent. There is no change to the state regulatory requirement that SAF activity be audited annually and materiality thresholds that typically apply to general funds are not applicable to the SAF audit requirements with the reporting change included in GASB 84.

Please note that in conversation with the Office of the Attorney General, VDOE has been advised that we are unable to provide an opinion regarding whether SAF must be appropriated locally. Those decisions will need to be managed at the local level. Additional information regarding ASR data collection modifications will be forthcoming in another correspondence in advance of the fiscal year 2020 submission.

If you have any questions, please contact Kent Dickey, Deputy Superintendent of Budget, Finance, and Operations, at [kent.dickey@doe.virginia.gov](mailto:kent.dickey@doe.virginia.gov) or Christina Berta, Assistant Superintendent of Budget and Finance, at [christina.berta@doe.virginia.gov](mailto:christina.berta@doe.virginia.gov) or 804-225-2025.

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