Deferred Outflows of Resources & Deferred Inflows of Resources

Companion Statements:

GASB Concept Statement #4
GASB Statement #63
GASB Statement #65

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Deferred Outflows of Resources & Deferred Inflows of Resources

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GASB Concept Statement #4

Identifies five elements of statements of financial position:

- **Assets**
- **Liabilities**
- **Deferred Outflows of Resources**
- **Deferred Inflows of Resources**
- **Net Position**

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GASB Concept Statement #4

Statement of Net Position:

Assets + Deferred Outflows − Liabilities − Deferred Inflows = Net Position

Governmental Funds:

Assets + Deferred Outflows − Liabilities − Deferred Inflows = Fund Balance

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GASB Concept Statement #4

Definitions:

- **Deferred Outflows of Resources:**
  - A consumption of net assets by the government that is applicable to a future reporting period.
  - Has a positive effect on net position/fund balance.
- **Deferred Inflows of Resources:**
  - An acquisition of net assets by the government that is applicable to a future reporting period.
  - Has a negative effect on net position/fund balance.

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Deferred Outflows should be reported in a separate section following assets, with a separate subtotal.

Deferred Inflows should be reported in a separate section following liabilities, with a separate subtotal.

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GASB Concept Statement #4

Recognition of deferred outflows and inflows of resources is limited to those instances specifically identified by the GASB.

The terms “deferred revenue” and “unearned” should no longer be used.

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GASB Statement #63

Changes in Financial Reporting (effective for FY2013):

Then		Now
Statement of Net Assets	→	Statement of Net Position
Invested in Capital Assets, Net of Related Debt	→	Net Investment in Capital Assets
Statement of Revenues, Expenses, and Changes in Net Assets	→	Statement of Revenues, Expenses, and Changes in Net Position

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GASB Statement #65

Items Previously Reported As Assets and Liabilities

GASB examined every item on the balance sheet and determined if the item was:

1) An Asset
2) A Liability
3) A Deferred Outflow
4) A Deferred Inflow

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GASB Statement #65

Items Previously Reported As Assets and Liabilities

Decision Points:

Assets:

- Continue to report as an asset
- Reclassify as a deferred outflow
- Expense in the current period

Liabilities:

- Continue to report as a liability
- Reclassify as a deferred inflow
- Report as revenue in the current period

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Continue to report as an asset:

- **Cash**
- **Receivables**
- **Prepayments**
- **Inventory**
- **Deposits (*paid*)**
- **Circumstances in which a pension plan's net position exceeds the total pension liability.**

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Reclassify as deferred outflows:

- **Resources *transmitted* before time requirements are met (advance-type grants *paid* to another entity)**
- **Deferred debit amounts from refunding debt**
- **The purchase of future intra-entity revenues**
- **Loss from sale-leaseback**

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Expense in current period:

- **Initial direct costs incurred by the lessor for operating leases**
- **Debt issuance costs**
- **Loan origination costs (debit balance)**

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Continue to report as a liability:

- **Payables**
- **Resources received before the eligibility requirements are met (due to other government)**
- **Resources received in advance of an exchange transaction (deposits *received*)**

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Reclassify as deferred inflows:

- **Offset to taxes receivable**
- **Advance of revenue from imposed non exchange transaction (pre-paid property taxes)**
- **Resources *received* before time requirements are met (advance-type grants *received*)**
- **Deferred credit amounts from refunding debt**
- **Proceeds from the sale of future revenues**
- **Gain from sale-leaseback**

MAEFAIRS
Montana Office of Public Instruction

Blank Trustees' Financial Summary
FY2013-14
21 Hill County
0427 Havre Elem

Balance Sheet

	ASSETS, LIABILITIES, AND FUND BALANCE	General Fund (01)	Transportation Fund (10)	Bus Depreciation Fund (11)	School Food Services Fund (12)
ASSETS AND OTHER DEBITS					
01	Cash & Investments (101-119) Less Warrants Payable (620)				
02	Taxes Receivable - Real and Personal (120-149)				
03	Taxes Receivable - Protested (150-159)				
04	Receivables from Other Funds (160-179)				
05	Due From Other Governments (180)				
06	Other Current Assets (190-210)				
07	Inventories (220 & 230)				
08	Prepaid Expenses (240)				
09	Deposits (250)				
20	TOTAL ASSETS AND OTHER DEBITS				
DEFERRED OUTFLOW					
21	Deferred Outflow				
LIABILITIES					
22	Payable to Other Funds (601-606)				
23	Due to Other Governments (611)				
25	Other Current Liabilities (621-679)				
27	Other Liabilities (690 - 699)				
35	TOTAL LIABILITIES				
DEFERRED INFLOW					
36	Deferred Inflows				
FUND BALANCE/EQUITY					
37	Reserve for Inventories (951)				
38	Reserve for Encumbrances (953)				
48	Fund Balance for Budget				
52	TOTAL FUND BALANCE/EQUITY				
53	TOTAL LIABILITIES AND FUND BALANCE				

Year-End Grant Accounting

At year-end, use balance sheet accounts to account for differences between funds received and funds spent

Deferred Inflow (new) (Liability)

Due From Other Governments (Asset)

Year-End Grant Accounting

"Deferred Inflow"

- Fiscal year-end (June 30) only
- Record funds ***RECEIVED*** but ***NOT SPENT*** (i.e. cash spent is less than cash received)
- Difference is called "(Deferred Inflow)"

Example

Cash Spent	$ 20,000
Less Cash Received	($ 25,000)
"Deferred Inflow"	($ 5,000)

Year-End Grant Accounting

Deferred Inflow Account Entries

- NOT AUTOMATIC!!

- At year end, if cash spent is less than cash received:

Debit:	Revenue	$ XXXX	
Credit:	"Deferred Inflow"		$ XXXX

*Reduce revenue to equal expenditures

Year-End Grant Accounting

Deferred Inflow Entries

- NOT AUTOMATIC!!

- Next year, when remainder of cash is spent:

Debit: Deferred Inflow	$ XXXX	
Credit: Revenue		$ XXXX
(To reverse year-end entry)		

Debit: Expenditures	$ XXXX	
Credit: Cash		$ XXXX
(Cash is expended)		

Year-End Grant Accounting

Due From Other Governments

- Fiscal year-end (June 30) only!
- Account for funds ***SPENT*** but ***NOT RECEIVED*** (i.e. cash spent is more than cash received)
- Difference is "DUE FROM OTHER GOVERNMENTS"

Example:

Cash Spent:	$ 50,000
Less Cash Received:	($ 30,000)
DUE FROM OTHER GOV'TS	$ 20,000

Year-End Grant Accounting

Due from Other Governments Entries

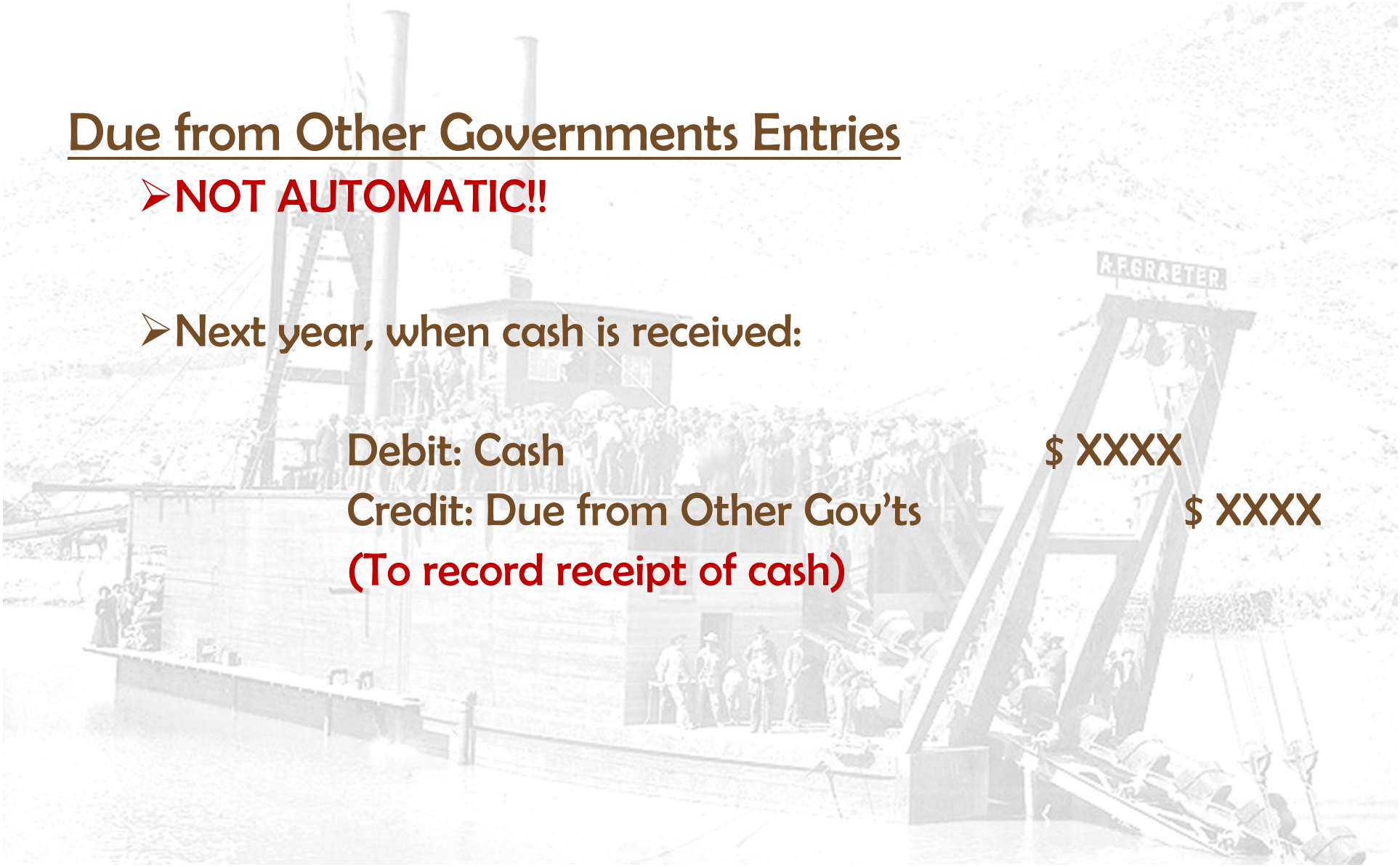
- NOT AUTOMATIC!!

- At year end, if cash spent is more than cash received:

Debit: Due from Other Gov'ts	$ XXXX	
Credit: Revenue		$ XXXX

*Increase revenue to equal expenditures

Year-End Grant Accounting



Due from Other Governments Entries

- NOT AUTOMATIC!!

- Next year, when cash is received:

Debit: Cash	$ XXXX	
Credit: Due from Other Gov'ts		$ XXXX

(To record receipt of cash)