

Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position

GASB Statement No. 63

OBJECTIVE:

The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

IMPLEMENTATION:

GASB 63 must be implemented in the CAFR for the *fiscal year ending June 30, 2013*. Accounting changes should be applied retroactively by reclassifying the Statement of Net Position and balance sheet information.

DEFINITIONS based on GASB Concepts Statement 4:

1. **Assets** - resources with present service capacity that the government presently controls.
2. **Liabilities** - present obligations to sacrifice resources that the government has little or no discretion to avoid.
3. **Deferred outflow of resources** - a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges.
4. **Deferred inflow of resources** - an acquisition of net assets by the government that is applicable to a future reporting period. For example, deferred revenue and advance collections.
5. **Net position** - the residual of all other elements presented in a statement of financial position.

IMPACT ON CAFR:

1. **Deferred outflows of resources** - should be reported as a separate section following assets in the statement of financial position.
2. **Deferred inflows of resources** - should be reported as a separate section following liabilities in the statement of financial position.
3. **Statement of Net Position** - The residual amount should be reported as net position, rather than net assets. The three components remain the same - net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.
4. **Net Investment in Capital Assets Component** - Deferred outflows and inflows of resources attributable to the acquisition, construction, or improvement of these assets or related debt should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, that portion should be included in the same net position component (restricted or unrestricted) as the unspent amount.
5. **Restricted Component of Net Position** - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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6. **Unrestricted Component of Net Position** - is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.
7. **Governmental Funds** - Balance sheets should be presented in a format that displays assets plus deferred outflows of resources equals liabilities, plus deferred inflows of resources, plus fund balance.
8. **Disclosures** - Disclosure in the notes to the financial statements is required only if the information is not displayed on the face of the financial statements. If the difference between a deferred outflow of resources or deferred inflow of resources and the balance of the related asset or liability is significant, governments should provide an explanation of that effect on its net position in the notes to the financial statements.

Accounts	Current presentation	GASB 63 and 65
Prepays – 1 st six months of next year paid in advance	Asset	Asset
State aid to Local Government (Loan Receivable?)	Asset	Deferred outflow of resources
Underwriter Fees associate with issuance of long-term bonds	Asset	Current-period outflows of resources (expenses)
Advance receipt of income tax revenue	Deferred Revenue	Deferred inflow of resources