

***THE
WONDERFUL WORLD
OF GASB***

***Statement No. 63
and
Statement No. 65***

2014 Municipal Clerk's Institute

**Presented by;
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LOCAL GOVERNMENT SERVICES BUREAU**



Statement No. 63

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

Issued June 2011

Effective for periods beginning after December 15, 2011
(fiscal year ending 6/30/13)

Statement No. 63

GASBS 63 amends the net asset reporting requirement of Statement 34, issued June 1999, and lines up the reporting requirement with GASB Concepts Statement 4, *Elements of a Financial Statement*, issued June 2007.

GASBCS 4 defined seven elements of historically based financial statements of state and local governments.

7 Elements of Financial Statements

One

- **Assets** are ***resources*** with present service capacity that the government presently controls.

Two

- A **deferred outflow of resources** is a consumption of net assets by the government that is applicable to a future reporting period.

Three

- **Liabilities** are present obligations to sacrifice ***resources*** that the government has little or no discretion to avoid.

Four

- A **deferred inflow of resources** is an acquisition of net assets by the government that is applicable to a future reporting period.

7 Elements of Financial Statements

Five

- **Net position** is the residual of all other elements presented in a statement of financial position.

Six

- An **inflow of resources** is an acquisition of net assets by the government that is applicable to the reporting period.

Seven

- An **outflow of resources** is a consumption of net assets by the government that is applicable to the reporting period.

Governmental Accounting Standards Series

Statement No. 63 of the
Governmental Accounting
Standards Board

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



▶ **Deferred outflows/inflows of resources, as applicable, will be reported on both government-wide and all fund level financial statements.**

▶ **All full accrual financial statements replace term “Net Assets” with “Net Position”**

and

Replace term “Invested in capital assets net of related debt” with “Net investment in capital assets”.

▶ **Governmental fund level financial statements, modified accrual, continue to use “Fund Balance”.**

**OLD FINANCIAL
STATEMENT
PRESENTATION**

**NEW FINANCIAL
STATEMENT
PRESENTATION**

GASBS 34

+ Assets

– Liabilities

= Net Assets /Fund Balance

GASBS 63

+ Assets

**+ Deferred Outflows of
Resources**

– Liabilities

**– Deferred Inflows of
Resources**

= Net Position/Fund Balance

NO. 315-B | JUNE 2011

Governmental Accounting Standards Series

Statement No. 63 of the
Governmental Accounting
Standards Board

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



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

Deferred Outflows of Resources and Deferred Inflows of Resources should only be reported as specifically required in;

- **GASBS 53 –
Derivative
Instruments**
- **GASBS 60 –
Service Concession
Arrangements**

Statement No. 65

Items Previously Reported as Assets and Liabilities

Issued March 2012

Effective for periods beginning after December 15, 2012
(fiscal year ending 6/30/14)

Statement No. 65

GASBS 65 specifies whether certain transactions previously reported as assets and liabilities should continue to be reported as such

or

be reclassified as:

- **A deferred outflow of resources, *or***
- **An outflow of resources (expense/expenditure), *or***
- **A deferred inflow of resources, *or***
- **An inflow of resources (revenue)**

NO. 324-A | MARCH 2012

Governmental Accounting Standards Series

Statement No. 65 of the
Governmental Accounting
Standards Board

Items Previously Reported
as Assets and Liabilities



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

Issues important to note;

- Use of the term *deferred* should be limited to items reported as deferred outflows of resources and deferred inflows of resources.
- Change in major fund criteria (governmental and proprietary funds only) -assets should be combined with deferred outflows of resources and liabilities should be combined with deferred inflows of resources.

NO. 324-A | MARCH 2012

**Governmental
Accounting Standards Series**

Statement No. 65 of the
Governmental Accounting
Standards Board

Items Previously Reported
as Assets and Liabilities



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

GASBS 65 ¶30

..revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available.

When an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

NO. 324-A | MARCH 2012

**Governmental
Accounting Standards Series**

Statement No. 65 of the
Governmental Accounting
Standards Board

Items Previously Reported
as Assets and Liabilities



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

***Financial Statement
Presentation of
Deferred
Outflows/Inflows of
Resources***

► ***GASBS 65 ¶117***

.....order of liquidity, as it relates to deferred outflows of resources and deferred inflows of resources, should not be addressed.

► ***GASBS 65 ¶119***

.....a distinction between current and noncurrent is not applicable.



Nonexchange Transaction Classes

(GASBS 33, as amended by GASBS 65)

Derived Tax Revenues

- ▶ Corporate or personal income taxes
- ▶ Sales and Use tax
- ▶ Tax on gas, tobacco, and alcohol

Imposed Nonexchange Revenues

- ▶ Ad valorem property tax
- ▶ Fines and penalties
- ▶ Property forfeitures such as seizures and escheats

Government-Mandated nonexchange transactions

- ▶ Federal funded mandates on states
- ▶ State funded mandates on local gov't

Voluntary Nonexchange transactions

- ▶ Certain grants
- ▶ Certain entitlements
- ▶ Non-governmental or private donations



Eligibility Requirements

Time Requirements

- ▶ Specified by enabling legislation or provider
- ▶ Time period the resources are required to be used, sold, disbursed, or consumed

Required Characteristics of Recipients, including secondary recipients, if applicable

- ▶ Example: recipients required to be States and secondary recipients required to be municipalities

Reimbursements

- ▶ Provider offers reimbursements to recipient for incurred allowable costs.

Contingencies

- ▶ Applies only to voluntary nonexchange transactions
- ▶ Receipt of resources from provider is contingent upon a specified action of recipient and the action has occurred.



Derived Tax Revenue Reporting requirements

***Applies to all full accrual & modified accrual
financial statements***

No time requirements:

Resources received in advance until period of exchange

DR-Asset & CR-liability (revenues collected in advance acct #'s 216000-216199)

Time requirements (rare):

Resources received after period of exchange and until such time use is required or first permitted.

DR-Asset & CR-Deferred Inflow of Resources (acct #'s 222000 & 223800 to 223899)

Imposed Nonexchange Revenue Reporting requirements

Applies to full accrual financial statements

**Change from a Liability (deferred revenue) to a
Deferred Inflow of Resources**

Applies to;

- ▶ Property (ad valorem) taxes – paid in advance of levy. (acct # 221000)
- ▶ Imposed nonexchange transactions received or reported as a receivable in advance of meeting time requirements imposed by enabling legislation until such time use is required or first permitted. (acct #'s 222000 or 223800 to 223899)

DR-Asset & CR- Deferred Inflows of Resources

Imposed Nonexchange Revenue Reporting requirements

***Applies to modified accrual financial statements
(governmental fund level)***

**Change from a Liability (deferred revenue) to a
Deferred Inflow of Resources**

Applies to;

- ▶ Property (ad valorem) taxes – paid in advance of levy. (acct # 221000)
- ▶ Property (ad valorem) taxes – levied but not paid. (acct #'s 223100, 223200, 223400, & 223700)
- ▶ Imposed nonexchange transactions received or reported as a receivable in advance of meeting time requirements imposed by enabling legislation until such time use is required or first permitted. (acct #'s 222000 or 223800 to 223899)



Government-Mandated and Voluntary Nonexchange Resources Reporting requirements

Applies to all financial statements

Resources disbursed before eligibility requirements are met, excluding time requirements. (GASBS 65 did not affect)

Providers

DR-Asset (grants, entitlements, donations paid in advance acct #'s 135000 to 135099) & CR-Asset

Recipients

DR-Asset & CR-Liability (revenues collected in advance acct #'s 216000 to 216199)

**Recipients - Recognition of assets (*due from other government*) and revenues should not be delayed pending purely routine requirements such as filing reimbursement and/or progress reports.



Government-Mandated and Voluntary Nonexchange Resources

Reporting requirements (cont.)

Applies to all financial statements

Resources disbursed before time requirements, but after eligibility requirements have been met, until use of resource is required or first permitted.

Providers

DR-Deferred outflow of resources (acct #'s 199900 to 199999) & CR-Asset

Recipients

DR-Asset & CR-Deferred inflow of resources (acct #'s 222000 or 223800 to 223899)

Items Continued to be Reported as an Asset

(Classification was not changed)

Rights to future revenues acquired from outside the reporting entity

(GASBS 48 ¶ 14, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues)

Prepaid Expenses

Capitalized incurred costs related to regulated activities

(GASBS 62 ¶ 480).

Deferred Outflow of Resources (debit balances)

Deferred amounts
from refunding of
debt (*debits*)

(*GASBS 23*)

Cost to acquire
rights to future
revenues (*intra-
entity*)

▶ Transferee
should recognize
over the duration
of the sale
agreement

Deferred loss
from sale-
leaseback

Items Continued to be Reported as a Liability (Classification Was Not Changed)

**Premium revenues
for insurance
entities and public
entity risk pools**

*(GASBS 10 ¶ 19-21, and
GASBS 62 ¶ 405-406)*

**Commitment Fees
Received**

- ▶ until commitment is exercised,
or
- ▶ unless exercise of commitment
is remote,
or
- ▶ until commitment has expired

Deferred Inflows of Resources (credit balances)

Deferred amounts from refunding of debt (credits)

(GASBS 23)

Proceeds from sales of future revenues

▶ Transferor should recognize resource over duration of sales agreement

(GASBS 48 except GASBS 48 ¶14)

Deferred gain from sale-leaseback

“Regulatory” credits
(business-type activities)

▶ noncapital expenditures for energy efficiency Programs

▶ low-income subsidies

▶ technology research and development.

Inflows of Resources (Revenues) (credit balances)

**Loan origination fees
received, other than portions
related to points.**

Commitment Fees Received

- ▶ after commitment is exercised,
- ▶ if exercise of commitment is remote,
or
- ▶ after commitment has expired

Outflows of Resources (Expense/Expenditure) (debit balances)

**Debt
issuance
costs**

*(other than
prepaid
insurance which
is reported as an
asset)*

**Initial direct
costs
incurred by
lessor in an
operating
lease**

(GASBS 62 ¶271)

**Acquisition
costs for
risk pools**

**Loan
origination
costs**



Footnote Disclosures –

- ▶ Governments should provide details of different types of deferred amounts in the notes to the financial statements if the deferred inflow/outflow consists of multiple components on the face of the financial statements.

- ▶ If the amount reported for a component of net position is significantly affected by the difference between deferred inflows or outflows and their related assets or liabilities – provide an explanation in the notes.

Completing the FY2015 Determination of Tax Revenue and Mill Levy Limitation (Levy Comp)

Requires the following;

- **Prior year (FY2014) completed levy comp form**
- **2014 Certified Taxable Values (issued by Department of Revenue)**
- **Estimate of Reimbursable Tax Amount Per SB96 Fiscal Year 2015 - Class 8 and Class 12 Property available on Department of Revenue website;
http://revenue.mt.gov/Portals/9/local_government/entitlementshare_payments/EstClassEight_ReimbursementAmount/County%20and%20City%20Reimbursement%20for%20Web_1.pdf**
- **FY2015 *Determination of Tax Revenue and Mill Levy Limitation* form available on Local Government Services website;
http://doa.mt.gov/lgsb/Forms/AccountingSystemsProgram/2_BudgetReports/default.mcp**

2014 Certified Taxable Valuation Information (issued by Department of Revenue)

ABC County

County Wide Levies

1. 2014 Total Market Value.....	\$ 1,840,500,000
2. 2014 Total Taxable Value.....	\$ 37,500,000
3. 2014 Taxable Value of Newly Taxable Property.....	\$ 800,000
4. 2014 Taxable Value less Incremental Taxable Value*	\$ 37,399,000
5. 2014 Taxable Value of Net and Gross Proceeds** (Class 1 and Class 2).....	\$ 1,600,000

6. TIF Districts

Tax Increment District Name	Current Taxable Value	Base Taxable Value	Incremental Value
ABC Industrial TIF	400,000	300,000	100,000
ABC Rivers TIF	2,000	1,000	1,000

Total Incremental Value \$ 101,000

*This value is the taxing jurisdiction's taxable value less total incremental value of all tax increment financing district.

** The taxable value of class 1 and class 2 is included in the taxable value totals.

Download from
Department of
Revenue website

Blue line =
FY2015
Reimbursement
amount

Enter
Countywide
"Reimbursable
Tax" amount as a
negative on
FY2015 Levy
Comp - (3a)



02 - Cascade

Estimate of Reimbursable Tax Amount Per SB96
Fiscal Year 2015 - Class 8 and Class 12 Property

Cities and Towns

Taxing Unit Code	Taxing Unit Description	Mills	Reimbursable Taxable Value	Reimbursable Tax
02-BELT	CITY OF BELT	210.43	8,483.37	1,785.16
02-CASCADE	CITY OF CASCADE	120.64	2,821.78	340.42
02-GTFALLS	CITY OF GREAT FALLS	198.74	1,586,701.44	315,341.04
02-NEIHART	CITY OF NEIHART	90.57	136.76	12.39
Subtotal				317,479.01

Countywide

Taxing Unit Code	Taxing Unit Description	Mills	Reimbursable Taxable Value	Reimbursable Tax
02-COUNTY	COUNTYWISE	131.36	2,376,889.53	312,228.21

Other

Taxing Unit Code	Taxing Unit Description	Mills	Reimbursable Taxable Value	Reimbursable Tax
02-CTYHLTH	COUNTY HEALTH DEPARTMENT	6.51	790,188.09	5,144.12
02-LIBRARY	COUNTY LIBRARY-COUNTY LIBRARY FUND	4.22	790,188.09	3,334.59
02-PLANBRD	COUNTY PLANNING BOARD	4.02	790,188.09	3,176.56
02-RDMATER	COUNTY ROAD MATERIAL	2.86	790,188.09	2,259.94
02-ROADS	COUNTY ROAD LEVY	27.92	778,746.17	21,742.59
02-SNRVCEM	SUN RIVER CEMETERY	3.53	54,902.51	193.81
02-TRANSIT	TRANSIT DISTRICT-TRANSIT TOTAL	20.24	1,641,926.2	33,232.59
Subtotal				69,084.20

County Total

698,791.42

AGGREGATE OF ALL FUNDS/OR _____ FUND					
FYE JUNE 30, 2015					
ABC County - County Wide					
				EXPLANATION	
				REFERENCE	
MAXIMUM PROPERTY TAXES AUTHORIZED: (Note that appropriate statutes are referenced)					
Ad valorem tax revenue authorized to be assessed prior year (from prior year's determination form - (8a))		3,425,000		(1)	
Add: FISCAL YEAR 2015 INFLATION ADJUSTMENT @ 1.03% (Section 15-10-420(1a)(1c), MCA)	35,278	35,278		(2)	
Less: Property taxes authorized to be assessed in the prior year for Class 1 and 2 property (net and gross proceeds, county only) (Section 15-10-420(6), MCA (enter as negative number))	(247,500)	(247,500)		(3)	
Less: FY15 SB96 Reimbursement through Entitlement Share (enter as a negative number)	(312,228)	(312,228)		(3a)*	
*adjustment line for FY2015 (SB96 reduced class 8 property and provided reimbursement through state entitlement)					
Adjusted ad valorem tax revenue		2,900,549		(4)	
CURRENT YEAR LEVY COMPUTATION:					
Taxable value per mill		37,500		(5)	
Less per mill incremental value of tax increment financing district (TIF) (enter as negative)	(101)			(5a)	
Adjusted taxable value (adjusted for removal of TIF per mill incremental district value)		37,399		(5b)	
Less: Newly taxable property per mill value, (enter as negative)	(800)			(5c)	
Taxable value per mill of net and gross proceeds (county only) (enter as negative)	(1,600)	(2,400)		(5d)	
Adjusted Taxable value per mill		34,999		(6)	
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		82.88		(7)	
Adjusted taxable value per mill		34,999		(8)	
Add: Newly taxable property per mill value	800				
Taxable value per mill of net and gross proceeds (county only)	1,600	2,400		(5e)	
Taxable value per mill (including newly taxable property but excluding TIF per mill incremental value)		37,399		(5b)	
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		82.88		(7)	
Current property tax revenue authorized limitation		3,099,450		(8a)	
RECAPITULATION:					
Adjusted ad valorem tax revenue		2,900,550		(4)	
Amount attributable to newly taxable property and net/gross proceeds		198,900		(9)	
Current property tax revenue authorized limitation		3,099,450		(10)	

Permissive and Voted Levies

Tax revenue received in prior year from permissive levies per 15-10-420(9)(a), MCA or voted levies per 15-10-425, MCA **should not be included** in amount entered on the current year levy comp. form on *Explanation reference (1) - Ad valorem tax revenue authorized to be assessed prior year.*

15-10-420(9)(a)

- ✓ judgment levy
- ✓ levy to repay taxes paid under protest
- ✓ emergency levy
- ✓ levy for the support of a study commission
- ✓ levy for the support of a newly established regional resource authority
- ✓ levy for increase in employer contributions for group benefits in excess of base year contribution
- ✓ levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary.