

BARS CHART OF ACCOUNTS - FUND ACCOUNTING & GASB UPDATES



Presented by:

Darla Erickson

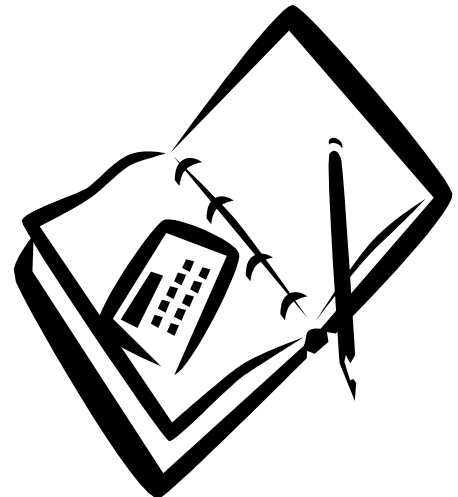
Local Government Services Bureau

State Accounting Division, Department of Administration

THE BASICS OF FUND ACCOUNTING

Topics covered in this presentation:

- **Overview of Governmental Accounting Basics**
 - Dept of Administration's role
 - Fund Accounting/Basis of Accounting
- **Using the BARS Chart of Accounts**
 - Funds
 - Accounts
 - Objects
- **GASB Update - #63 & #65**



DEPT OF ADMINISTRATION'S ROLE

7-6-611 - Role of Department of Administration (DOA).

(1) The Department of Administration shall prescribe for all local governments:

- (a) general methods and details of accounting in accordance with generally accepted accounting principles as provided in 2-7-504;
- (b) uniform internal and interim reporting systems as part of the uniform reporting systems provided for in 2-7-503;
- (c) the form of the annual financial report as provided in 2-7-503; and
- (d) general methods and details of accounting for the annual financial report as provided in 2-7-513.

(2) Local governments shall file with the DOA:

- (a) an annual financial report within 6 months of the fiscal yearend; and
- (b) an audit report within 12 months of the end of the audited period.
- (c) a budget by the later of Oct 1 or 60 days after receiving certified tax. value

(3) The governing body of each county or municipality shall notify the DOA in writing, on a form prescribed by the department of administration, of the creation, dissolution, combination, or other legal alteration of any special purpose district within the county or municipality.

(4) Each special purpose district shall obtain a permanent mailing address and notify the department of administration of the address and of any subsequent changes of the district's address.

DEPT OF ADMINISTRATION'S ROLE

- **Late Filing Penalty for Annual Reports & Audits**
2-7-517 MCA & 2.4.403 & 404 ARMs - Penalties

	Delinquent AFR/Audit Publication Fee	Late Filing Penalty
Trigger	Report is over <u>180 days</u> late	Payment of filing fee is <u>60 days</u> overdue
	Entity name is published in local newspaper	
Amount	\$50 per publication	10% per month of filing fee amount not paid
Timeframe	Published & billed quarterly	Assessed & billed monthly

THE BASICS OF FUND ACCOUNTING

- **PRINCIPLES OF GOVERNMENTAL ACCOUNTING**

- **Accounting and Reporting Capabilities**

- Accounting systems should be maintained in accordance with generally accepted accounting principles (GAAP) and uniform in MT by using the BARS Chart of Accounts as prescribed by the Local Government Services Bureau

- **Chart of Accounts:**

- http://doa.mt.gov/lgsb/Forms/AccountingSystemsProgram/1_AccountingManuals/01_BARSChartofAccounts

- **Updates:** http://doa.mt.gov/lgsb/bars_memos

- **Fund Accounting Systems**

- Accounting systems should be organized and operated on a fund basis

- **Fund Types**

- Fund financial statements should report governmental, proprietary (enterprise) and fiduciary fund types if applicable

- **Number of Funds**

- Only maintain those funds required by law and sound financial management

THE BASICS OF FUND ACCOUNTING

- **PRINCIPLES OF GOVERNMENTAL ACCOUNTING**
 - **Special Revenue Funds**
 - Special Revenue Funds must meet the new definition of a special revenue fund according to GASB54:
 - Used to account for proceeds of *specific revenue sources* that are **committed or restricted** to expenditures for specific purposes other than debt service or capital projects.
 - *Balances will be*
 - » Non-spendable
 - » Restricted
 - » Committed
 - » Assigned (*but not only assigned fund balance*)
 - » Negative Unassigned Fund Balance
 - *Existing funds that do not meet this fund balance type will report their balance in the General Fund at year-end for reporting purposes.
 - *Or Commit Revenues or Fund Balance to a major purpose by year-end by taking the highest action of local government by year-end.

B A R S **BUDGETARY ACCOUNTING & REPORTING SYSTEM**

BARS CHART OF ACCOUNTS

- **Chart of Accounts** is the framework of an accounting system
- Is the master classification of balance sheet/statement of net position, revenue & expenditure accounts for Local Governments
- Provides the information needed for budgeting, administration & financial reporting purposes
- Designed to meet uniform reporting requirements - allows for comparisons

LOCATION OF BARS CHART OF ACCOUNTS

The updated Chart of Accounts is available on our website: <http://doa.mt.gov/lgsb>

Under Accounting & Management Section:

- * BARS Updates (Memos) – will include recent updates by revision date
- * Accounting & Management Systems Forms & Documents
 - *Click on Accounting Manuals
 - *Click on BARS Chart of Accounts

Will include the last revision date on each page of the section, bottom left corner will include revision date

BARS CHART OF ACCOUNTS UPDATES

When a section of the Chart of Accounts is updated:

A memo will be emailed to:

County Clerk & Recorders

Finance Officers

Treasurers

By Monica Birlut, Accountant, in the Helena office

*For additions and deletions to the distribution list email
Monica at Mbirlut@mt.gov

BARS CHART OF ACCOUNTS FUTURE

The Bureau's future plans for assigning New **Revenue Account Numbers** in the **BARS Chart of Accounts** will be to assign a group of account numbers per granting agency:

Example:

Before: Federal Dept of Commerce Economic Development Grant - Revenue #331200

After: Federal Dept of Commerce Economic Development Grant – Revenue #331200 through 331250 will be assigned to the Federal Dept of Commerce Grants

Individual numbers within 331200 – 331250 can be assigned by the Local Government as needed

BARS CHART OF ACCOUNTS - FUNDS

The BARS Chart of Accounts for Funds is based on specific Fund Types:

- **Governmental Funds**
- **Proprietary Funds**
- **Fiduciary Funds**
- **Governmental Activity (not required)**

These fund types are broken out into sub-categories for further classification

BARS - FUND CLASSIFICATIONS

1000 - General Fund

2000 - Special Revenue Funds

3000 - Debt Service Funds

4000 - Capital Projects Funds

5000 - Enterprise Funds

6000 - Internal Service Funds

7000 - Fiduciary Funds (Trust & Agency)

8000 - Permanent Funds

9000 - General Capital Asset/Long-Term Debt

TYPES OF FUNDS

GOVERNMENTAL FUNDS

- 1000 ~ General
- 2000 ~ Special Revenue
- 3000 ~ Debt Service
- 4000 ~ Capital Projects
- 8000 ~ Permanent

TYPES OF FUNDS

PROPRIETARY FUNDS

- 5000 ~ Enterprise
- 6000 ~ Internal Service

TYPES OF FUNDS

FIDUCIARY FUNDS

- 7000 ~ Pension Trust
 - ~ Investment Trust
 - ~ Private Purpose Trusts
 - ~ Agency

TYPES OF FUNDS

9000 ACCOUNT GROUPS - For Governmental Funds!

- **General Capital Assets ~ 9000**
- **General Long-Term Debt ~ 9500**
 - No longer required to be reported
 - Can keep updated for your records

BARS FUND CLASSIFICATION CONT.

Example of further breakdown of funds:

- **5000 – 5999 – Enterprise Funds**

5010 – Golf

5110 – Hospital/Nursing Home

5210 – Water

5310 – Sewer

5410 – Solid Waste

5415 - Landfill

5510 – Ambulance

BARS CHART OF ACCOUNTS

The BARS Chart of Accounts for Balance Sheet/ Statement of Net position is based on 5 principal groups (following implementation of GASB 65):

- Assets & other debits**
- Deferred outflows of resources**
- Liabilities & other credits**
- Fund balance/net position**
- Deferred inflows of resources**
 - These groups are further defined into other logical categories depending on the nature of the particular asset, liability or fund balance/net position
 - Balance Sheet accounts consist of **6 digits**

BARS BALANCE SHEET ACCOUNTS

100000 - Assets, Other Debits &
Deferred Outflows

200000 - Liabilities, Fund Balance/
Statement of Net Position, Other
Credits & Deferred Inflows

Within these groups there is further breakdown into other logical categories depending upon the nature of the particular asset, liability, deferred inflow, deferred outflow & fund balance/net position.

The first two digits refer to the principal group & the last four digits are the sub-category

THE BASICS OF FUND ACCOUNTING

- **Financial Statements:**

- **Balance Sheet (Governmental Funds) or Statement of Net Position (Enterprise Funds)**

Consists of:

- **Assets – debit balance**
- **Liabilities – credit balance**
- **Fund Balance (Governmental Funds) or Net Position (Enterprise Funds)**

Current Formula: **Fund Balance/Net Position = Assets – Liabilities**

Or Assets – Liabilities = Fund Balance/Net Position

BALANCE SHEET ACCOUNTS

Principal groups of asset & other debit numbers:

100000 – Cash/Investments

110000 – Taxes/Assessments Receivable

120000 – Other Receivables

130000 – Due from and advance from

140000 – Prepaid Expenses

150000 – Inventories

160000 – Restricted Assets

170000 – Other Debits

180000 – Capital Assets

BALANCE SHEET ACCOUNTS

GASB65 Change:

190000 – Deferred Outflows of Resources

Presented as a separate element on the Balance Sheet and Statement of Net Position after the total assets and other debits

Implemented for FY14

BALANCE SHEET ACCOUNTS

Example of further breakdown of an asset account:

110000 – Taxes Receivable

111000 – Mobile Home Taxes Receivable

113000 – Real Taxes Receivable

115000 – Personal Taxes Receivable

116000 – Protested Taxes Receivable

118000 – Special Assessments Receivable

THE BASICS OF FUND ACCOUNTING

Assets

- Have a Debit Balance
- If an asset has a **credit** balance – the account has a **“negative”** balance
 - This is not normal



THE BASICS OF FUND ACCOUNTING



❖ To increase an asset account you **debit** the account



❖ To decrease an asset account you **credit** the account

BALANCE SHEET ACCOUNTS

Liabilities, equity & other credits numbers:

200000 – Short-term Payables

210000 – Other Short-term Payables/Due to

220000 – Deferred Inflows (for FY14)

230000 – Long-term Liabilities

240000 – Other credits

250000 – **270000** – Fund Balance/Net Position

280000 – Investment in Capital Assets (Fund 9500)

BALANCE SHEET ACCOUNTS

GASB65 Change:

220000 – Deferred Inflows (for FY14)

Formerly Deferred Credits – such as deferred revenue.

Presented as a separate element on the Balance Sheet and Statement of Net Position after the total of Short and Long-Term Liabilities

Implementation for FY14

BALANCE SHEET ACCOUNTS

Sub-categories of principal groups of liability
account numbers and definitions

210000 Other Short-term Liabilities (Principal Group)

211000 Inter-fund Payable

212000 Due to other Government

214000 Deposits Payable

THE BASICS OF FUND ACCOUNTING

Liabilities

- Have a Credit Balance
- If a liability has a debit balance – the account has a “negative” balance
 - This is not normal



THE BASICS OF FUND ACCOUNTING



❖ To increase a liability account
you credit the account



❖ To decrease a liability account
you debit the account

THE BASICS OF FUND ACCOUNTING

Fund Balance/Net Position has a credit balance

If it has a **debit** balance that is “**negative**” and isn’t normal.

Entries should rarely , if ever debit or credit fund bal or net position (use prior period adjustment if applicable)



❖ When you post a debit to an asset or liability account fund balance/net assets will automatically increase



❖ When you post a credit to an asset or liability account fund balance/net position will automatically decrease

BARS REVNUES & EXPENDITURES

**If the first digit of an account number is
'3' = revenue or other financing source**

**If the first digit of an account number is
'4' or '5' = expenditure or other
financing use**

BARS – REVENUE & OTHER FINANCING SOURCES ACCOUNTS

<u>31</u>0000	-	Taxes
<u>32</u>0000	-	Licenses and Permits
<u>33</u>0000	-	Intergovernmental Revenues
<u>34</u>0000	-	Charges for Services
<u>35</u>0000	-	Fines and Forfeitures
<u>36</u>0000	-	Miscellaneous Revenues
<u>37</u>0000	-	Investment Earnings
<u>38</u>0000	-	Other Financing Sources
<u>39</u>0000	-	Internal Services

BARS – REVENUE & OTHER FINANCING SOURCES ACCOUNTS

Sub-sources & Detail of Revenue Accounts:

330000 – Intergovernmental Revenues (Major Source**)**

331000 – Federal Grants (Sub-source**)**

331150 – Highway Safety Program (Detail**)**

332000 – Federal-Shared Revenues

334000 – State Grants

335000 – State-Shared Revenues

335040 – Gasoline Tax Apportionment

BARS – REVENUE & OTHER FINANCING SOURCES ACCOUNTS

Sub-sources & Detail of Other Financing Sources:

380000 – Other Financing Sources (**Major Source**)

381000 – Proceeds of Gen Long-Term Debt (**Sub-source**)

381001 – 2008 GO Bonds (**Detail**)

382000 – Proceeds General Capital Asset Disposition

382030 – Gain or Loss on Sale of Capital Asset

383000 – Interfund Operating Transfer In

ILLUSTRATION OF FUND & REVENUE ACCOUNT NUMBERS

PROGRAM	JOB	FUND CODE	ORGANIZATION CODE(DEPT)	MAJOR SOURCE	SUB- SOURCE	DETAIL
X	XXX	XXXX	XXX	XX	X	XXX
OPTIONAL		BARS	OPTIONAL	----- BARS -----		

PROGRAM	JOB	FUND CODE	ORGANIZATION CODE(DEPT)	MAJOR SOURCE	SUB- SOURCE	DETAIL
		1000		33	1	150
Internally Assigned		GENERAL FUND	Internally Assigned	Intergovernmental Revenue	Federal Grant	Highway Safety

FUND CODE	REVENUE ACCOUNT #
1000	331150
General Fund	As it would appear on financial reports

THE BASICS OF FUND ACCOUNTING

Revenues

- Have a Credit Balance
- If a revenue has a debit balance – the account has a “negative” balance
 - This is not normal



THE BASICS OF FUND ACCOUNTING



❖ To increase a revenue account
you credit the account



❖ To decrease a revenue account
you debit the account

IMPORTANT

Remember when Coding Revenues & Other Financing Sources:

Major Source & Sub-source must be accurate

The First 3 Digits of the Revenue Account must be precise

Example: Distinguish between Federal & State Revenues -

Just because the Revenue/Check came from the State does not mean it is State funds - Call the Agency giving you the revenue if unsure.

BARS – EXPENDITURE ACCOUNTS

- 410000 - General Government**
- 420000 - Public Safety**
- 430000 - Public Works**
- 440000 - Public Health**
- 450000 - Social/Economic Services**
- 460000 - Culture and Recreation**
- 470000 - Housing and Community Dev.**
- 480000 - Conservation of Natural Resources**
- 490000 - Debt Service**

BARS – EXPENDITURE ACCOUNTS – CONT.

- 500000 - Internal Services**
- 510000 - Miscellaneous**
- 520000 - Other Financing Uses**

BARS – OBJECT EXPENDITURE CLASSIFICATIONS

- 100 - Personal Services**
- 200 - Supplies**
- 300 - Purchased Services**
- 400 - Building Materials**
- 500 - Fixed Charges (Insurance, rent)**
- 600 - Debt Service**
- 700 - Grants, Contributions, Indemnities**
- 800 - Other Objects, Transfers, Depreciation**
- 900 - Capital Outlay**

BARS – OBJECT

EXPENDITURE CLASSIFICATIONS

Example of further breakdown of object codes:

200 – Supplies

210 – Offices Supplies

220 – Operating Supplies

230 – Repair & Maintenance Supplies

231 – Fuel – Gas, Oil, Diesel

232 – Motor vehicle parts

233 – Machinery & equipment parts

240 – Other Repair & Maintenance Supplies

250 – Supplies for Resale

BARS EXPENDITURE AND OTHER FINANCING USES ACCOUNTS

Activity, sub-activity & detail of major function of
expenditure account numbers

420000 Public Safety (**Major Function**)

420100 Law Enforcement Services (**Activity**)

420110 Administration (**Sub-activity**)

420120 Facilities

420130 Personnel Training

420140 Crime Control & Investigation

420141 Criminal Investigation (detail)

420142 Narcotics Investigation

ILLUSTRATION OF FUND, EXPENDITURE & OBJECT CODE ACCOUNT NUMBERS

Program	Job	Fund Code	Organization Code (Dept.)	Function	Activity	Sub-Activity	Major Object	Sub-Object	Detail
X	XXX	XXXX	XXX	XX	XX	XX	X	X	X
OPTIONAL		BARS	OPTIONAL	-----BARS-----					

Program	Job	Fund Code	Organization Code (Dept.)	Function	Activity	Sub-Activity	Major Object	Sub-Object & Detail
		1000		42	01	10	1	10
INTERNALLY ASSIGNED		General Fund	INTERNALLY ASSIGNED	Public Safety	Law Enforcement	Admin	Personal Services	Salaries & Wages

FUND CODE	EXPENDITURE ACCOUNT # & OBJECT CODE
1000	420110-110
General Fund	Entered into accounting system

THE BASICS OF FUND ACCOUNTING

Expenditures/Expenses

- Have a Debit Balance
- If an expenditure/expense account has a **credit** balance – the account has a **“negative”** balance
 - This is not normal



THE BASICS OF FUND ACCOUNTING



❖ To increase an expense/expenditure account you **debit** the account



❖ To decrease an expense/expenditure account you **credit** the account

FUNDAMENTALS OF DEBITS & CREDITS

BASIC ACCOUNTING FORMULA

DR = **CR**

Example: You receive \$10 for a dog license

\$10

=

\$10

Cash (Asset)

=

Revenue (Pet Lic)

101000

=

323030

THE BASICS OF FUND ACCOUNTING

- **Financial Statements:**

Statement of Revenues, Expenditures and Changes in Fund Balances (Governmental Funds)

or Statement of Revenue, Expenses and Changes in Net Position (Enterprise Funds)

Consists of:

- Revenues – **credit** balance
- Expenditures/Expenses – **debit** balance
- Other Financing Sources (Uses) or Non-Operating Revenue/Expense

FUNDAMENTALS OF DEBITS & CREDITS

• RECAP

❖ Debits must equal credits

❖ An entry made within a fund should have equal debits and credits

❖ All debits and credits should be made to asset, liability, revenue, expenditure/expense, other financing sources/uses or restatement accounts

❖ Rarely, if ever, should fund balance/net position accounts be debited or credited

❖ One exception: Adj. to Restrict Net Position or Fund Balance

BARS CHART OF ACCOUNTS - RECAP

- Primary benefits of requiring the use of a **Standard Chart of Accounts**

Assures all local government's in the State **record** comparable transactions on a uniform basis.

Provides consistency when **reporting** the financial information of local government's.

Provides consistency when **comparing** and/or **consolidating** the financial information of all local government's.

Quiz –
Assigning
Account
Numbers



Revenue Quiz

COUNTY REVENUE QUIZ

FUND INFORMATION		REVENUE ACCOUNT INFORMATION							
#	FUND	#	MAJOR SOURCE	#	SUBSOURCE	#	DETAIL		
1000	General	31	Taxes/Assessments	1	General Gov	010	Real Taxes		
2110	Road	32	Licenses, Permits	1	Federal Grants	020	Personal Prop Taxes		
2140	Weed Fund	33	Intergovernmental	3	Public Works	010	CDBG/HOME		
2240	Cemetery	34	Charges for Services	4	State Grants	041	Clerk & Rec Fees		
2940	CDBG	35	Fines/Forfeitures	5	State Shared	360	Weed Control		
		36	Miscellaneous						
		37	Investment/Royalty						
		38	Other Financing Sources						

BACK TO THE BASICS

COUNTY EXPENDITURE QUIZ

FUND INFORMATION		EXPENDITURE/EXPENSE ACCOUNT INFORMATION						OBJECT CLASSIFICATIONS			
#	FUND	#	MAJOR FUNCTION	#	ACTIVITY	#	SUBACTIVITY	#	OBJECT	#	SUB-OBJECT
1000	General	41	General Government	01	Admin	10	Admin	1	Personal	10	Salaries
2110	Road	42	Public Safety	02	Roads	20	Facililties	2	Supplies	10	Office Supplies
2140	Weed Fund	43	Public Works	03	Courts	30	Auditing	3	Purch Services	30	Equip parts
2240	Cemetery	44	Public Health	05	Financial	40	Maintenance	4	Building Mat	40	Utilities/Elec/Gas
				09	Cemetery	40	Justice Court	5	Fixed Charges	50	Professional Serv
								6	Debt Service		
								7	Grants		
								8	Depreciation		
								9	Capital Outlay		

REVENUE QUIZ

Identify the appropriate fund and account revenue coding for the following items using the County revenue chart

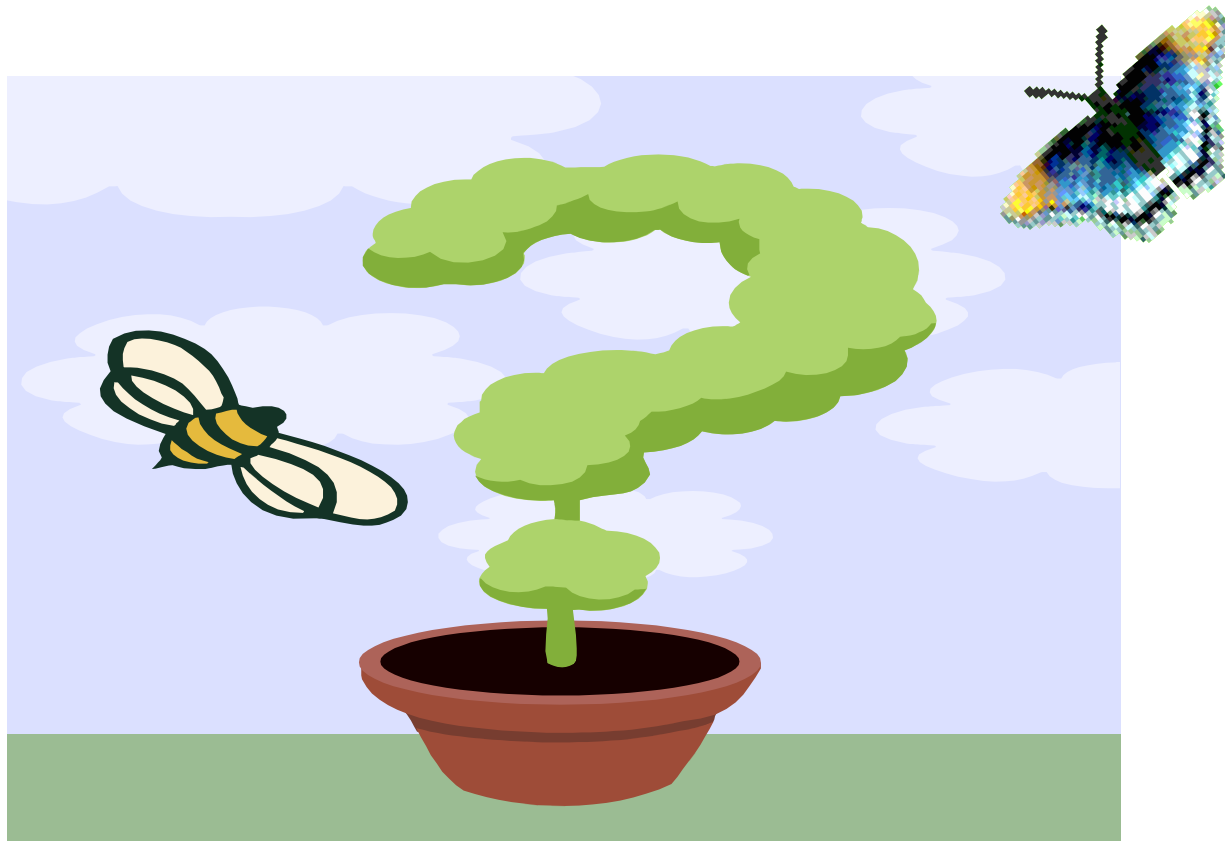
		Fund	Account
1.	The receipt of real estate taxes in the general fund	_____	_____
2.	The receipt of payments for weed spraying	_____	_____
3.	The receipt of personal property taxes in the road fund	_____	_____
4.	The receipt of a federal Community Development Block Grant	_____	_____
5.	The receipt of fees collected by the clerk and recorder for copies	_____	_____

EXPENDITURE QUIZ

Identify the appropriate expenditure/expense code number for the following items:

		Fund	Expenditure Account	Object Code
1.	Payment for personal services (wages) for the clerk and recorder	_____	_____	_____
2.	The purchase of tires for the truck in the road department	_____	_____	_____
3.	The purchase of envelopes for the justice of the peace	_____	_____	_____
4.	The payment of electricity for a building at cemetery	_____	_____	_____
5.	Payment for the cost of the county's audit	_____	_____	_____

Questions...



THE WONDERFUL WORLD OF GASB

(GOVERNMENTAL ACCOUNTING STANDARDS BOARD)

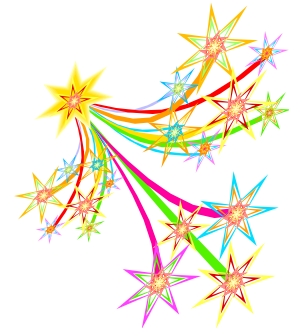
Statement No. 63

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

Effective date: For financial statements for
periods beginning after December 15, 2011
(FY 2013)

For full pronouncements:

www.gasb.org



NET POSITION

Financial Statements prepared on the full accrual basis of accounting

Old Terminology = Net Assets

New Terminology = Net Position

Examples:

Before = Net Assets

After = Net Position

Before = Statement of Net Assets

After = Statement of Net Position

Before = Investment in capital assets net of related debt

After = Net investment in capital assets

ELEMENTS OF A FINANCIAL STATEMENT

GASB 63 adds and defines 2 additional elements to a financial statement.

- 1) **Assets** – resources with present service capacity that the local government presently controls.
- 2) **Liabilities** – present obligations to sacrifice resources that the local government has little or no discretion to avoid.

ELEMENTS OF A FINANCIAL STATEMENT

- 3) **NEW-Deferred outflows of resources** – a consumption of net assets that is applicable to a future reporting period. * Has a positive effect on net position
Example: Some deferred charges, loss on refunding of existing debt
- 4) **NEW-Deferred inflows of resources** – an acquisition of net assets that is applicable to a future reporting period * Has a negative effect on net position
Example: “former deferred revenue” for taxes receivable, advance collections
- 5) **Net Position/Fund Balance** - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources

ELEMENTS OF A FINANCIAL STATEMENT

Items to be reported as deferred inflows & outflows according to GASB 63 (prior to the implementation of GASB 65):

Derivative instruments (GASB 53)

Service concession arrangements (GASB 60)

THE WONDERFUL WORLD OF GASB

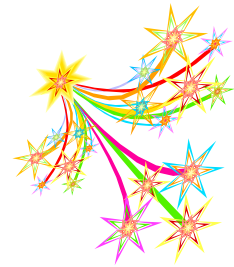
(GOVERNMENTAL ACCOUNTING STANDARDS BOARD)



Statement No. 65

*Items Previously Reported as Assets and
Liabilities*

**Effective date: For financial statements for
periods beginning after December 15, 2012
(FY 2014)**



GASB 65

GASB 65 reclassifies certain items (deferred outflows or deferred inflows of resources) that were **previously recorded as assets and liabilities**.

In addition, through this process, the GASB also found certain items that they felt should not hit the balance sheet at all; as a result, this statement requires recognition of those items as either an outflow (expenditure/expense) or an inflow (revenue) of resources.

GASB 65 DEFINES “DEFERRED”

The use of the term “**deferred**” should be limited to items reported as:

Deferred outflows of resources

or

Deferred inflows of resources

GASB 65 STATEMENT OF NET POSITION

Components of Net Position will resemble those formerly reported in Net Assets

Will include **Deferred Outflows & Deferred Inflows** as a separate sections - Will no longer be reported as a part of **Assets and Liabilities**

Net Investment in Capital Assets will replace the Invested in Capital Assets Net of Related Debt

Continue to report **Restricted & Unrestricted**

GASB 65

Revenue recognition in Governmental Funds

Report Revenue in accounting period when 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.

GASB 65

Some transaction in which the resulting item should be reported as Deferred Outflow of Resources (currently classified as Assets)

- **Grants paid in advance of meeting timing requirements**
- **Deferred amounts from the refunding of debt**
- **Costs to acquire rights to future revenues (intra-entity)**
- **Deferred loss from sale-leaseback**

Items that will retain the classification as Asset

- **Prepayments (including bond insurance pd at closing)**

GASB 65

Some transaction in which the resulting item should be reported as Deferred Inflow of Resources (currently classified as a Liability)

- **Grants received in advance of meeting timing requirements**
- **Taxes received in advance**
- **Deferred amounts from the refunding of debt (credits)**
- **Proceeds from sales of future revenues**
- **Deferred gain from sale-leaseback**

GASB 65 – BARS CHART UPDATE

DEFERRED OUTFLOWS OF RESOURCES

199900 DEFERRED OUTFLOWS OF RESOURCES- A consumption of net assets by the government that is applicable to a future reporting period.

199901

TO 199999 **Deferred Outflows of Resources**-(may use this block of account numbers if you choose to record deferred outflows of resources separately by description)

GASB 65 – BARS CHART UPDATE

220000 DEFERRED INFLOWS OF RESOURCES (Formerly Deferred credits) An acquisition of net assets by the government that is applicable to a future reporting period.

221000 **Property Taxes Collected But Not Charged** - Taxes collected before the tax levy has been made or before the amount of taxpayer liability has been established.

222000 **Revenues Collected in Advance** - Revenues collected before they become due.

223000 **Deferred Inflows of Revenue** - Amounts for which asset recognition criteria has been met, but for which revenue recognition criteria has not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

223100 **Deferred Inflows of Tax Revenue - Real**

223200 **Deferred Inflows of Tax Revenue - Personal**

223300 **Deferred Inflows of Tax Revenue - Special Assessments**

223400 **Deferred Inflows of Tax Revenue - Protested**

223500 **Deferred Inflows of Revenue – Permanent/Callable Bonds**

223600 **Deferred Inflows of Tax Revenue - Net Proceeds**

223700 **Deferred Inflows of Tax Revenue - Mobile Homes**

223800

TO 223899 **Deferred Inflows of Resources** – (Other than deferred inflow account #'s assigned above, may use this block of account numbers if you choose to record deferred inflows of resources separately by description)

223900 TO 229999 OPEN-TO BE ASSIGNED

GASB 65

Debt Issuance Costs

GASB No. 65 addresses the treatment of debt issuance costs.

The board evaluated these costs and concluded that with the exception of prepaid insurance the costs relate to services provided in the current period and thus they should be expensed in the current period.

This is a significant change from current practice which is to record these as assets and amortize them over the life of the related debt issue.

GASB 65

Changes to the Major Fund Calculator

The calculation will change using the aggregates of:

Assets + Deferred Outflows

Liabilities + Deferred Inflows

POST GASB 65 ACCOUNTING FORMULA

New accounting formula:

Net Position/Fund Balance

=

Assets + Deferred Outflows

-

Liabilities – Deferred Inflows



Statement of Net Position

June 30, 20XX

Governmental Activities

Business-type Activities

Total

ASSETS

Current assets:

Total current assets

Noncurrent assets:

Total noncurrent assets

Total assets



DEFERRED OUTFLOWS OF RESOURCES

Total deferred outflows of resources

LIABILITIES

Current liabilities:

Total current liabilities

Noncurrent liabilities:

Total noncurrent liabilities

Total Liabilities



DEFERRED INFLOWS OF RESOURCES

Total deferred inflows of resources

NET POSITION

Net investment in capital assets

Restricted for:

Replacement and depreciation

Capital projects

Debt service

Unrestricted

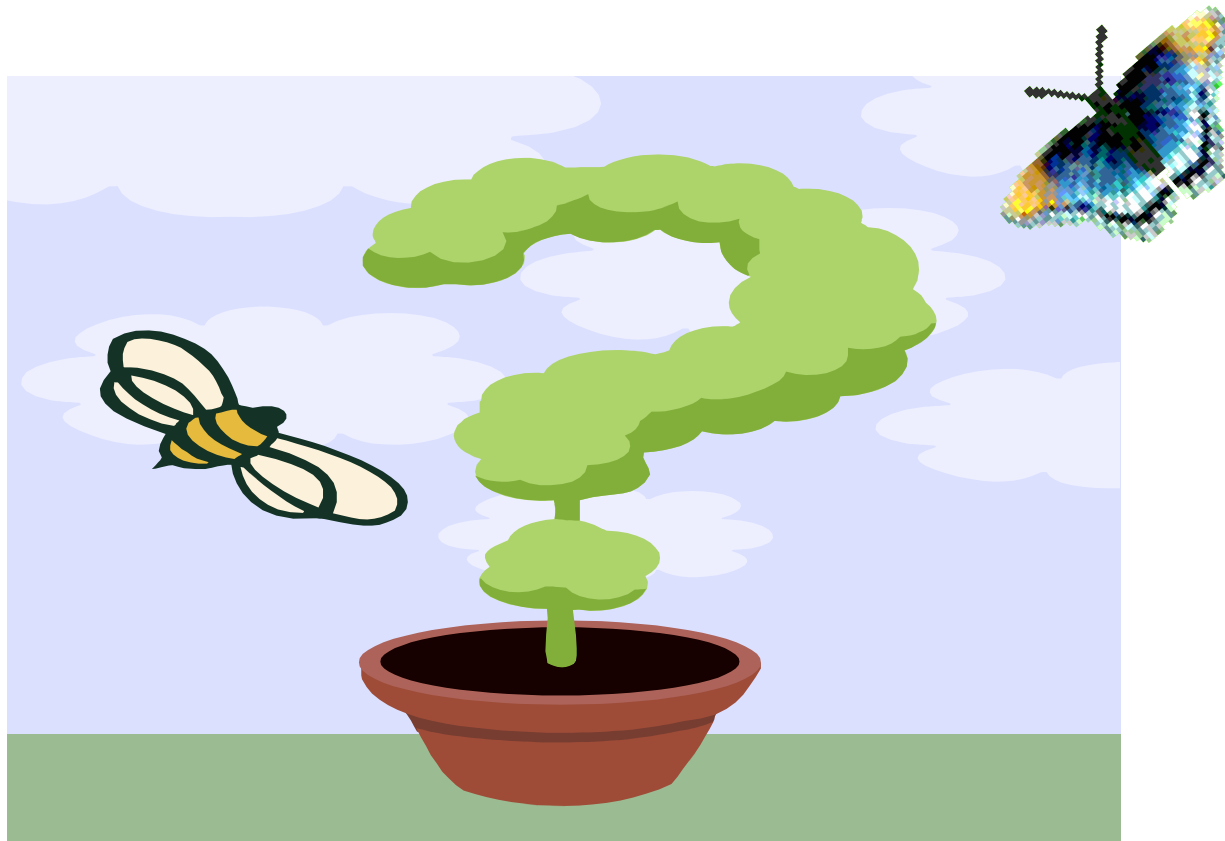


Total net position

Classification Under GASB 65	Transaction	Example	Prior Classification
ASSETS	Prepayments	Prepaid expenses	Asset (no change)
	The providing of resources under a government-mandated nonexchange transaction or voluntary nonexchange transaction when eligibility requirements (excluding time requirements) have not yet been met	provide an advance funded grant to another organization on a contingent basis and that contingency provision has not yet been satisfied	Asset (no change)
	Government-mandated nonexchange transaction or voluntary nonexchange transaction where all eligibility requirements have been met except time requirements.	Your organization provides an advance funded grant to another organization but all eligibility requirements under GASB 33 have been met other than time	Asset
DEFERRED OUTFLOW			
LIABILITY	Resources received in advance in an exchange transaction	Government agrees to install a water main in a subdivision and receives payment from residents before main is installed	Liability (no change= 222000-Revenues Collected in Advance)
	Receipt of resources under a government-mandated nonexchange transaction or voluntary nonexchange transaction when eligibility requirements (excluding time requirements) have not yet been met	Your organization receives an advance funded grant on a contingent basis and that contingency provision has not yet been satisfied	Liability (no change= 222000-Revenues Collected in Advance)

Classification Under GASB 65 (Transaction	Example	Prior Classification
DEFERRED INFLOW	Resources received related to imposed nonexchange transactions before the period resources are (a) levied or (b) may be used	(a) Property taxes received before the period for which it is levied (b) Unpaid property taxes levied in one fiscal year and whose resources are received in a subsequent fiscal year	(a) Liability-221000-Taxes Collected But Not Charged (b) Liability-(deferred revenue)
	Resources received related to government mandated or voluntary nonexchange transactions meeting all eligibility requirements except time requirements	Grant received in June for which granting agency has indicated eligible expenditures cannot occur until next fiscal year begins	Liability-(222000-Revenues Collected in Advance)
	Unavailable revenue due to the application of period of availability in governmental funds	Government provided a service in one fiscal year, but the related cash still has yet to be received at the end of the fiscal year	Liability-(deferred revenue)
OUTFLOW (expenditure/expense)	Regulated operations - Revenue intended to cover future costs		Liability-(222000-Revenues Collected in Advance)
	Debt issuance costs		Asset – (176000-Unamortized Charges - Refunding Bonds)

Questions...



Local Government Services Bureau

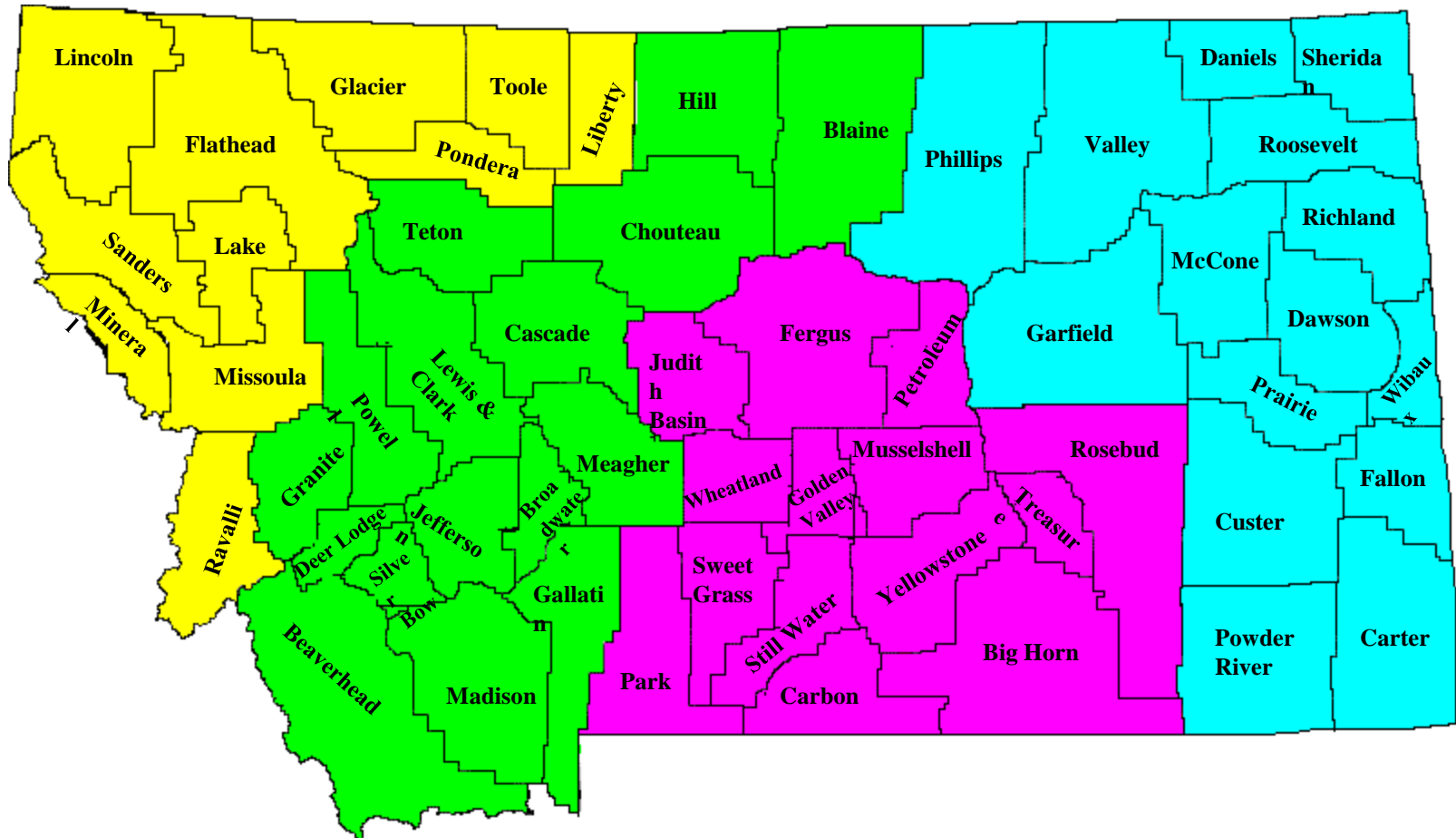
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Flathead

Glacier

Lake

Liberty

Lincoln

Mineral

Missoula

Pondera

Ravalli

Sanders

Toole

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Area 1 – Helena

Anaconda-Deer Lodge

Beaverhead

Blaine

Broadwater

Butte-Silver Bow

Cascade

Chouteau

Gallatin

Granite

Hill

Jefferson

Lewis & Clark

Madison

Meagher

Powell

Teton

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Area 2 – Billings

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Carbon
Fergus
Golden Valley
Judith Basin
Musselshell
Park
Petroleum
Rosebud
Stillwater
Sweet Grass
Treasure
Wheatland
Yellowstone

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Carter
Custer
Daniels
Dawson
Fallon
Garfield
McCone
Phillips
Powder River
Prairie
Richland
Roosevelt
Sheridan
Valley
Wibaux