



North Carolina Office of the State Controller

Financial Reporting Update

GASB 63 Effective for FY 2013

March 1, 2013 – Contact: Terri Noblin, Manager, Accounting & Financial Reporting (919) 707-0526

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). GASB 63 standardizes the presentation of deferred outflows and deferred inflows. To help explain the changes that result from the implementation of GASB 63, a brief overview is included below, with additional resources attached.

GASB 63 is effective for fiscal year 2013 and changes the CAFR reporting format for proprietary funds, including colleges and universities, and fiduciary funds. The OSC financial reporting team is in the process of updating the DSS reports and financial statement templates for 2013 CAFR reporting. The updated reports and templates will be ready in April when the year-end CAFR packages are published on the OSC website.

Here is a summary of the changes:

- Net assets are being replaced with Net position. The statewide chart of accounts is being updated to reflect changes to the net asset accounts and also the existing deferred outflow and deferred inflow accounts. See **Attachment 1** below.
- The Statement of Net Assets for proprietary funds (DSS CAFR11P) is being converted to the Statement of Net Position by adding two new sections for deferred outflows and deferred inflows, converting the net assets section to net position and renaming “Investment in capital assets, net of related debt” to “Net investment in capital assets” in accordance with the guidance in GASB 63. See **Attachment 2** below.
- The distinction between current/noncurrent is not applicable to deferred outflows of resources and deferred inflows of resources. Therefore, deferred outflows of resources and deferred inflows of resources are reported in separate sections following assets and liabilities, respectively. The corresponding changes are also being made to the templates in the CAFR package for proprietary funds including universities and other component units, and to the financial statements in the community college CAFR package as well.
- The Statement of Fiduciary Net Assets is being changed to the Statement of Fiduciary Net Position for the DSS CAFR11F and the corresponding worksheet 906 in the CAFR package.
- The operating statements for the proprietary and fiduciary funds are being updated accordingly with net position in place of net assets.
- Disclosure in the notes to the financial statements may be required per GASB 63 paragraphs 13 and 14. At this time, we do not anticipate disclosures being needed for the State’s CAFR. However agencies that have individually issued financial statements will need to consider whether disclosures are required.

To gain additional understanding of GASB 63, please refer to the following resources:

- a. OSC-prepared slides on GASB 63 – See **Attachment 3** below.
- b. GASB plain-language article on Concepts Statement 4 – [Defining the Fundamental Elements of Financial Reporting](#)
- c. The GASB webpage from which you may access a PDF file of GASB 63 as well other GASB pronouncements – [GASB Pronouncements](#).



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Thank you for your time and attention to this important change. For questions or concerns, please contact Debbie Dryer at (919) 707-0528, Debbie.Dryer@osc.nc.gov or Helen Vozzo at (919) 707-0529, Helen.Vozzo@osc.nc.gov.

NC Office of the State Controller		
Chart of Accounts changes to implement GASB 63 Deferred Outflows, Deferred Inflows & Net Position for the FYE 6/30/13		
GASB 63 Financial Reporting Update - Attachment 1		
NCAS		<u>New Acct Title and/or Explanation of</u>
<u>Account #</u>	<u>Old Account Title</u>	<u>Change in Acct for CAFR and F/S reports</u>
119701 changed to invalid - see acct 129701	Deferred outflow of resources - current	Changed to invalid. GASBS No. 65, paragraphs 117-119, indicate that the GASB views the concepts of liquidity and current vs noncurrent classification <i>not applicable</i> to deferred outflows of resources and deferred inflows of resources. Therefore, only one account is needed - see acct 129701 below.
129701 acct renamed and roll-up changed	Deferred outflow of resources - noncurrent	Accumulated decrease in fair value of hedging derivatives. This account and caption will roll to the new f/s element section: DEFERRED OUTFLOWS OF RESOURCES. This section comes after noncurrent assets and before current liabilities.
219201 changed to invalid-see acct 229201	Deferred inflow of resources - current	Changed to invalid. GASBS No. 65, paragraphs 117-119, indicate that the GASB views the concepts of liquidity and current vs noncurrent classification <i>not applicable</i> to deferred outflows of resources and deferred inflows of resources. Therefore, only one account is needed - see acct 229201 below.
229201 acct renamed and roll-up changed	Deferred inflow of resources - noncurrent	Accumulated increase in fair value of hedging derivatives. This account and caption will roll to the new f/s element section: DEFERRED INFLOWS OF RESOURCES. This section comes after noncurrent liabilities and before Net position.
330000 acct renamed and new definition	Net assets	Net position with the following updated definition .(see <u>underline</u> for 3/4/13 revision) The residual of assets plus deferred <u>out</u>flows less liabilities less deferred <u>in</u> flows for proprietary and fiduciary funds. This account is also where the revenue/expense summaries for proprietary and fiduciary funds are closed.
330001 acct renamed and updated definition	Restatement-Net assets	Restatement-Net position with the following updated definition . To record prior year adjustments and other restatements to net position for proprietary and fiduciary funds.

CAFR 11P - Net Assets - [Remote] Prop_Cubes (Reporter) OLD - As of 6/30/12 - Before GASB 63 Changes		CAFR 11P - Net Position - [Remote] Prop_Cubes (Reporter) NEW - Effective for 6/30/13 - After GASB 63 Changes (2/14/13)		update CAFR11P title
GASB 63 Fin Reporting Update- Attachment 2		Summary of Changes:		
Monday, February 11, 2013 4:42:26 PM		- Change all references for Net assets to Net position		
2/11/2013 4:42:26 PM		- Add 2 new financial statement element sections with captions and accounts and subtotals: Deferred Outflows of Resources (after Noncurrent assets) Deferred Inflows of Resources (after Noncurrent liabilities)		
		- Redo formulas for totals accordingly Assets + Deferred outflows- Liabilities -Deferred inflows = Net position		
		-Remove Deferred Outflow of resources-current account/caption from Current assets.		
		-Remove Deferred Inflow of resources-current account/caption from Current liabilities.		
ASSETS		ASSETS		
Current Assets:		Current Assets:		
Cash and cash equivalents	4,052,405.85	Cash and cash equivalents	4,052,405.85	
Pooled cash	12,388.61	Pooled cash	12,388.61	
. Restricted cash & cash equivalents	498,537.23	. Restricted cash & cash equivalents	498,537.23	
. Restricted pooled cash	0.00	. Restricted pooled cash	0.00	
Investments	1,270,322.05	Investments	1,270,322.05	
Pooled investments	0.00	Pooled investments	0.00	
Restricted Investments	0.00	Restricted Investments	0.00	
. Security lending collateral	0.00	. Security lending collateral	0.00	
Receivables:		Receivables:		
. Accounts receivable	7,105,666.53	. Accounts receivable	7,105,666.53	
. Intergovernmental receivables	0.00	. Intergovernmental receivables	0.00	
. Interest receivable	0.00	. Interest receivable	0.00	
. Premiums receivable	0.00	. Premiums receivable	0.00	
. Contributions receivable	0.00	. Contributions receivable	0.00	
. Other receivables	298,752.28	. Other receivables	298,752.28	
. Due from fiduciary funds	0.00	. Due from fiduciary funds	0.00	
. Due from other funds	0.00	. Due from other funds	0.00	
. Due from component units	0.00	. Due from component units	0.00	
. Due from agency/institution component units	0.00	. Due from agency/institution component units	0.00	
. Due from primary government	0.00	. Due from primary government	0.00	
. Notes receivable	0.00	. Notes receivable	0.00	
. Inventories	599,192.63	. Inventories	599,192.63	

. Food stamps	0.00	. Food stamps	0.00	
. Prepaid items	1,202,996.35	. Prepaid items	1,202,996.35	
. Securities held in trust (Sureties)	0.00	. Securities held in trust (Sureties)	0.00	
. Hedging derivatives	0.00	. Hedging derivatives	0.00	
. Deferred outflow of resources	0.00		0.00	remove - make acct 119701 invalid
Total Current Assets	15,040,261.53	Total Current Assets	15,040,261.53	
Non-Current Assets:		Non-Current Assets:		
Restricted/designated cash and cash equivalents	2,962,200.54	Restricted/designated cash and cash equivalents	2,962,200.54	
Restricted/designated pooled cash	101,432.26	Restricted/designated pooled cash	101,432.26	
Investments	8,521,267.87	Investments	8,521,267.87	
Pooled investments	0.00	Pooled investments	0.00	
Restricted investments	0.00	Restricted investments	0.00	
Receivables:		Receivables:		
. Accounts receivable	0.00	. Accounts receivable	0.00	
. Interest receivable	0.00	. Interest receivable	0.00	
. Contributions receivable	0.00	. Contributions receivable	0.00	
. Other receivables	0.00	. Other receivables	0.00	
. Restricted due from primary government	0.00	. Restricted due from primary government	0.00	
. Restricted due from component units	0.00	. Restricted due from component units	0.00	
. Notes receivable	0.00	. Notes receivable	0.00	
. Investment in joint ventures	0.00	. Investment in joint ventures	0.00	
. Deferred charges	995,114.99	. Deferred charges	995,114.99	
. Advances to other funds	0.00	. Advances to other funds	0.00	
. Advances to component units	0.00	. Advances to component units	0.00	
. Hedging derivatives	0.00	. Hedging derivatives	0.00	
. Deferred outflow of resources	206,332.35			move acct 129701 to new section Def Outflows
Total Non-Current Assets	12,786,348.01	Total Non-Current Assets	12,580,015.66	
Capital Assets, Non-depreciable:		Capital Assets, Non-depreciable:		
. Land and permanent easements	58,703,691.93	. Land and permanent easements	58,703,691.93	
. Art, literature and artifact, non-depreciable	0.00	. Art, literature and artifact, non-depreciable	0.00	
. Construction in progress	14,657,263.52	. Construction in progress	14,657,263.52	
. Computer software in development	0.00	. Computer software in development	0.00	
. Patents in development	0.00	. Patents in development	0.00	
. Other intangible assets - non-depreciable	0.00	. Other intangible assets - non-depreciable	0.00	
Total Capital Assets, Non-depreciable	73,360,955.45	Total Capital Assets, Non-depreciable	73,360,955.45	
Capital Assets, Depreciable (net):		Capital Assets, Depreciable (net):		
. Buildings	83,592,473.19	. Buildings	83,592,473.19	

. Machinery and equipment	75,234,796.10	. Machinery and equipment	75,234,796.10	
. Art, literature and artifacts, depreciable	0.00	. Art, literature and artifacts, depreciable	0.00	
. General infrastructure	185,667,562.91	. General infrastructure	185,667,562.91	
. NC DOT highway network	0.00	. NC DOT highway network	0.00	
. Computer software	3,438,016.22	. Computer software	3,438,016.22	
. Patents	0.00	. Patents	0.00	
. Other intangible assets - depreciable	0.00	. Other intangible assets - depreciable	0.00	
. Accumulated depreciation	-125,945,879.64	. Accumulated depreciation	-125,945,879.64	
Total Capital Assets, Depreciable (net)	221,986,968.78	Total Capital Assets, Depreciable (net)	221,986,968.78	
. Unclass/invalid/clear acct	0.00	. Unclass/invalid/clear acct	0.00	
TOTAL ASSETS	323,174,533.77	TOTAL ASSETS	322,968,201.42	
		DEFERRED OUTFLOWS OF RESOURCES		Add New section heading
		Accum decr in fair value of hedging deriv	206,332.35	create new caption and move acct 129701 here
		TOTAL DEFERRED OUTFLOWS OF RESOURCES	206,332.35	New subtotal
LIABILITIES		LIABILITIES		
Current Liabilities:		Current Liabilities:		
Accounts payable & accrued liabilities:		Accounts payable & accrued liabilities:		
. Accounts payable	2,687,458.08	. Accounts payable	2,687,458.08	
. Accrued payroll	315,341.81	. Accrued payroll	315,341.81	
. Intergovernmental payable	0.00	. Intergovernmental payables	0.00	
. Premium tax credit payable	0.00	. Premium tax credit payables	0.00	
. Due to plan participants	0.00	. Due to plan participants	0.00	
. Claims payable	0.00	. Claims payable	0.00	
. Unemployment benefits payable	0.00	. Unemployment benefits payable	0.00	
. Due to fiduciary funds	0.00	. Due to fiduciary funds	0.00	
. Due to other funds	0.00	. Due to other funds	0.00	
. Due to component units	0.00	. Due to component units	0.00	
. Due to agency/institution component units	0.00	. Due to agency/institution component units	0.00	
. Due to primary government	23,529.70	. Due to primary government	23,529.70	
. Obligations under reverse repo agreements	0.00	. Obligations under reverse repo agreements	0.00	
. Obligation under securities lending	0.00	. Obligation under securities lending	0.00	
. Hedging derivatives liability	0.00	. Hedging derivatives liability	0.00	
. Deferred inflow of resources	0.00		0.00	remove - make acct 219201 invalid
. Notes payable	559,350.00	. Notes payable	559,350.00	
. Capital leases payable	594,017.97	. Capital leases payable	594,017.97	

. Medical claims payable	0.00	. Medical claims payable	0.00	
. Revolving line of credit pay	0.00	. Revolving line of credit payable	0.00	
. Commercial paper payable	0.00	. Commercial paper payable	0.00	
. Bond & similar debt payable	1,100,000.00	. Bond & similar debt payable	1,100,000.00	
. Bond anticipation notes pa	0.00	. Bond anticipation notes payable	0.00	
Interest Payable:		Interest Payable:		
. Matured interest payable	0.00	. Matured interest payable	0.00	
. Accrued interest payable	879,944.38	. Accrued interest payable	879,944.38	
. Deposits payable	0.00	. Deposits payable	0.00	
. Funds held for others	0.00	. Funds held for others	0.00	
. Arbitrage rebate payable	0.00	. Arbitrage rebate payable	0.00	
. Annuity & life income payab	0.00	. Annuity & life income payable	0.00	
. Fed unemploy acct advances	0.00	. Fed unemploy acct advances	0.00	
. Pollution remediation payab	0.00	. Pollution remediation payable	0.00	
. Accrued vacation leave	86,109.10	. Accrued vacation leave	86,109.10	
. Liability insurance trust fund	0.00	. Liability insurance trust fund payable	0.00	
. Unearned revenue	323,131.75	. Unearned revenue	323,131.75	
Total Current Liabilities	6,568,882.79	Total Current Liabilities	6,568,882.79	
Non-Current Liabilities:		Non-Current Liabilities:		
Accounts payable & accrued liabilities:		Accounts payable & accrued liabilities:		
. Accounts payable	0.00	. Accounts payable	0.00	
. Deferred death benefit pa	0.00	. Deferred death benefit payable	0.00	
. Premium tax credit payable	0.00	. Premium tax credit payable	0.00	
. Intergovernmental payable	0.00	. Intergovernmental payables	0.00	
. Claims payable	0.00	. Claims payable	0.00	
. Unemployment benefits pay	0.00	. Unemployment benefits payable	0.00	
. Due to component units	0.00	. Due to component units	0.00	
. Due to primary government	0.00	. Due to primary government	0.00	
. Advances from primary gov	0.00	. Advances from primary government	0.00	
. Advances from other funds	0.00	. Advances from other funds	0.00	
. Advances from component	0.00	. Advances from component units	0.00	
. Contracts payable	0.00	. Contracts payable	0.00	
. Hedging derivatives liability	206,332.35	. Hedging derivatives liability	206,332.35	
. Deferred inflow of resources	0.00			move acct 229201 to new section Def Inflows
. Notes payable	2,148,375.00	. Notes payable	2,148,375.00	
. Capital leases	29,109,777.49	. Capital leases	29,109,777.49	
. Medical claims payable	0.00	. Medical claims payable	0.00	

. Bond & similar debt payable	65,325,855.83	. Bond & similar debt payable	65,325,855.83	
. Deposits payable	0.00	. Deposits payable	0.00	
. Funds held for others	0.00	. Funds held for others	0.00	
. Arbitrage rebate payable	0.00	. Arbitrage rebate payable	0.00	
. Annuity & life income payab	0.00	. Annuity & life income payable	0.00	
. Fed unemploy acct advances	0.00	. Fed unemploy acct advances	0.00	
. Pollution remediation payab	0.00	. Pollution remediation payable	0.00	
. Accrued vacation leave	1,039,500.01	. Accrued vacation leave	1,039,500.01	
. Liability insurance trust fund	0.00	. Liability insurance trust fund payable	0.00	
Total Non-current Liabilities	97,829,840.68	Total Non-current Liabilities	97,829,840.68	
. Unclass/invalid/clear accts	0.00	. Unclass/invalid/clear accts	0.00	
TOTAL LIABILITIES	104,398,723.47	TOTAL LIABILITIES	104,398,723.47	
		DEFERRED INFLOWS OF RESOURCES		Add new section heading
		Accum incr in fair value of hedging deriv	0.00	add caption & move acct 229201 here
		SCA revenue applicable to future yr	0.00	Add brand new acct and caption to roll here
		TOTAL DEFERRED INFLOWS OF RESOURCES	0.00	New subtotal
FUND EQUITY		NET POSITION		Change section name
Net assets	218,266,257.13	Net position	218,266,257.13	Change caption
Net assets adjustments	0.00	Net position adjustments	0.00	Change caption
Revenue/expense summaries	509,553.17	Revenue/expense summaries	509,553.17	
Unclassified/invalid accounts	0.00	Unclassified/invalid accounts	0.00	
TOTAL NET ASSETS	218,775,810.30	TOTAL NET POSITION	218,775,810.30	change name
		Chk: Assets+Def Outflw-Liab-Def Inflw = Net Position	In Bal.	



GASB 63

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

GASB 63 Financial Reporting Update - Attachment 3



GASB 63 Effective for FY 2013

- GASB 63 standardizes the presentation of deferred outflows and deferred inflows
- Preparation and research involved:
 - Surveys to identify service concession arrangements
 - E-mail summary sent to agencies
 - Update Chart of Accounts, DSS, CAFR Packages



GASB 63 Effective for FY 2013

- Net Assets replaced with Net **Position**

Statement of
Net **Assets**



Statement of
Net **Position**

Statement of Revenues,
Expenses, and Changes
in Net **Assets**



Statement of Revenues,
Expenses, and Changes
in Net **Position**

- **Investment** in capital assets,
net of related debt



Net investment
in capital assets

GASB 63

Statement of Net Position (SNP)



- Statement of Net Position: Two **New** Sections:
 - Current Assets
 - Noncurrent Assets
 - **Deferred Outflows of Resources**
 - Current Liabilities
 - Noncurrent Liabilities
 - **Deferred Inflows of Resources**
 - **Net Position**

NOTE: Current/noncurrent is NOT APPLICABLE to deferred outflows/ inflows of resources.

NEW FORMULA!!!

Assets
+ **Deferred Outflows**
– Liabilities
– **Deferred Inflows**
= Net Position

GASB 63: Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)



- Only Change:
Net Assets replaced with Net **Position**