

### 3. ACCOUNTING

#### 3.5 **Deferred Outflows/Inflows of Resources**

##### 3.5.1 **Classification of Deferred Outflows/Inflows of Resources**

3.5.1.10 [GASB Statement 65, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position](#) requires local governments to distinguish *assets* from *deferred outflows of resources* and *liabilities* from *deferred inflows of resources*.

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

- Prepayments such as rent, insurance, etc.

3.5.1.30 **Deferred outflow of resources** is a consumption of net assets by the government that is applicable to a future reporting period.

- Accumulated decrease in fair value of hedging derivatives.
- Grants paid in advance.
- Deferred loss on refunding.
- Deferred outflows related to pensions.
- Goodwill – when an acquiring government provides a consideration exceeding the net position acquired ([GASB Statement 69, Government Combinations and Disposal of Government Operations](#)).

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

- Derived tax revenues (e.g., sales tax, MVFT, hotel/motel tax, etc.) received in advance.

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

- Accumulated increase in fair value of hedging derivatives.
- Deferred service concession arrangement receipts.
- Grants received in advance.
- Deferred gain on refunding.
- Sale of future revenues.
- Special assessments.
- Deferred inflows related to pensions.
- Property taxes received (or any other imposed nonexchange transactions).
- Assets recorded in governmental funds before the revenue is available (e.g., courts receivables, etc.).

3.5.1.60 GASB expressly reserved for itself the determination of which items traditionally reported as assets or liabilities should be reclassified as deferred outflows or inflows of resources. The use of the term *deferred* should be limited to items reported as deferred outflows or inflows of resources.

3.5.1.70 Do not confuse the *deferred inflows* or *deferred outflows of resources* with *inflows of resources* or

*outflows of resources.*

**Inflows of resources** (i.e., revenues) is an acquisition of net assets by the government that is applicable to the current reporting period. Example: loan origination fees (except for the portion related to points), etc.

**Outflows of resources** (i.e., expenses) is a consumption of net assets by the government that is applicable to the current reporting period. Example: debt issuance costs (other than prepaid insurance), etc.

3.5.1.80

When the amounts of deferred inflows and outflows are presented in the statement of net position or a governmental fund balance sheet in aggregation, [GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position](#) requires the governments to provide details of different types of deferred amounts in the notes to financial statements if significant components of the total deferred amounts are obscured by aggregation.