

NC Office of the State Controller - GASB 65 Appendix B - Part 1 of 5		
New Accounts Added to Implement GASB 65 Items Previously Reported as Assets and Liabilities		
Effective for fiscal year 2014		Updated 4/14/14 for accts 129702 & 229203 - for DST
New	Full Account Title	NCAS Account title (25 characters)
NCAS	Account classification	Financial statement caption
Acct #	Definition	DSS Financial statement roll-up
1	129702 Deferred loss on refunding bonds <b>Deferred outflow of resources</b> <u>Definition:</u> The excess of the reacquisition price of refunded debt over its net carrying amount; defined in GASB 65 paragraph 6	DEF LOSS ON REFUNDNG BOND rolls to new caption "Deferred loss on refunding" in the <b>Deferred outflows of resources</b> section. For governmental funds, should only be used by Dept of State Treasurer for refunding bonds.
2	129703 Other deferred outflow of resources <b>Deferred outflow of resources</b> <u>Definition:</u> For deferred outflows defined by GASB 65 in paragraphs 7, 10, 13, 18, 26, 27, and 29. See accts 129701 and 129702 for deferred outflows for hedging derivatives and deferred loss on refunding bonds, respectively. If an agency requires a more specific deferred outflow account, a new account request should be submitted to the OSC.	OTH DEF OUTFLOW OF RESRCS rolls to new caption "Deferred outflows - other" in the <b>Deferred outflows of resources</b> section on statement of net position/balance sheet (DSS CAFR 11P/11G)
3	229203 Deferred gain on refunding bonds <b>Deferred inflow of resources</b> <u>Definition:</u> The excess of the net carrying amount of refunded debt over its reacquisition price; defined in GASB 65 par 6.	DEF GAIN ON REFUNDNG BOND rolls to new caption "Deferred gain on refunding" in the <b>Deferred inflows of resources</b> section. For governmental funds, should only be used by Dept of State Treasurer for refunding bonds
4	229204 Deferred inflow-nonexchange transactions <b>Deferred inflow of resources</b> <u>Definition:</u> This account may be used by governmental or proprietary funds to record deferred inflows from nonexchange transactions defined by GASB 65 in paragraphs 9 and 10. This includes imposed nonexchange revenues received or recorded as a receivable prior to the period when use of the resources is either required or first permitted. This also includes resources received from a grantor when the only eligibility criterion that has <i>not</i> been met by the recipient is a timing requirement.	DEF INFLOW-NONEXCH TXNS rolls to new caption "Deferred inflows-nonexchange transactions" in the <b>Deferred inflows of resources</b> section on statement of net position/balance sheet
5	229205 Other deferred inflow of resources <b>Deferred inflow of resources</b> <u>Definition:</u> For deferred inflows defined by GASB 65 paragraphs 7, 12, 13, 18, 22, 26, and 29. See acct 218120 and other 2292XX accts already established as deferred inflows. If an agency requires a more specific deferred inflow account, a new account request should be submitted to the OSC.	OTH DEF INFLOW OF RESRCS rolls to new caption "Deferred inflows-other" in the <b>Deferred inflows of resources</b> section on statement of net position/balance sheet

NC Office of the State Controller - GASB 65 Appendix B - Part 2 of 5				
Existing Accounts Modified to Implement GASB 65 Items Previously Reported as Assets and Liabilities				
Effective for fiscal year 2014				
OSC	NCAS	Old Account Title; Acct classification;	New Account Title; Acct classification;	NCAS Account title (25 characters)/ Effect on NCAS chart of accounts/roll-up
Action	Acct #	Old F/S caption; Old definition	F/S caption; Definition/Explanation	Agency Action for FY 2014 if needed:
1 Amend caption title for roll-up; Add definition to clarify	129100	Prepaid items-noncurrent Noncurrent asset Old F/S caption: Deferred charges Did not have definition	Same acct title Remains a noncurrent asset New F/S caption: Prepaid items <u>Definition:</u> This account is for prepaid rent, insurance and subscriptions, and includes prepaid insurance associated with debt issuance. This account is invalid for governmental funds. <u>Explanation:</u> GASB 65 par. 15 states that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.	PREPAID ITEMS - NON CUR NCAS acct title remains same but amended caption title for roll-up. On NCAS DSS CAFR 11P, changed old caption "Deferred charges" to " <u>Prepaid items</u> " in the noncurrent assets section of the statement of net position because GASB 65 limits use of the term deferred to specific items defined by GASB. Invalid acct on gov funds bal sheet CAFR 11G
2 Modify account title; Amend caption title	129200	Deferred dredging Noncurrent asset Old F/S caption: Deferred charges Did not have definition	New Acct title: Unamortized dredging Remains a noncurrent asset New F/S caption: Prepaid items <u>Explanation:</u> State Ports Authority uses this acct; conferred with State Ports on new acct title; definition not needed.	UNAMORTIZED DREDGING rolls to noncurrent asset caption " <u>Prepaid items</u> " This caption title was changed from Deferred charges to Prepaid items because GASB 65 limits the use of the term deferred.
3 Modify acct title; Amend gov funds caption to which acct rolls; Enhance definition to clarify	218110	Rev collected in advance-(Unearned rev) Old NCAS title: REV COLLECTED IN ADV Current liability Old F/S caption: Deferred revenue Old definition: For revenues realized prior to meeting revenue recognition criteria; may be used by governmental funds and proprietary funds. Acct 218110 is <i>not</i> for unavailable revenue of governmental funds; separate acct 218120 is for unavailable.	New Acct title: Unearned revenue New NCAS Acct title: UNEARNED REVENUE Remains a current liability New F/S caption: Unearned revenue <u>New definition:</u> Acct 218110 may be used by governmental funds and proprietary funds as follows: in gov-mandated and voluntary nonexchange transactions, should be used by recipient to record resources transmitted <i>before</i> eligibility requirements are met, excluding time requirements as described in GASB 65 par 10; to record resources received in advance of an exchange transaction; to record resources received in advance for derived tax revenue nonexchange transactions.	UNEARNED REVENUE For governmental funds balance sheet old F/S caption Deferred revenue changed to " <u>Unearned revenue</u> ", same as for proprietary funds. GASB 65 limits the use of the term deferred. <u>Agency Action:</u> Analyze existing balances in acct 218110 and evaluate whether they are properly classified based on the enhanced definition for the account. Look also at new deferred inflow acct 229204. As needed, confer with OSC analyst. If necessary, reclassify balance to new deferred inflow account.
4 Modify acct title; Change acct classification and roll-up; Enhance acct def'n	218120	Deferred revenue-unavail curr period Old NCAS title: DEF REV-UNAVAIL CUR PER Old classification: Current liability Old F/S caption: Deferred revenue Old definition: Used by governmental funds only when a receivable recorded, offset by a "deferred revenue" when the revenue is not yet "available." Acct is invalid for proprietary funds.	New Acct title: Unavailable revenue New NCAS acct title: UNAVAILABLE REVENUE New classification: <b>Deferred inflow of resources.</b> New F/S caption: Unavailable revenue <u>New definition:</u> For revenue of a governmental fund that is not recognized solely because it is not yet considered to be <i>available</i> ; defined by GASB 65 paragraph 30 as a deferred inflow. This account is for use only by governmental funds and is invalid for proprietary funds.	UNAVAILABLE REVENUE will roll to new caption " <u>Unavailable revenue</u> " Change in the acct roll-up for 218120 on gov balance sheet from current liabilities to <b>Deferred inflows of resources</b> - new section on the gov funds bal sheet; remains invalid for proprietary funds.

NC Office of the State Controller - GASB 65 Appendix B - Part 2 of 5				
Existing Accounts Modified to Implement GASB 65 Items Previously Reported as Assets and Liabilities				
Effective for fiscal year 2014				
OSC	NCAS	<u>Old Account Title;</u> <u>Acct classification;</u>	<u>New Account Title;</u> <u>Acct classification;</u>	<u>NCAS Account title (25 characters)/</u> <u>Effect on NCAS chart of accounts/roll-up</u>
<u>Action</u>	<u>Acct #</u>	<u>Old F/S caption; Old definition</u>	<u>F/S caption; Definition/Explanation</u>	<u>Agency Action for FY 2014 if needed:</u>
5 Modify account & caption title	221500	Deferred Death Benefit Payable Old NCAS title: DEFERRED DEATH BEN PAY Long-term liability Old F/S caption: Deferred Death Benefit Payable	New acct title: Death Benefit Payable New NCAS acct title: DEATH BENEFIT PAYABLE Remains a long-term liability New F/S caption: Death Benefit Payable <u>Explanation:</u> No change in acct use; removing deferred from title because not needed and GASB 65 limits use of term to only items defined by GASB	DEATH BENEFIT PAYABLE No change in roll-up other than titles.
6 Modify definition only	535326	535326 Amortization-Debt Discounts, premiums and refunding deferrals; Nonoperating expense F/S caption: Interest and fees- Debt interest Old definition: Amortization of debt discounts/premiums and the difference between the reacquisition price and net carrying amount of the old debt for current/advance refundings resulting in defeasance of debt. For proprietary fund year-end reporting, this account rolls to interest expense, nonoperating. This account should not be used for amortization of debt issuance costs recorded as deferred charges – use account 535332 instead.	Same acct title Remains Nonoperating expense F/S caption: remains Interest and fees, Debt interest caption. <u>New definition:</u> For amortization of debt discounts/premiums and the difference between the reacquisition price and net carrying amount of the old debt for current/advance refundings resulting in defeasance of debt. For proprietary fund year-end reporting, this account rolls to nonoperating interest expense. This acct is not valid for governmental funds. <u>Explanation of change:</u> Removed last sentence referring to acct 535332 for amortizing debt issuance costs as GASB 65 now requires all debt issuance costs except for prepaid insurance to be expensed in the year incurred. Updated other wording slightly.	AMORTIZ-DISC/PREM/REF DEF No change in NCAS acct title or roll-up.
7 Modify acct use and definition	535332	535332 Bond issue cost Acct classification: Nonoperating expense for proprietary; Debt service exp for governmental Old F/S caption: Misc nonop exp for proprietary; Debt issuance costs for governmental funds. Old definition: Payments to bond underwriters, legal fees, and other costs associated with debt issuance. This account may be used by governmental and proprietary funds. For governmental funds, this account rolls with expenditures to a separate caption for Debt issuance costs. For proprietary funds, this account should be used for amortization of debt issuance costs recorded as deferred charges; this rolls to miscellaneous nonoperating expenses.	Same acct title Acct classification: Remains Nonop exp for proprietary and Debt issuance cost for governmental. Same F/S captions for both governmental funds and proprietary funds. <u>New definition:</u> Payments to bond underwriters, legal fees, and other costs associated with debt issuance. This account may be used by governmental and proprietary funds. For governmental funds, this account rolls with expenditures to a separate caption for Debt issuance costs. For proprietary funds, this account should be used for expensing debt issuance costs in the period in which they are incurred. For proprietary funds, this is a miscellaneous nonoperating expense. <u>Explanation of change:</u> Deleting reference to using acct for amortization of bond issuance cost as GASB 65 par 15 requires expensing and no longer allows recording debt issuance costs as asset to amortize.	BOND ISSUE COST No change in NCAS acct title or roll-up for governmental or proprietary funds.

NC Office of the State Controller - GASB 65 Appendix B - Part 3 of 5					
Accounts made Invalid to Implement GASB 65 <i>Items Previously Reported as Assets and Liabilities</i>					
Effective for fiscal year 2014			Updated 4/14/14 acct 226130 - invalid for 11G also		
OSC	NCAS	Old Account Title and	Explanation for Acct becoming Invalid		
Action	Acct #	Financial statement classification	for CAFR and F/S reports	Agency Action for FY 2014:	
1	Add invalid indicator on NCAS and change to invalid on DSS CAFR 11P roll-up	129400	Bond Issuance Cost - Non-current Noncurrent asset	Invalid effective FY 2014 because GASB 65 par.15 now requires bond issuance costs to be expensed in the year incurred.	Restate beginning net position for any prior year bond issuance costs that had been recorded in this account. Starting fiscal year 2014 use exp acct 535332 Bond Issue Cost to expense.
2	Add invalid indicator on NCAS and change to invalid on DSS CAFR 11G and 11P roll-ups	218200	Other deferred credits Current liability Old F/S caption: "Deferred revenue" on governmental funds balance sheet and "Unearned revenue" on proprietary funds statement of net position	Invalid effective for FY 2014 because GASB 65 limits the use of the term deferred to specific deferred inflows or deferred outflows as defined by the GASB. Starting FY 2014, accounts meeting GASB criteria for deferred items have been established or amended.	For FY 2014, any agency with a balance in account 218200 must analyze and reclassify to an appropriate liability or deferred inflow account for 6/30/14. Please refer to GASB 65 new and modified accounts spreadsheets and confer with OSC as needed.
3	Add invalid indicator on NCAS and change to invalid on DSS CAFR 11P roll-up and 11G	226130	Unamortized Charge-Refunding bonds Noncurrent liability Prior to FY 2014, this acct was for the unamortized portion of the diff between the reacquisition price and the net carrying amt of debt that had been refunded in either an advance refunding or current refunding transaction; the acct was added to or deducted from the related debt reported on the balance sheet.	Invalid effective FY 2014 because under GASB 65 par.6, for current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow or deferred inflow of resources. New accts 129702 and 229203, respectively, have been established.	Starting fiscal year 2014, use accts 129702 Deferred loss on refunding or 229203 Deferred gain on refunding. Reclassify any prior year balance in account 226130 to new account as needed.

NC Office of the State Controller - GASB 65 Appendix B - Part 4 of 5			
GASB 65 Paragraph references with NCAS acct numbers for Deferred Outflows and Deferred Inflows			
Effective for fiscal year 2014			
Reference	Item	Description of Item	NCAS Acct. No. & Title
GASB 65, ¶6	Deferred <b>outflow</b> of resources	The excess of the reacquisition price of refunded debt over its net carrying amount (previously reported as deduction from bonds payable)	129702 Deferred loss on refunding bonds
GASB 65, ¶7	Deferred <b>outflow</b> of resources	An increase in the present value of the payments due from a lessee under a capital lease as a result of the lessor's passing on the economic advantages of a refunding of tax exempt debt under a revised agreement	129703 Other deferred outflow of resources
GASB 65, ¶10	Deferred <b>outflow</b> of resources	Resources provided by a grantor when the only eligibility criterion that has <i>not</i> been met by the recipient is a time requirement	129703 Other deferred outflow of resources
GASB 65, ¶13	Deferred <b>outflow</b> of resources	Payments made within the financial reporting entity to purchase the right to future revenues	129703 Other deferred outflow of resources
GASB 65, ¶18	Deferred <b>outflow</b> of resources	A loss on a sale-leaseback transaction	129703 Other deferred outflow of resources
GASB 65, ¶26	Deferred <b>outflow</b> of resources	Direct loan origination costs paid in connection with mortgage banking activities for loans held for sale	129703 Other deferred outflow of resources
GASB 65, ¶27	Deferred <b>outflow</b> of resources	Fees paid to permanent investors to ensure the ultimate sale of loans in connection with mortgage banking activities (prior to sale)	129703 Other deferred outflow of resources
GASB 65, ¶29	Deferred <b>outflow</b> of resources	Expenses or losses recoverable from future rates <i>(for regulated industries, if this accounting treatment is elected)</i>	129703 Other deferred outflow of resources
GASB 65, ¶6	Deferred <b>inflow</b> of resources	The excess of the net carrying amount of refunded debt over its reacquisition price (previously reported as addition to bonds payable)	229203 Deferred gain on refunding bonds
GASB 65, ¶7	Deferred <b>inflow</b> of resources	A reduction in the present value of the payments due from a lessee under a capital lease as a result of the lessor's passing on the economic advantages of a refunding of tax exempt debt	229205 Other deferred inflow of resources
GASB 65, ¶9	Deferred <b>inflow</b> of resources	Property taxes received or recognized as a receivable prior to the period they were intended to finance	Does not apply to State Gov't at this time so no NCAS acct established
GASB 65, ¶9	Deferred <b>inflow</b> of resources	Other imposed nonexchange revenues received or recognized as a receivable prior to the period when the use of the resources is either required or first permitted	229204 Deferred inflow-Nonexchange transaction
GASB 65, ¶10	Deferred <b>inflow</b> of resources	Resources received from a grantor when the only eligibility criterion that has <i>not</i> been met by the recipient is a timing requirement	229204 Deferred inflow-Nonexchange transaction
GASB 65, ¶12	Deferred <b>inflow</b> of resources	Proceeds from the sale of future revenues	229205 Other deferred inflow of resources
GASB 65, ¶13	Deferred <b>inflow</b> of resources	Payments received within the financial reporting entity for the right to future revenues	229205 Other deferred inflow of resources
GASB 65, ¶18	Deferred <b>inflow</b> of resources	Gain on a sale-leaseback transaction	229205 Other deferred inflow of resources
GASB 65, ¶22	Deferred <b>inflow</b> of resources	Points received by a lender in relation to a loan origination	229205 Other deferred inflow of resources
GASB 65, ¶26	Deferred <b>inflow</b> of resources	Loan origination fees received in connection with mortgage-banking activities (including any portion related to points) for loans held for sale	229205 Other deferred inflow of resources
GASB 65, ¶29	Deferred <b>inflow</b> of resources	Rates set or other gains received to offset anticipated future costs <i>(for regulated industries, if this accounting treatment is elected)</i>	229205 Other deferred inflow of resources
GASB 65, ¶30	Deferred <b>inflow</b> of resources	Revenue of a governmental fund that is not recognized solely because it is not yet considered to be <i>available</i>	218120 Unavailable revenues

## Glossary

**Imposed nonexchange revenues** – result from assessments by governments on nongovernmental entities, including individuals, other than assessments on exchange transactions. Examples include property (ad valorem) taxes; fines and penalties; and property forfeitures, such as seizures and escheats. The principal characteristic of these transactions is that the required transmittal of resources to the assessing government is imposed by that government on an act committed or omitted by the provider (such as property ownership or the contravention of a law or regulation) that is not an exchange transaction. [GASBS 33, ¶7]

**Government-mandated nonexchange transactions** – occur when a government (including the federal government) at one level provides resources to a government at another level and requires that government to use them for a specific purpose or purposes established in the provider's enabling legislation. That is, the provider establishes purpose restrictions and also may establish time requirements. Examples of government-mandated nonexchange transactions include federal programs that state or local governments are mandated to perform, and state programs that local governments are mandated to perform. The principal characteristics of these transactions are (1) a provider government (including the federal government) mandates that a recipient government perform a particular program or facilitate its performance by another government or by a nongovernmental entity (secondary recipient) and (2) fulfillment of certain requirements is essential for a transaction (other than the provision of cash or other assets in advance) to occur. These essential requirements may include time requirements and are referred to in this section as eligibility requirements. [GASBS 33, ¶7]

**Voluntary nonexchange transactions** – result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties. Examples of voluntary nonexchange transactions include certain grants, certain entitlements, and donations by nongovernmental entities, including individuals (private donations). Both parties to a voluntary nonexchange transaction may be governments (including the federal government, as a provider), or one party may be a nongovernmental entity, including an individual. Frequently, the provider establishes purpose restrictions and eligibility requirements. In many cases, the provider may require the return of the resources if the purpose restrictions or eligibility requirements are contravened after recognition of the transaction. The principal characteristics of voluntary nonexchange transactions are (1) they are not imposed on the provider or the recipient and (2) fulfillment of eligibility requirements is essential for a transaction (other than the provision of cash or other assets in advance) to occur. [GASBS 33, ¶7]

**Derived tax revenues** – result from assessments imposed by governments on exchange transactions. Examples include taxes on personal income, corporate income, and retail sales of goods and services. The principal characteristics of these transactions are (1) the assessing government imposes the provision of resources on the provider (the entity that acquires the income, goods, or services) and (2) the government's assessment is on an exchange transaction, such as the exchange of an employee's services for a wage or salary or the exchange of motor fuel for the market price of the fuel. [GASBS 33, ¶7]